

**NORTH HUNTINGDON TOWNSHIP
MUNICIPAL AUTHORITY**

**TAPPING FEE CALCULATION
MAY 2010**

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North Huntingdon Township Municipal Authority

Tapping Fee Calculation

Table of Contents

Executive Summary i

I. Introduction.....1

II. Components of the Tapping Fee.....1

III. Calculation of the Tapping Fee.....6

IV. Recommendations and Application of All Fees13

Tables

- Table I – Authority Connection Component
- Table II – Tapping Fee Calculation Capacity A Component
- Table III – Tapping Fee Calculation Capacity B Component
- Table IV – Tapping Fee Calculation Yough Collector Component
- Table V – Tapping Fee Calculation Indian Lake Collector Component
- Table VI – Tapping Fee Calculation Brush Creek Collector Component

Appendix A

Tapping Fee Calculation Endnotes

EXECUTIVE SUMMARY

The Municipal Authorities Act of 1945 allows the North Huntingdon Township Municipal Authority (NHTMA) to charge a fee to new customers connecting into the sewer system. The Municipal Authorities Act was amended on December 24, 2004 by Act 57 of 2003. This fee, known as a tapping fee, cannot be more than the total project costs divided by the design capacity of the facilities. This report calculated the tapping fee based upon the capacity related facilities constructed and/or funded by the Authority.

The calculated tap fee is the sum of the Capacity and Collector Components. The Capacity Components consist of projects related to the Youghiogheny Wastewater Treatment Plant and all interceptor sewers within the NHTMA sewer system. The Collector Component consists of all pump stations, retention facilities, and collector sewers owned by the Authority.

The maximum allowable total tapping fee is as follows:

		<u>Rounded</u>
Authority Fees	\$ 220.33	\$ 220.22
Capacity Component A	\$ 656.08	\$ 655.75
Capacity Component B	\$ 1,516.85	\$ 1,516.10
Youghiogheny - Collector	\$ 454.00	\$ 453.78
Indian Lake - Collector	\$ 92.12	\$ 92.08
Brush Creek - Collector	\$ 132.14	\$ 132.07
Total Allowable Tapping Fee	\$ 3,071.52	\$ 3,070.00

It is recommended that the Authority adopt tapping fees as calculated within this document to recover allowable costs that have been spent on capital expenditures. The Authority may adopt any fee up to and including the amounts calculated. These fees are subject to change and should be reviewed on an annual or biannual basis to insure compliance with *Act 57 2003*.

The Authority is not required to adopt any of these components or methods outlined above. The fees represent the maximum fees chargeable, and what KLH Engineers, Inc. believes to be the most appropriate application of the Act to insure the fairest equity collection.

I. INTRODUCTION

The Municipal Authorities Act of 1945 allows the North Huntingdon Township Municipal Authority to charge a fee to new customers to connect into the sewer system. The Authority currently charges new customers a fee of \$3,000.00. This report calculates the tapping fee based upon all of the capacity related facilities constructed and/or funded by the Authority.

II. COMPONENTS OF THE TAPPING FEE

The Municipal Authorities Act was amended by Pennsylvania Legislative Act 57 in 2003 by House Bill 51. The following summary accounts for the most recent amendments of the Act. A tapping fee may be comprised of a number of different components, each to be described separately in a resolution by the Authority. The fee for each component cannot be more than the calculated fee. The fee may be less than or equal to the calculated fee. The Act states that a tapping fee cannot be more than the total project costs divided by the design capacity of the facilities. The following is a list of the fees the Authority is allowed to charge and the cost basis of the fees:

1. Connection Fee – The cost of the connection from the sewer main to the property line
 - a. Based upon the actual cost of the connection or an average cost of similar previously installed connections
 - b. Authority may require the property owner to construct the facilities
2. Customer Facilities Fee – The cost of facilities from the property line to the building to be served
 - a. Based upon the actual cost of the facility and can only be charged if the Authority installs the facilities
 - b. Authority may require the construction of those facilities by the property owner who requests customer facilities
3. Tapping Fee – The cost of the following four components
 - a. Capacity Part – Includes the cost of the capacity related facilities, i.e. treatment, pumping, transmission, trunk, interceptor and outfall mains, sludge treatment or disposal and interconnection or other general system facilities, the cost shall be determined by one of the following three methods:
 - i. Existing Facilities
 - (1) A facility contributed to the Authority or portions of facilities paid for with contributions or grants other than tapping fees cannot be included in the cost basis

