

Changes in Construction CIAC April 7, 2023

In December 2022, we began the execution of our 5-Phase plan to bring the cost of customer construction up to date. The initial adjustment for Phase 1 was effective December 1, 2022. Phase 2 was implemented on January 1, 2023. Each project is different and increase by project will vary. As a reminder, adjustments will apply only to CIAC invoices generated and delivered to customers after the update has been implemented.

We have continued to review CIAC and our cost for different types of projects. In this additional analysis we have found that our contract cost for connecting new homes has more than doubled since 2013. To bring these costs into alignment we will include these cost increases with the upcoming Phase 3 (July 2023), Phase 4 (January 2024) and Phase 5 (July 2024). The current estimated average cost for service and meter to connect new homes is about \$750. This is expected to increase after full implementation in 2024 to about \$1,250.

Additionally, we found that not all costs for subdivision and multifamily projects have previously been included in calculating the customer's construction cost, as well as the line extension allowances applied were higher than the policy states. Contract costs for subdivision and multifamily have also increased. To bring these project costs into alignment we will be including them in implementation phases. We anticipate the estimated average increase in Phase 3 (July 2024) to be about 20% and in an estimated average 15% increase for combined Phase 4 and 5.

We will keep you updated as we continue to execute our 5-phase implementation to bring the cost of customer construction up to date. We are also conducting an annual update to help us keep our costs aligned in the future.

Phase 3 is scheduled to be implemented on July 1, 2023.

For additional and historical information concerning construction cost, please visit our [Customer Construction Cost page](#).