

# CITY OF BETHLEHEM

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## DEPARTMENT OF WATER AND SEWER RESOURCES INTEROFFICE MEMORANDUM

TO: Adam Waldron, City Council President

FROM: Edward J. Boscola, PE, Director of Water and Sewer Resources

RE: Council Communication  
Modifications to Article 913 – Water Rates and Charges

DATE: July 14, 2021

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The City's Water and Sewer Resources Department has been extremely mindful of the need to keep rates reasonably affordable while being able to raise enough revenue to fund our operations and capital program. We have implemented a number of cost saving measures over the past several years, including staffing cuts, debt restructuring, and control of overhead expenses, in order to avoid the need for more frequent rate increases. Unfortunately, the reality is that we must raise rates from time to time to keep pace with inflation and to be able to make the capital investments needed to upgrade and replace aging infrastructure.

Keep in mind that the water system is a self-financing enterprise fund. All revenues come from customer billing for water service. There are no General Fund appropriations or City taxes that go toward the Water Fund.

The last water rate increase for City of Bethlehem customers occurred in 2014. We began planning for a new rate filing in 2019, long before the onset of the COVID-19 pandemic. The anticipated rate case was discussed at the 2019, 2020, and 2021 budget hearings. Funds were budgeted for a customer demand study (2019) and rate consulting and legal fees (2020) in support of the rate case.

At their April 15, 2021 meeting, the Pennsylvania Public Utility Commission approved a water rate increase affecting outside City customers. The overall projected revenue increase for the water fund is 8.4%, however, the impact on individual customers will vary depending on their rate classification and actual water consumption. A bill for a typical residential customer will increase approximately \$2 per month.

In keeping with the City's traditional approach to equitable distribution of rates, we plan to impose an identical rate structure for inside and outside City customers. The PUC is well aware of our approach and takes this into consideration during our rate case proceedings. The City manages its water system as a regional enterprise where all customers (inside and outside City) are treated fairly and equitably with respect to rates, customer service, water quality, system maintenance, and capital investment.

Attached is the modified Article 913 that will codify the new rate tariff for all customers for Council's review and approval. Article 913 revisions include:

- (a) Increase in consumption charges (rate per 1,000 gallons) for all rate classes (Schedules A through F) as indicated. Customer charges (flat meter rates) remain unchanged.
- (b) Lower Saucon honor system rate eliminated (Schedule E). This rate class has been retired.

The water bill for a typical residential customer with 5/8" meter using 14,000 gallons per quarter will increase from \$84.47 to \$91.70 per quarter, or 8.5%.

The water bill for a typical commercial customer with 2" meter using 50,000 gallons per month will increase from \$251.93 to \$277.43 per month, or 10.1%.

The water bill for a typical industrial customer with 2" meter using 200,000 gallons per month will increase from \$751.88 to \$853.88 per month, or 13.5%.

The above are typical examples for each rate class. The impact on individual customers will vary slightly based on their meter size and actual usage since each water bill has two components: a) flat customer charge which will not change; and b) a consumption charge in \$/1000 gallons which will increase.

Our rates remain competitive within our peer group of regional water utilities. (See attached graph of comparative water rates.) The proposed average rate increase of 8.5% for residential customers represents an increase of just over 1% per year since the last increase 7 years ago. 95% of our customers are residential.

The PUC typically expects any rate change to go into effect immediately or soon after Commission approval. However, we purposely delayed implementation for several months until the COVID-19 impact lessened, restrictions were lifted, and businesses and residents begin returning to some sense of normalcy. If the Council approves the rate increase at the first and second readings at their August meetings, the rate increase will go into effect on or about September 1, 2021, more than 3 months after PUC approval. Due to our billing cycles and pro-ration of fees, it will take a full quarter until all customers see the full impact of the new rates in their water bills.