- (2) The cost shall be based upon historical cost trended to current cost using published cost indexes or upon historical cost plus interest and other financing fees paid on debt financing such facilities
- (3) If historical costs are not ascertainable, costs may be based on an engineer's reasonable written estimate of current replacement cost
 - (a) The estimate must be based upon and include an itemized list of the components of the actual facilities for which historical cost is not ascertainable
- (4) Outstanding debt must be subtracted from the cost, as long as the debt is not from facilities that only serve new customers
- (5) For tapping fees or components initially serving exclusively new customers, an Authority may no more frequently than annually, and without updating the historical cost of or subtracting the outstanding debt related to such facilities:
 - (a) Increase the tapping fee by an amount calculated by multiplying the tapping fee by the weighted average interest rate on the debt related to such facility

ii. Facilities to be Constructed

- (1) Cost must not exceed a reasonable estimated construction cost
- (2) Cost must be part of an adopted annual budget or a five year capital improvement plan
- (3) The Authority must have taken at least two of the following actions towards construction of the facilities:
 - (a) Obtained financing
 - (b) Entered into a contract for construction
 - (c) Obtained a permit for the facilities
 - (d) Obtained title to or condemned additional real estate upon which the facilities will be constructed
 - (e) Entered into a contract to purchase or acquire facilities owned by others

- (f) Prepared an engineering feasibility study, which recommends construction within five years
 - (g) Entered into a design or construction contract or adopted a budget which includes the use of in-house resources for the design or construction of the facilities
- iii. In all cases, any grant or capital contributions must be subtracted from the cost of the facility. The resulting cost must be divided by the design capacity, to produce a cost per unit capacity
- iv. Authority may apply the capacity related facility to certain geographical areas, i.e. the cost of a pump station is only applied to the area served by the pump station
- v. Authority may charge different fees to different customer types, i.e. commercial, industrial
- b. Distribution or Collection Part – The costs are calculated the same as in the capacity part. Costs include facilities that distribute or collect flows, i.e. mains, hydrants or pumping stations
- c. Special Purpose Part – The special purpose fee applies to a facility constructed specifically to serve only a certain group of customers, i.e. booster pumping stations, fire service facilities, sewer mains, pumping stations and industrial wastewater treatment facilities. This fee is calculated separately for each group of customers, in the same way as the above mentioned parts
- d. Reimbursement Part – This fee is included to recapture the allowable portion of the cost of facilities to reimburse developers that construct facilities at their own cost
- e. When calculating a tapping fee the following limitations apply:
 - i. Cost can only be included in one part of the tapping fee
 - ii. No cost can be added to the fee for expanding, replacing, updating or upgrading facilities that serve existing customers to meet stricter efficiency, environmental, regulatory, safety standards, or to provide better service to, or meet the needs of, existing customers
 - iii. No cost can be added to the tapping fee for maintenance and operation expenses
 - iv. No cost can be added to the fee for reducing or eliminating groundwater infiltration or inflow, unless these costs or expenses result in an increase in system design capacity

- v. The design capacity required by a new residential customer used in calculating the tapping fee shall not exceed an amount established by multiplying 90 gallons per capita per day times the average number of persons per household as established by the most recent census data provided by the U.S. Census Bureau
 - (1) If the Authority's service area is entirely within a municipal boundary for which there is corresponding census data, the average number of persons per household shall be used, as established by the most recent census data provided by the United States Census Bureau
 - (2) If the Authority's service area is not entirely within a municipal boundary, but is entirely within a county or other geographical area within Pennsylvania for which the Census Bureau has provided the average number of persons per household, then that average shall be used, as established by the most recent census data provided by the United States Census Bureau
 - (3) If the Authority's service area is not entirely within a municipal, county or other geographic area, then the Pennsylvania average number of persons per household shall be used, as established by the most recent census data provided by the United States Census Bureau
- vi. Alternatively, the design capacity required for a new residential customer shall be determined by a study, but shall not exceed:
 - (1) The average residential water consumption per residential customer plus ten percent
 - (a) The average residential water consumption shall be determined by dividing the total water consumption for all metered residential customers over at least a twelve-consecutive-month period, within the most recent five years, by the average number of customers during the period
 - (2) The average sewage flow per residential customer determined by a measured sewage flow study
 - (a) The study shall be completed within the most recent five years for the lesser of three or all subdivisions of more than ten lots, which have collection systems in good repair and which have been connected into the system within the most recent five years

