

DERRY TOWNSHIP MUNICIPAL AUTHORITY

2006 RATE ADJUSTMENT NOTICE

The Authority's Clearwater Road Plant began processing wastewater in 1978. Treatment plants use natural processes to breakdown the organic matter in wastewater. This results in various byproducts including several nitrogen compounds, including ammonia and nitrate. In those early days the objective was to reduce the amount of organic matter in wastewater and then to disinfect it before discharging it to a creek or stream. That was the basis for design of the Clearwater Plant. Since that time, however, knowledge about how to best protect Earth's water has increased greatly.

In the 1980s government regulators became concerned that the discharge of treated wastewater containing certain levels of ammonia could be toxic to fish and other aquatic life. Thus, in 1990 a limit was placed on the concentration of ammonia that could be discharged by the Clearwater Plant. The plant had never been designed to remove ammonia but was successful in doing so because flows into the plant were less than the design limit. However, the Authority's engineers determined that as flows to the plant increased and approached 4 million gallons per day, the plant would not be able to meet its permit limits for ammonia.

A further development occurred in June 2000 when Pennsylvania's Governor signed an agreement with other states and the Federal government to help clean up the Chesapeake Bay. The agreement required wastewater plants to reduce the amount of nitrogen and phosphorus contained in the treated wastewater which is discharged and eventually reaches the Bay. In order to meet the requirements to reduce ammonia, nitrogen, and phosphorus, the Authority undertook and has just completed an extensive upgrade of the Clearwater Plant costing \$12 million.

Another part of the work at the plant involves processing the sludge which results from treating wastewater. The Authority recently constructed a large tank which digests the sludge, reducing its volume and producing a material called biosolids. The digestion process also generates methane gas which can be used as a fuel. A biosolids steam drying system is currently under construction which will make use of the methane from the digester. The dryer will produce a granular fertilizer-like material suitable for application on farms, gardens, and turf.

*Of course the protection and restoration of our water and other natural resources is not without cost. The Authority has been able to take advantage of limited government grants to help finance these facilities. It has also effected some savings by refinancing existing debt as interest rates have fallen the last few years. Nonetheless, after careful review, it appears a rate increase will be needed to adequately finance the construction and operation of these necessary projects. The new rates shown below will go into effect with sewer bills issued on or after **April 1, 2006**:*

Metered Customers

CURRENT RATE: Fixed charge of \$7.60 per unit per month plus \$3.65 for every 1,000 gallons of water consumed.

NEW RATE: Fixed charge of \$8.50 per unit per month plus \$4.10 for every 1,000 gallons of water consumed.

Flat Rate Customers (Customers who have private wells)

CURRENT RATE: \$28.00 per unit per month

NEW RATE: \$31.40 per unit per month

**Each single-family residence is one unit. Each apartment in a multi-family dwelling is a unit.*

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