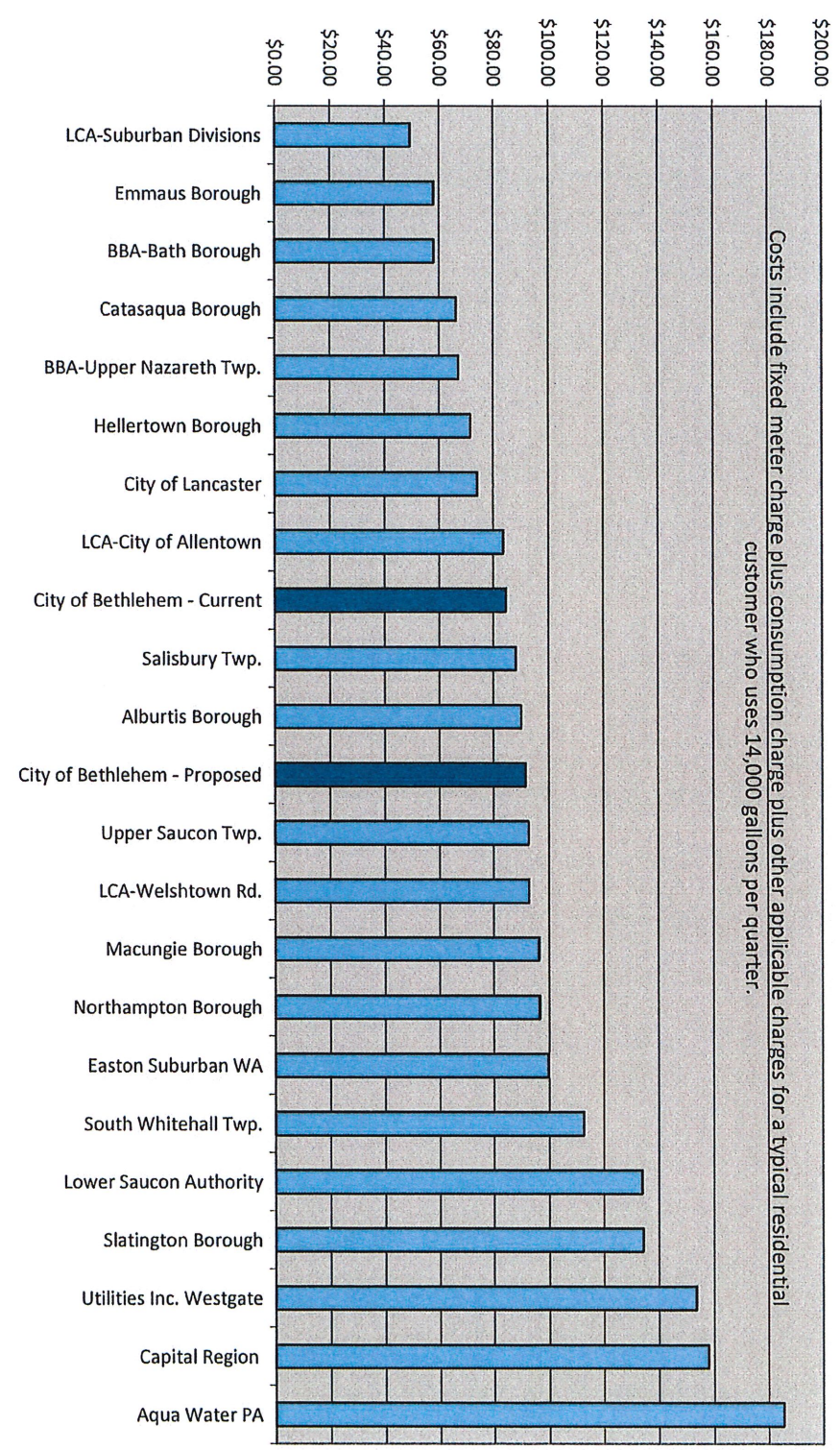
In order to provide assistance for low-income residents and small businesses with their water and sewer bills, the federal government has enacted new funding programs. These include the Emergency Rental Assistance Program (ERAP) which can help low-income renters with rent and utilities. Another is the Low Income Household Water Assistance Program (LIHWAP). This program is under development but it is our understanding that it will be administered through the State and/or County in much the same manner as the heating assistance program, LIHEAP. Small businesses also have access to funding assistance via the Small Business Administration. As the water and sewer utility provider for the City and surrounding communities, we will do our part to inform and assist those customers who may be eligible for assistance.

Thank you.

A handwritten signature in cursive script that reads "Edward J. Boscola".

Copies to: Robert Donchez, Mayor  
Eric Evans, Business Administrator  
Glenn Dickerson, Commercial Operations Manager  
File

Water Rate Comparison  
Residential Quarterly Average



BILL NO. \_\_\_\_ - 2021

**ORDINANCE NO. 2021-\_\_\_\_\_**

AN ORDINANCE OF THE CITY OF BETHLEHEM, COUNTIES OF LEHIGH AND NORTHAMPTON, COMMONWEALTH OF PENNSYLVANIA, AMENDING ARTICLE 913 OF THE CITY OF BETHLEHEM CODIFIED ORDINANCES TITLED "WATER RATES AND CHARGES".