- (b) The study shall calculate the average sewage flow per residential customer by measuring actual flows over at least twelve consecutive months at the points where the developments connect to the sewer mains
- 4. An Authority may use lower design capacity requirements and impose lower tapping fees for multifamily residential dwellings than imposed on other types of residential customers.
- 5. Separate accounting for future facility costs:
 - a. Any tapping fees collected which, based on facilities to be constructed or acquired in the future, shall be separately accounted for and shall be expended only for that particular facility, or a substitute facility accomplishing the same purpose which is commenced within the same period.
 - b. Such accounting shall include, but not be limited to:
 - i. The total fees collected
 - ii. The source of the fees collected
 - iii. The amount of fees expended on specific facilities
 - c. The proportionate share of tapping fees based upon facilities to be constructed or acquired in the future shall be refunded within 90 days of the occurrence of the following:
 - i. The Authority abandons its plan or part thereof to construct or acquire a facility or facilities which are the basis for such fee
 - ii. The facilities have not been placed into service within seven (7) years
 - iii. For an Authority, which provides service to five (5) or more municipalities, the facilities have not been placed into service within fifteen (15) years, after adoption of a resolution
 - (1) Any refund of fees held for fifteen (15) years shall include interest for the period the money was held.
- 6. Fee must be adopted or revised at a public meeting with the detailed calculations indicating how the fee was calculated

III. CALCULATION OF THE TAPPING FEE

The tapping fee was calculated using the following information: previous Act 203 Tap Fee Calculation prepared by KLH Engineers, Inc., dated April 2009, the Authority's depreciation schedules, Industrial Appraisal Report which includes historical costs, and the Independent Auditor's Report as of April 30, 2009, by Maher Duessel and Engineering News Record (ENR) Index values.

The financial records of the Authority, including Annual Reports and Auditor's Reports, were evaluated to determine their adequacy for basing the tapping fee on historical costs. The Tap Fee calculation is based upon historical data from Authority records. All of the project costs were trended to present day costs using the ENR Index.

The sewerage system is owned and operated by North Huntingdon Township Municipal Authority. The sewerage system presently includes one (1) sewage treatment plant and twelve (12) pump stations within the Youghiogheny Drainage Area and one (1) pump station within the Brush Creek Drainage area. The Youghiogheny Wastewater Treatment Plant (WWTP) was originally constructed in 1965. The cost of the WWTP, which included a contribution, was taken from historical costs from the Authority records. An expansion to the Youghiogheny WWTP was completed in 1992. These project costs were trended forward from the in service date using the ENR Indices.

The Tapping Fee calculation also includes more recent construction at the Youghiogheny WWTP consisting of the headworks facility, chlorine contact tank and clarifier modifications, digester rehabilitation, and construction of new sludge drying beds. All costs associated with replacement facilities have been subtracted out from the original facilities cost.

In addition to the treatment capacity provided by the Youghiogheny WWTP, the Western Westmoreland Municipal Authority's (WWMA) Brush Creek WWTP provides sewage treatment capacity to approximately one-half of the Authority's service area. WWMA charges an additional \$1,500 capacity fee to those new customers connecting into the Brush Creek system.

