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December 7, 2016

Subject: Additional Fallowfield Rate Change due to CSO – SSO Control Project

Dear Fallowfield Sewage Service District Flat Rate Customer:

This letter is to inform you of upcoming changes to your bill beginning January 2017 for debt service payment for the government mandated CSO-SSO flow control project.

A major change to Fallowfield sewage bills will take effect in January 2017. Bills will be revised to include a new debt service charge to pay for the Combined Sewer (CSO) and Sanitary Sewer (SSO) Overflow Control Program created by unfunded mandate of the EPA and enforced by PA DEP.

All sewage customers will see a new CSO –SSO Project charge of \$32.00* per month added to their existing sewage bill. The \$32.00* per month charge will be for years 1 through 6 and will increase to \$38.00* per month in years 7 through 30. *(These numbers with asterisk (*) are based on 3.5% interest rates in effect at the public presentations. Since then, costs have increased from those presented in the Act 537 plan and public meetings due to increases in bond market interest rates. Final numbers will be determined at closing of Bond issue.)*

In our effort to reduce this bill as much as possible, The Authority plans to refinance the remaining portion of the debt undertaken by the Fallowfield Authority to construct the Fallowfield sewer system. This will reduce the \$23.00 per month current debt payment to \$8.00(#) per month and extend the payment period for Fallowfield customers. *(This (#) number is based on 3.5% interest rates and is subject to change due to increases in bond market interest rates. Final numbers will be determined at closing of Bond issue.)*

The changes to the resulting bill for a flat rate usage Fallowfield customer would become:

\$**.**	Current monthly charge for sewage treatment (varies by customer type)
\$ 2.00	Oper. and Maint., General Office and Admin (new) (Customer service fee)
\$ -23.00	Debt service charge (removed) (for original Fallowfield system construction)
\$ 8.00#	Debt service charge (refinanced) (for original Fallowfield system construction)
<u>\$32.00*</u>	Debt service charge for CSO-SSO Project (new) (CSO surcharge)
Total \$19.00	Net Increase to current Bill

In our ongoing effort to reduce the cost of this project, the Authority will continue to seek additional grant funding and cost saving measures as a continuing part of the CSO-SSO control project. Future savings will be applied to reduce the debt service obligation.

The Authority of the Borough of Charleroi