THE COUNCIL OF THE CITY OF BETHLEHEM DOES HEREBY ORDAIN AND ENACT THE FOLLOWING ORDINANCE:

**SECTION 1.** Article 913 of the City of Bethlehem Codified Ordinances relating to Water Rates and Charges, Section 913.01 relating to Water Service Rates, is hereby amended to read as follows (underlined text denotes additions, whereas ~~strikeouts~~ denote deletions):

913.01 WATER SERVICE RATES.

The Council of the City of Bethlehem hereby fixes and establishes the following rates governing the furnishing of water with respect to real estate situate both inside and outside the City of Bethlehem.

(a) Meter Rates. The following schedules apply to all service other than fire protection.

*[rate schedules follow]*

**SCHEDULE A**  
**Meter Rates – General Residential Customer Service**

**APPLICATION**

This schedule applies to all residential customer service.

**CUSTOMER CHARGES**

All metered residential customers shall pay the following customer charge based on the required size of meter to render adequate service.

<u>Size of Meter</u>	<u>Customer Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 8.25	\$ 24.75
3/4"	\$ 13.98	\$ 41.94
1"	\$ 27.14	\$ 81.42
1-1/2"	\$ 53.04	\$ 159.12
2"	\$ 85.28	\$ 255.84
3"	\$ 174.80	\$ 524.40
4"	\$ 273.56	\$ 820.68
6"	\$ 547.11	\$ 1,641.33
8" or larger	\$ 1,098.37	\$ 3,295.11

### CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rate:

Rate Per  
1,000 Gallons

For all usage monthly or quarterly      ~~\$4.266~~ \$4.782

### **SCHEDULE B** **Meter Rates – General Commercial Customer Service**

#### APPLICATION

This schedule applies to all commercial customer service.

#### CUSTOMER CHARGES

All metered commercial customers shall pay the following customer charge based on the required size of meter to render adequate service.

<u>Size of Meter</u>	<u>Customer Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 8.25	\$ 24.75
3/4"	\$ 13.98	\$ 41.94

1"	\$ 27.14	\$ 81.42
1-1/2"	\$ 53.04	\$ 159.12
2"	\$ 85.28	\$ 255.84
3"	\$ 174.80	\$ 524.40
4"	\$ 273.56	\$ 820.68
6"	\$ 547.11	\$ 1,641.33
8" or larger	\$ 1,098.37	\$ 3,295.11

### CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rates:

	<u>Rate Per</u> <u>1,000 Gallons</u>
For all usage monthly or quarterly	<del>\$3.333</del> <u>\$3.843</u>

### SCHEDULE C Meter Rates – General Industrial Customer Service

#### APPLICATION

This schedule applies to all industrial customer service.

#### CUSTOMER CHARGES

All metered industrial customers shall pay the following customer charge based on the required size of meter to render adequate service.

<u>Size of Meter</u>	<u>Customer Charge</u>	
<u>Inches</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 8.25	\$ 24.75
3/4"	\$ 13.98	\$ 41.94
1"	\$ 27.14	\$ 81.42
1-1/2"	\$ 53.04	\$ 159.12
2"	\$ 85.28	\$ 255.84
3"	\$ 174.80	\$ 524.40
4"	\$ 273.56	\$ 820.68
6"	\$ 547.11	\$ 1,641.33

8" or larger	\$ 1,098.37	\$ 3,295.11
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### CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rates:

	<u>Rate Per</u> <u>1,000 Gallons</u>
For all usage monthly or quarterly	<del>\$3.333</del> <u>\$3.843</u>

## **SCHEDULE D** **Meter Rates – General Public Customer Service**

### APPLICATION

This schedule applies to all public customer service.

### CUSTOMER CHARGES

All metered public customers shall pay the following customer charge based on the required size of meter to render adequate service.