The collector component of the calculation of the Youghiogheny WWTP includes the following twelve (12) pump stations:

- Woodside Drive
- Hartford Heights
- Highland Terrace
- Stewartsville
- Long Run
- Thomas Drive
- Ardara Road
- Masters Lane
- Indian Lake
- Falcon Ridge
- Mountain Ridge Estates
- Process Lift Station (at WWTP)

The construction costs for the projects included in the collection component of the tapping fee were taken from the Authority’s Financial Reports, which are based on historical costs. These project costs were trended forward from the in service date using the ENR Indices.

The amount of contribution funding received by the Authority was taken from Authority’s Financial Reports and Tap Fee Calculations. The contributions received by the Authority were subtracted out of the original costs of the projects.

A. CONNECTION FEE

The connection fee includes the cost of the labor and material required for the installation of a service line from the sewer main to the property line. The Authority requires the property owner to construct the service line from the property line to the residence. Therefore, the only costs incurred by the Authority are for inspection and administrative processing and cost to install the sewer to the property line. The average cost per connection is shown in Table I. The unit price per hour used in the table is equal to the average hourly rate plus benefits.

**Authority Connection Component
Table I**

Item	Unit Price Per Hour	Total Hours	Cost
Cost of Inspection*	\$ 74.82	2.5	\$187.05
Administrative Cost	\$ 33.28	1	\$33.28
Total Allowable Connection Fee			\$220.33

* Inspection crew of 2 billed at \$37.41 each.

B. COLLECTOR FACILITY/CAPACITY COMPONENT FEES

Tables II and III show the calculation of the capacity components of the tapping fee. Table II shows the calculation of Capacity Component A, which includes the Youghiogheny WWTP capacity. Table III shows the calculation of the Capacity Component B, which includes the interceptors. Table IV, V, and VI shows the calculation of the sewer extensions and pump stations of the tapping fee. Endnotes explaining the tables are attached in Appendix A.

**Act 203 Tapping Fee Calculation
Capacity A Component**

Table II

Description	Yough Original Plant	Yough 2nd Clarifier	Sludge Dewatering Building	Yough Expansion	Yough Headworks	WWTP Chlorine Tank and Primary Clarifier	Sludge Drying Beds	Digester Rehabilitation	Footnotes
In Service Date	1965	Jan-75	May-89	May-92	2004	Jul-03	Jan-06	Feb-05	
Flows									
Design Capacity MGD	3.313								1
Final Construction Costs									2
Actual Historical Costs (+)									
Treatment	\$1,561,095.21	\$772,421.22	\$957,773.12	\$3,316,341.87	\$493,114.62	\$51,000.00	\$962,887.00	\$593,008.00	
Interceptor	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Collector	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Non Utilized Equipment (-)	\$193,918.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3
Change Orders (+)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4
Total Construction Costs	\$1,367,176.54	\$772,421.22	\$957,773.12	\$3,316,341.87	\$493,114.62	\$51,000.00	\$962,887.00	\$593,008.00	5
Project Cost (Engineering, Legal, etc.) (+)	\$866,598.10	\$106,930.75	\$95,777.31	\$331,634.19	\$49,311.46	\$24,837.00	\$127,645.07	\$73,180.15	6
Total Net Project Costs	\$2,233,774.64	\$879,351.97	\$1,053,550.43	\$3,647,976.06	\$542,426.08	\$75,837.00	\$1,090,532.07	\$666,188.15	7
Project Grants (-)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	8
Capital Contributions (-)	\$1,456,165.21	\$672,005.22	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	9
Total Project Costs	\$777,609.43	\$207,346.75	\$1,053,550.43	\$3,647,976.06	\$542,426.08	\$75,837.00	\$1,090,532.07	\$666,188.15	10
ENR Index @ In Service Date	971	2212	4615	4965	7115	6695	7660	7298	11
ENR Index @ April 2010	8676	8676	8676	8676	8676	8676	8676	8676	
Ratio ENR Index	8.94	3.92	1.88	1.75	1.22	1.30	1.13	1.19	12
Total Trended Project Costs	\$6,948,032.35	\$813,264.20	\$1,980,629.15	\$6,374,590.19	\$661,432.00	\$98,276.60	\$1,235,177.05	\$791,977.03	13
Cumulative Net Trended Project Cost	\$6,948,032.35	\$7,761,296.55	\$9,741,925.70	\$16,116,515.89	\$16,777,947.89	\$16,876,224.49	\$18,111,401.54	\$18,903,378.57	14

