

**Why is there an extra \$30 per month for 2 years on customers not in our normal electric service area?**

Most customers in our electric service area are in areas where lines are overhead. The rough cost for backbone per customer in these areas is \$200. If we hook up half the available customers, then the backbone cost per active customer is roughly \$400. Typical aerial installation costs are about \$300. So the total cost per active customer is about \$700.

In the Grant 1 area, our estimated backbone expense is \$1,000,000 with about 400 potential customers. If we again assume we can connect half the potential customers, then the backbone cost per active customers is \$5,000. We are estimating the average install cost will be about \$600, because the houses are farther off the road and everything will have to be buried. So the total per active customer will be around \$5600. The USDA is paying half, so MMU's cost will be around \$2800.

These estimates were from the grant application that was filled out in 2019. They do not take into account the extreme inflation since then. Some of our costs have doubled – for example, we paid 29 cents per foot for conduit early last year; our last order was 56 cents. Since most construction in our electric service area is complete, this will have much less of an impact on average cost there than in new construction in the outside areas.

In the Grant 2 area, we will be getting into even more rural areas, so cost per customer will be higher. USDA will be paying a larger percentage for Grant 2, but with higher costs plus moderate inflation, we expect the final cost will be about \$4500 per customer.

There are a few areas we have done or will be doing that are not a part of either grant. These areas have a lower cost per customer than the grant areas, but we don't get any funding from outside sources. So far, MMU's costs have been about \$3000 per customer in the areas completed.

So, in order to begin to make up the difference between \$700 per customer inside our electric area versus \$2800 to \$4500 per customer outside our area, MMU will charge \$30 per month for service outside the area for 24 months. This was part of the financial plan submitted to USDA in our applications. Even with this charge and discounting inflation, customers outside the service area cost MMU double or more what customers inside the area do.