<u>Size of Meter</u>	<u>Customer Charge</u>	
<u>Inches</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 8.25	\$ 24.75
3/4"	\$ 13.98	\$ 41.94
1"	\$ 27.14	\$ 81.42
1-1/2"	\$ 53.04	\$ 159.12
2"	\$ 85.28	\$ 255.84
3"	\$ 174.80	\$ 524.40
4"	\$ 273.56	\$ 820.68
6"	\$ 547.11	\$ 1,641.33
8" or larger	\$ 1,098.37	\$ 3,295.11



CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rates:

	<u>Rate Per</u> <u>1,000 Gallons</u>
For all usage monthly or quarterly	<del>\$3.333</del> <u>\$3.843</u>

**SCHEDULE E**  
**Meter Rates – Sales for Resale**

APPLICATION

This schedule applies to all sale of water to other water utilities or public authorities for resale.

CUSTOMER CHARGES

All metered sales for resale customers shall pay the following customer charge based on the required size of meter to render adequate service.

<u>Size of Meter</u>	<u>Customer Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>
<u>Inches</u>		
5/8"	\$ 8.25	\$ 24.75
3/4"	\$ 13.98	\$ 41.94
1"	\$ 27.14	\$ 81.42
1-1/2"	\$ 53.04	\$ 159.12
2"	\$ 85.28	\$ 255.84
3"	\$ 174.80	\$ 524.40
4"	\$ 273.56	\$ 820.68
6"	\$ 547.11	\$ 1,641.33
8" or larger	\$ 1,098.37	\$ 3,295.11

~~Lower Saucen~~ ~~\$1,098.37~~ ~~\$3,295.11~~  
**Honor System**

CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rates:

	<u>Rate Per</u> <u>1,000 Gallons</u>
For all usage monthly or quarterly	<del>\$3.969</del> <u>\$4.498</u>

**SCHEDULE F**  
**Meter Rates – Untreated Water Service**

APPLICATION

This schedule applies to all sale of untreated water for non-potable use only.

CUSTOMER CHARGES

All metered untreated water service customers shall pay the following customer charge based on the required size of meter to render adequate service.

<u>Size of Meter</u>	<u>Customer Charge</u>	
<u>Inches</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 8.25	\$ 24.75
3/4"	\$ 13.98	\$ 41.94
1"	\$ 27.14	\$ 81.42
1-1/2"	\$ 53.04	\$ 159.12
2"	\$ 85.28	\$ 255.84
3"	\$ 174.80	\$ 524.40
4"	\$ 273.56	\$ 820.68
6"	\$ 547.11	\$ 1641.33
8" or larger	\$ 1,098.37	\$ 3,295.11

## CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rates:

	<u>Rate Per</u> <u>1,000 Gallons</u>
For all usage monthly or quarterly	<del>\$2.035</del> <u>\$2.493</u>

### (b) **Private Fire Service Standby System Rates**

For each private fire line that supplies water service to a standby system for fire protection, the following quarterly/monthly charge is made according to the size of the area protected and the size of the fire line servicing the facility.

<u>Fire Line</u> <u>Inches</u>	<u>Per Quarter</u>	<u>Per Month</u>
Less than 6" (including Siamese connections and 2", 3", and 4" residential connections)	\$112.50	\$37.50
6"	\$140.55	\$46.85
8"	\$168.27	\$56.09
10"	\$195.99	\$65.33
12"	\$252.06	\$84.02

In addition to the above fire line charge, a quarterly/monthly charge is made at \$2.79 (\$0.93 per month) per thousand square feet of protected area.

### (c) **Private Fire Hydrant**

For each private fire hydrant, the following quarterly/monthly charge is made:

	<u>Per Quarter</u>	<u>Per Month</u>
Each Private Fire Hydrant	\$78.27	\$26.09

(d) **Public Fire Hydrants – Out-of-City**

For each public fire hydrant, the following quarterly/monthly charge is made:

	<u>Per Quarter</u>	<u>Per Month</u>
Each Public Fire Hydrant	\$66.00	\$22.00

(e) The out-of-city rates contained herein shall be effective subject to the established date by and the approval of the Pennsylvania Public Utility Commission which date is ~~July 10, 2014~~ June 1, 2021; and, in-city rates shall take effect on the effective date above.

(Ord. 2008-20. Passed 7/1/08; Ord. 2012-3. Passed 2/21/12; Ord. 2014-25. Passed 8/19/14.)

**SECTION 2.** All ordinances and parts of Ordinances inconsistent herewith be, and the same are hereby repealed.

Sponsored by \_\_\_\_\_

\_\_\_\_\_

PASSED finally in Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
President of Council

ATTEST:

\_\_\_\_\_  
City Clerk

This Ordinance approved this \_\_\_\_\_ day \_\_\_\_\_, 2021.

\_\_\_\_\_  
Mayor