Outstanding Debt		
Total Outstanding Debt (-)	\$ 3,272,234.65	15
Allowable Project Cost Basis	\$15,631,143.92	16

Capacity Component A - Treatment Facility Fee Calculation		
Allowable Project Cost Basis	\$ 15,631,143.92	16
Current Design Capacity (GPD)	5,313,000	17
Cost Basis per GPD	2.94	18
Current Customer Contribution (GPD)	223	19
Capacity Component A Fee Chargeable	\$ 656.08	20

**Act 203 Tapping Fee Calculation
Capacity B Component**

Table III

Description	Yough Sewer System	BC Contract 2 & 3 & Long Relief Sewer	Highland Terrace Force Main	Drennan Heights Project	Guffy Heights Project	Ardara Gravity Sewers	Stewartsville Gravity Sewers	Indian Lake Sewer System	Brush Creek Sewer System	Pennswoods / Stewartsville Gravity	Footnotes
In Service Date	1965	1978	1982	May-91	May-92	Aug-04	Aug-04	May-65	1979	Aug-04	
Flows											
Design Capacity MGD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Final Construction Costs											2
Actual Historical Costs (+)											
Treatment Interceptor Collector	\$ 2,124,164.52	\$ 1,506,932.32	\$ 84,105.71	\$ 3,400,330.18	\$ 2,117,060.60	\$ 983,202.67	\$ 1,113,884.54	\$ 385,243.66	\$ 9,121,029.55	\$ 5,060.33	
Non Utilized Equipment (-)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3
Change Orders (+)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
Total Construction Costs	2,124,164.52	1,506,932.32	84,105.71	3,400,330.18	2,117,060.60	983,202.67	1,113,884.54	385,243.66	9,121,029.55	5,060.33	5
Project Cost (Engineering, Legal, etc.)	212,416.45	150,693.23	8,410.57	340,033.02	211,706.06	98,320.27	111,388.45	38,524.37	2,360,853.87	506.03	6
Total Net Project Costs	2,336,580.97	1,657,625.55	92,516.28	3,740,363.20	2,328,766.66	1,081,522.94	1,225,272.99	423,768.03	11,481,883.42	5,566.36	7
Project Grants (-)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8
Capital Contributions (-)	1,848,023.52	1,455,289.32	0.00	0.00	0.00	0.00	0.00	335,162.00	3,145,204.00	0.00	9
Total Net Project Costs	488,557.45	202,336.23	92,516.28	3,740,363.20	2,328,766.66	1,081,522.94	1,225,272.99	88,606.03	8,336,679.42	5,566.36	10
ENR Index @ In Service Date	971	2776	3825	4801	4965	7188	7188	971	3003	7188	11
ENR Index @ April 2010	8676	8676	8676	8676	8676	8676	8676	8676	8676	8676	
Ratio ENR Index	8.94	3.13	2.27	1.81	1.75	1.21	1.21	8.94	2.89	1.21	12
Total Trended Project Costs	4,365,318.70	632,373.61	209,848.69	6,759,298.29	4,069,361.44	1,305,410.82	1,478,918.82	791,705.34	24,085,591.29	6,718.67	13
Cumulative Net Trended Project Cost	\$ 4,365,318.70	\$ 4,997,692.31	\$ 5,207,541.00	\$ 11,966,839.30	\$ 16,036,200.73	\$ 17,341,611.56	\$ 18,820,530.38	\$ 19,612,235.72	\$ 43,697,827.01	\$ 43,704,545.67	14

Outstanding Debt		
Total Outstanding Debt (-)	\$ 7,565,395.15	15
Allowable Project Cost Basis	\$ 36,139,150.52	16
Capacity Component B - Treatment Facility Fee Calculation		
Allowable Project Cost Basis	\$ 36,139,150.52	16
Current Design Capacity (GPD)	5,313,000	17
Cost Basis per GPD	6.80	18
Current Customer Contribution (GPD)	223	19
Capacity Component B Fee Chargeable	\$ 1,516.85	20

