

## **Introduction**

This policy is intended to provide clear guidance to Lawrenceburg Utility Systems (LUS) employees and its customers on how aid-to-construction charges will be calculated. As most are aware, our margin on electric power is thin. This limits the amount of money that LUS can feasibly invest to serve a single customer. To keep our costs as low as possible and in fairness to all customers, the customer requesting power will be responsible for covering the difference in the total cost of the job and LUS's investment credit. This updated policy also serves as a means to make the engineering and estimation of a project more efficient and transparent. The costs laid out in this document are based on LUS's current costs. Therefore, they will be updated at least annually but not more often than every six (6) months.

## **LUS Concessions**

LUS can provide 500' of overhead power with no aid-to-construction charges. This will be applied in the form of a credit to the balance of the aid-to-construction estimate. The credit will be \$6,700. This was calculated by estimating the amount that it would take to serve a customer with 500' of overhead primary. It includes all the material and labor required to complete the project. The material was estimated using the actual cost-plus stores and overhead. The labor was estimated using FEMA rates for employees plus FEMA rates for our fleet.

## **Customer Responsibility**

The customer requesting service will be responsible for paying the balance after the \$6,700 credit. The balance will be calculated by the LUS engineering staff member who is designing the project. For residential and single-phase commercial customers, this balance will be calculated using our standard cost method of estimating. For large, three-phase commercial customers, the engineer may decide to use a different method of estimation. If the estimate totals less than \$6,700, the customer will not owe any aid-to-construction. If the estimate is more than \$6,700, the customer will be responsible for paying the balance. It must be understood that after construction, all facilities provided by the customer upstream of LUS's meter will be "contributed" to LUS. That is that LUS assumes ownership of this equipment. The reason for this is that LUS will maintain these facilities after construction at no cost to the customer. LUS maintains the right to make any reasonable modification to these facilities that it sees fit to provide safe and reliable power to its customers. The credit amount will change as prices change. The most current credit calculation is attached to the end of this policy.

## **Credit Eligibility**

Not all customers are eligible for the \$6,700 credit. Customers must meet one of the following eligibility criteria:

1. Site-built homes over 400 square feet with a septic letter or sewer connection
2. Mobile homes if on a masonry foundation with axles removed
3. Commercial buildings a business license with a signed five-year contract. *Note: Garages and outbuildings do not qualify for the credit.*

Any customer who does not meet these criteria will be responsible for the total cost of the project.

### **Subdivisions: Small Lots**

LUS defines a small-lot subdivision as a subdivision with the majority of its lots sized at one (1) acre or less. To qualify as a small-lot subdivision, the property must be platted by a licensed land surveyor and recorded with the Lawrence County Register of Deeds.

To serve electric power to homes in a small-lot subdivision, LUS will provide overhead power to each lot for free. This includes the overhead primary lines, transformers, and services necessary to serve each lot. The developer is responsible for paying \$150 per lot in order to cover deposits, temporary power, and final connect fees.

Should the developer want underground power in the subdivision, LUS would credit the developer with the estimated cost of overhead power, and the developer would be responsible for the excess cost for underground power. The estimated cost of overhead power is currently \$2,500 per lot. LUS Engineering personnel will first calculate the cost of underground power and then subtract \$2,500 per lot. This gives the aid to construction that the developer would be responsible for paying. In addition to the aid-to-construction, the developer is responsible for providing and installing all primary and secondary conduits per LUS specifications. The developer must also install the LUS provided transformer pad. The developer is also responsible for paying \$150 per lot to cover deposits, temporary power, and final connect fees.

NOTE: The \$150 payment is broken down as follows: \$100 deposit, \$30 temporary connect fee, and \$20 final connect fee. The deposit is refundable and will be returned to the developer upon disconnection or the transfer of service to the homeowner. It will first be used to cover the balance of the final bill, and any excess will be refunded to the developer.

### **Subdivisions: Large Lots**

Subdivisions that do not meet the criteria of a small-lot subdivision will have aid-to-construction charges calculated as if the lots are individual properties and will be eligible to receive the \$6,700 credit per lot.

### **Apartment Complexes**

Due to the unique nature of apartment complexes and multifamily dwellings, there is not a standard credit for calculating the aid to construction. LUS will serve these types of units overhead for free. Should the developer want underground power, engineering staff will estimate the cost of overhead service and subtract it from the total cost of the job. Developers would be responsible for covering the balance.

### **Estimate Expiration**

All estimates will be dated and given an expiration date not later than six (6) months from the date of estimation. If the customer does not pay for and arrange for construction in that timeframe, engineering will recalculate the cost based on current pricing.

The proper procedure for estimation is to tell the customer the estimate amount after the design is complete. **Engineering personnel should refrain from giving out cost estimates at the initial site visit. This allows the Engineering Department to provide the amount to the Customer Service Department before the customer arrives to pay.**