



Dear Pataskala Water and Sewer Customers,

Please allow me the time to update you on the City's forthcoming Water and Sewer Utility Rate structure change and rate increase. At your convenience, please review the information provided below which outlines the reasoning behind the changes and how it may affect your monthly bill. It is our goal to allow sufficient time to inform you of this change so it does not become a surprise to you in your monthly bill.

As you may know, City Council has been discussing the options of a rate increase for water and sewer costumers since January of 2012. On August 6, 2012 City Council passed an Ordinance to revise our current utility rate structure. The Utility Rate changes will take affect during the usage cycle of September to October, with new rate charges due on November 15, 2012.

While it is never an easy task to consider and implement cost of service increases for any public or private sector business, please know this rate change was not ventured into lightly. Our water and sewer rates are established to be fair and equitable for every customer. Our water and sewer rates ensure that our operations are fiscally sound while meeting our operational costs and debt service requirements. Our rates are established specifically for our financial needs and to provide sufficient funds to provide the best service possible while meeting customer, Ohio EPA, and Utility Department expectations for "Safety, Excellence, and Reliability."

Why do we have to raise/change rates?

It is the duty of the Utility Department to provide safe, reliable service and an excellent end product to all of our customers. It is our responsibility to operate all aspects of the Utility system, operationally and financially, while maintaining a successful business model. The Utility Department, just as any business and consumer, has been faced with yearly increases in operational costs while working to stay within annual budget constraints. Our budget not only consists of operational requirements but also consists of debt management to pay for loans that were necessary to meet Ohio EPA treatment and quality requirements.

The rate structure change and increase is necessary as a result of ever changing Federal and State EPA required regulations, significant utility system and facility deterioration due to age, and underinvestment in our utility system for over a 20 year period. Our challenge with current utility rates is to properly fund our increasing operational costs, and our need to invest in capital improvement projects system wide. With our current rate structure it was necessary to take on Bond Anticipation Note (BAN) financing to invest in critical capital investment projects for 2012.

In 2011 the Utility Department had a rate increase and moved from a flat rate fee to a tiered system. The 2011 rate increase was the first significant rate change in over 20 years. Under the current rate structure our financial security was dependent upon revenue generated from water and sewer capacity fees to supplement the budget. In the wake of the recession and the new housing market decline, we have faced budget shortages due to over-optimistic estimates of capacity fee revenue. Our new rate structure is

based on a more conservative approach to revenue estimates relative to customer base growth. Our new rate structure is designed to cover our budgetary needs.

Our goal is for the Utility Department to be financially secure through 2016, and to generate enough revenue to have substantial non-debt funds to cover our yearly Capital Improvement Projects and maintain a healthy operational budget.

New Rate Structure

Our new rate structure will be evident in the November 2012 bills, and will be put into place for the September / October 2012 billing cycle. You may see an increase in your monthly usage rate for water and sewer per 1,000 gallons of usage in addition to a Capital Improvement Fee. Our new rate structure will be a fair flat rate, per 1,000 gallon usage, for all users. Every customer will pay the same rate, as opposed to the current tiered rate system in which the cost per 1,000 gallons of usage depends on monthly usage. The new rate structure will also include a monthly Capital Improvement Fee to go towards Capital Improvement Project Debts. A minimum bill based on 3,000 gallons will continue to be charged for monthly usage between 0 to 3,000 gallons.

Please see below a break down of fees. Please note that each year through 2016 there will be a slight increase on the flat rate:

Sewer/1,000 gallons	In-Town	Out-Of-Town
<u>Year</u>	<u>Sewer</u>	<u>Sewer</u>
2012	\$5.50	\$8.25
2013	\$6.16	\$9.24
2014	\$6.62	\$9.93
2015	\$7.12	\$10.68
2016	\$7.65	\$11.48

Example: *If a sewer customer In-Town uses 5,000 gallons the sewer usage portion of the bill will be \$27.50 ; for an Out-of-Town customer at 5,000 gallons the sewer usage portion of the bill will be \$41.25.*

A minimum bill based on 3,000 gallons will be charged for monthly usage between 0 to 3,000 gallons.

Example: *An In-Town user at or below 3,000 gallons will be charged \$16.50 for sewer, Out-of-Town will be charged \$24.75.*

In addition, a monthly Capital Improvements rate of \$3.00 per 1,000 gallons of usage will be charged for sanitary sewer service for residential and commercial customers within the City’s Utility Service Area.

Example: *If a customer uses 5,000 gallons of sewage during the billing cycle the Sewer Capital Improvements portion of the bill will be \$15.00.*

Water/1,000 gallons	In-Town	Out-Of-Town
<u>Year</u>	<u>Water</u>	<u>Water</u>
2012	\$4.06	\$6.09
2013	\$4.22	\$6.33
2014	\$4.31	\$6.47
2015	\$4.39	\$6.59
2016	\$4.48	\$6.72

Example: *If a water customer In-Town uses 5,000 gallons the water usage portion of the bill will be \$20.30 ; for an Out-of-Town customer at 5,000 gallons the water usage portion of the bill will be*

\$30.45.

A minimum bill based on 3,000 gallons will be charged for monthly usage between 0 to 3,000 gallons.

Example: *An In-Town user at or below 3,000 gallons will be charged **\$12.18** for water, Out-of-Town will be charged **\$18.27** for water.*

In addition, a monthly Capital Improvements rate of \$1.50 per 1,000 gallons of usage will be charged for water service for residential and commercial customers within the City's Utility Service Area.

Example: *If a customer uses 5,000 gallons of water during the billing cycle the Water Capital Improvements portion of the bill will be **\$7.50.***

Please know if your premises is served by Pataskala Water and Sewer there will be 4 aspects to your bill. There will be a usage fee for water, sewer, and a Capital Improvement Fee for water and sewer.

Example Bill Estimate:

5,000 gallons of metered usage In-Town Water and Sewer

Water Charge: \$20.30

Water CI: \$7.50

Sewer Charge: \$27.50

Sewer CI: \$15.00

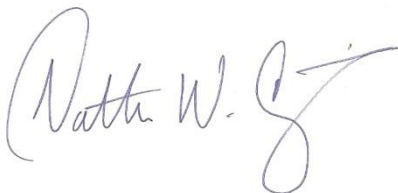
Total Monthly Bill Estimate at 5,000 gallons of usage: \$70.30

The estimate is merely an example for demonstration; this example does not constitute a typical bill but used as a simple comparison. Individual user rates and charges may vary.

If you have any questions about the new utility rate structure, please feel free to contact me at your convenience.

I thank you for your time,

Sincerely,
Nathan W. Coey



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