**Act 203 Tapping Fee Calculation
Yough Collector Component**

Table IV

Description	Woodside Pump Station	Hartford Heights Pump Station	Thomas Drive Pump Station	Long Run Pump Station	Long Run Retention Facilities I	Long Run Retention Facilities II	New Stewartsville Pump Station	Highland Terrace Pump Station	Ardara Road Pump Station	Master Ln Pump Station	Wright Rd Extension	Mike Rd Extension	Footnotes
In Service Date	Aug-74	Aug-74	1978	1969	1999	2004	2004	Aug-74	2004	2004	1998	2000	
Flows													
Design Capacity MGD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Final Construction Costs													2
Actual Historical Costs (+)													
Treatment Interceptor Collector	\$67,235.67	\$82,987.10	\$71,624.10	\$161,273.88	\$1,900,429.90	\$5,574,356.37	\$988,888.41	\$137,393.10	\$342,588.98	\$179,660.14	\$16,968.70	\$82,532.06	
Non Utilized Equipment (-)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00	0.00	3
Change Orders (+)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00	0.00	4
Total Construction Costs	\$67,235.67	\$82,987.10	\$71,624.10	\$161,273.88	\$1,900,429.90	\$5,574,356.37	\$988,888.41	\$137,393.10	\$342,588.98	\$179,660.14	16,968.70	82,532.06	5
Project Cost (Engineering, Legal, etc.) (+)	\$6,723.57	\$8,298.71	\$7,162.41	\$16,127.39	\$190,042.99	\$557,435.64	\$98,888.84	\$13,739.31	\$34,258.90	\$17,966.01	\$1,696.87	\$8,253.21	6
Total Net Project Costs	\$73,959.24	\$91,285.81	\$78,786.51	\$177,401.27	\$2,090,472.89	\$6,131,792.01	\$1,087,777.25	\$151,132.41	\$376,847.88	\$197,626.15	18,665.57	90,785.27	7
Project Grants (-)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00	0.00	8
Capital Contributions (-)	\$65,831.00	\$81,327.00	\$70,191.00	\$140,218.00	\$0.00	\$0.00	\$0.00	\$134,645.00	\$0.00	\$0.00	0.00	0.00	9
Total Net Project Costs	\$8,128.24	\$9,958.81	\$8,595.51	\$37,183.27	\$2,090,472.89	\$6,131,792.01	\$1,087,777.25	\$16,487.41	\$376,847.88	\$197,626.15	18,665.57	90,785.27	10
ENR Index @ In Service Date	2020	2020	2776	1269	6059	7115	7115	2020	7115	7115	5920	6221	11
ENR Index @ April 2010	8676	8676	8676	8676	8676	8676	8676	8676	8676	8676	8676	8676	
Ratio ENR Index	4.30	4.30	3.13	6.84	1.43	1.22	1.22	4.30	1.22	1.22	1.47	1.39	12
Total Trended Project Costs	\$34,911.18	\$42,773.58	\$26,864.07	\$254,217.52	\$2,993,388.81	\$7,477,080.46	\$1,326,430.84	\$70,814.24	\$459,526.66	\$240,984.47	\$27,355.15	\$126,611.95	13
Cumulative Net Trended Project Cost	\$34,911.18	\$77,684.76	\$104,548.83	\$358,766.35	\$3,352,155.16	\$10,829,235.61	\$12,155,666.45	\$12,226,480.70	\$12,686,007.36	\$12,926,991.83	\$12,954,346.98	\$13,080,958.93	14

Outstanding Debt		
Total Outstanding Debt (-)	2,264,355.38	15
Allowable Project Cost Basis	10,816,603.55	16
Capacity Component A -		
Treatment Facility Fee Calculation		
Allowable Project Cost Basis	\$10,816,603.55	16
Current Design Capacity (GPD)	5,313,000	17
Cost Basis per GPD	2.04	18
Current Customer Contribution (GPD)	223	19
Capacity Component A Fee Chargeable	\$454.00	20

**Act 203 Tapping Fee Calculation
Indian Lake Collector Component**

Table V

Description	Indian Lake Pump Station	Indian Lake Pump Station	Indian Lake Camelot Plan I	Indian Lake Camelot Plan II	Indian Lake Camelot Plan III	Footnotes
In Service Date	May-65	May-92	May-70	May-73	1978	
Flows						
Design Capacity MGD	N/A	N/A	N/A	N/A	N/A	1
Final Construction Costs						2
Actual Historical Costs (+)						
Treatment Interceptor						
Collector	232,298.60	1,024,715.69	60,000.00	80,350.00	50,000.00	
Non Utilized Equipment (-)	0.00	0.00	0.00	0.00	0.00	3
Change Orders (+)	0.00	0.00	0.00	0.00	0.00	4
Total Construction Costs	232,298.60	1,024,715.69	60,000.00	80,350.00	50,000.00	5
Project Cost (Engineering, Legal, etc.) (+)	23,229.86	102,471.57	6,000.00	8,035.00	5,000.00	6
Total Net Project Costs	255,528.46	1,127,187.26	66,000.00	88,385.00	55,000.00	7
Project Grants (-)	0.00	0.00	0.00	0.00	0.00	8
Capital Contributions (-)	202,100.00	0.00	52,200.00	69,905.00	43,500.00	9
Total Net Project Costs	53,428.46	1,127,187.26	13,800.00	18,480.00	11,500.00	10
ENR Index @ In Service Date	971	4965	1381	1895	2776	11
ENR Index @ April 2010	8676	8676	8676	8676	8676	
Ratio ENR Index	8.94	1.75	6.28	4.58	3.13	12
Total Trended Project Costs	477,389.62	1,969,683.11	86,697.18	84,608.17	35,941.64	13
Cumulative Net Trended Project Cost	\$ 477,389.62	\$ 2,447,072.73	\$ 2,533,769.91	\$ 2,618,378.08	\$ 2,654,319.72	14

Outstanding Debt			
Total Outstanding Debt (-)		\$ 459,471.14	15
Allowable Project Cost Basis		\$ 2,194,848.58	16
Capacity Component A -			
Treatment Facility Fee Calculation			
Allowable Project Cost Basis		\$ 2,194,848.58	16
Current Design Capacity (GPD)		5,313,000	17
Cost Basis per GPD		0.41	18
Current Customer Contribution (GPD)		223	19
Capacity Component A Fee Chargeable		\$ 92.12	20

**Act 203 Tapping Fee Calculation
Brush Creek Collector Component**

Table VI

Description	Faulknerville	Tinkers Run I & II	Brush Creek Larimer	Footnotes
In Service Date	1983	1991	1979	
Flows				
Design Capacity MGD				1
Final Construction Costs				2
Actual Historical Costs (+)				
Treatment				
Interceptor				
Collector	\$ 200,576.93	\$ 1,890,256.43	\$ 71,415.63	
Non Utilized Equipment (-)	0.00	0.00	0.00	3
Change Orders (+)	0.00	0.00	0.00	4
Total Construction Costs	200,576.93	1,890,256.43	71,415.63	5
Project Cost (Engineering, Legal, etc.) (+)	20,057.69	189,025.64	7,141.56	6
Total Net Project Costs	220,634.62	2,079,282.07	78,557.19	7
Project Grants (-)	0.00	0.00	0.00	8
Capital Contributions (-)	196,565.00	0.00	69,988.00	9
Total Net Project Costs	24,069.62	2,079,282.07	8,569.19	10
ENR Index @ In Service Date	4066	4835	3003	11
ENR Index @ April 2010	8676	8676	8676	
Ratio ENR Index	2.13	1.79	2.89	12
Total Trended Project Costs	51,359.58	3,731,096.44	24,757.35	13
Cumulative Net Trended Project Cost	\$ 51,359.58	\$ 3,782,456.01	\$ 3,807,213.36	14
Outstanding Debt				
Total Outstanding Debt (-)			\$ 659,040.68	15
Allowable Project Cost Basis			\$ 3,148,172.68	16
Capacity Component A - Treatment Facility Fee Calculation				
Allowable Project Cost Basis			\$ 3,148,172.68	16
Current Design Capacity (GPD)			5,313,000	17
Cost Basis per GPD			0.59	18
Current Customer Contribution (GPD)			223	19
Capacity Component A Fee Chargeable			\$ 132.14	20

IV. RECOMMENDATIONS AND APPLICATION OF ALL FEES

It is recommended that the Authority adopt tapping fees as calculated within this document to recover allowable costs that have been spent on capital expenditures. The Authority may adopt any fee up to and including the amounts calculated. These fees are subject to change and should be reviewed on an annual or biannual basis to insure compliance with Act 57 of 2003.

The maximum allowable total tapping fee is as follows:

	<u>May 2010</u>	<u>Current</u>
Authority Fees	\$ 220.33	\$ 213.57
Capacity Component A	\$ 656.08	\$ 641.17
Capacity Component B	\$ 1,516.85	\$ 1,482.40
Youghiogeny Collector	\$ 454.00	\$ 443.69
Indian Lake Collector	\$ 92.12	\$ 90.03
Brush Creek Collector	\$ 132.14	\$ 129.14
Total Allowable Tapping Fee	\$ 3,071.52	\$ 3,000.00

The Authority is not required to adopt any of these components or methods outlined above. The fees represent the maximum fees chargeable, and what KLH Engineers, Inc. believes to be the most appropriate application of the Act to insure the fairest equity collection.

APPENDIX A

TAPPING FEE CALCULATION ENDNOTES

North Huntingdon Township Municipal Authority Tapping Fee Calculation

1 Design Capacity

Determined from Authority's historical data and DEP Permit

2 Final Construction Costs

Determined from the financial records of the Authority, including Annual Reports, Auditor's Reports, and final construction requisitions.

3 Non-Utilized Equipment

The cost of the major equipment or processes no longer used, equipment removed or abandoned because of the facility upgrading. Equipment that was taken out of service was subtracted out.

4 Change Orders

The amount of the change orders could not be determined from the Authority documents. It was assumed that the reported construction costs were the final costs, which would include the cost of the change orders.

5 Total Construction Costs

The sum of the construction costs and the change orders, minus the cost of the non-utilized equipment.

6 Project Costs (Engineering, Legal, etc.)

Actual project costs were used where available. Some project costs were included in the construction costs.

7 Total Net Project Costs

Equal to the sum of the total construction costs and the project costs, minus the sum of the expansion and upgrade/replace/betterment costs allocated to existing customers.

8 Project Grants

The amount of grant funding received by the Authority was taken from past Authority Annual Reports and tap fee calculations.

9 Capital Contributions

The Capital contributions received from sources outside of the Authority were taken from previous tap fee calculations and Authority Annual reports.

10 Total Net Project Costs

Equal to the total project costs minus the sum of the project grants and the capital contributions.

11 ENR Index @ In-service Date & ENR Index @ April 2010

Construction cost index factors for the in service date and for April 2010 are from Engineering News Record (ENR) Magazine, the number was found on the Internet.

12 Ratio ENR Index

Equal to the ENR Index @ April 2010 divided by the ENR Index @ in-service date

13 Total Trended Project Costs

Equal to the total net project costs times the ratio ENR index

14 Cumulative Net Trended Project Cost

Equal to the sum of the total net trended project costs of all of the previous projects.

15 Total Outstanding Debt

The Authority's outstanding debt was also taken from the above-mentioned Financial Reports. The debt was divided among the components based on a percentage of the Cumulative Net Trended Project Costs.

16 Allowable Project Cost Basis

Equal to the sum of the cumulative net trended project cost minus the total outstanding debt.

17 Current Design Capacity

Equal to the design capacity of the Youghiogheny Treatment Plant and that capacity portion of the Brush Creek Treatment Plant utilized by North Huntingdon. It was assumed this was the limiting factor within the system.

18 Cost Basis per GPD

Equal to the allowable project cost basis divided by the current design capacity.

19 Current Customer Contribution (GPD)

Based on new law current customer contribution is calculated by the number of people per household (2.48) in Pennsylvania by 90 Gallons per person per day.

20 Capacity Component A

Equal to the cost basis per GPD times the current customer contribution.