What is the AUB service Availability Charge?

Some suspect that it is a fee simply to read a meter.

Availability fees are in place at utilities nationwide for the same reason they are used in Athens.

The availability charge is fundamental to our community even *having* a utility infrastructure network to deliver power, water and gas to our homes and to take away and treat our sewage, day in and day out.

AUB has more than $100 million of infrastructure in the field. Things such as power substations and transformers, thousands of poles, thousands of miles of high-voltage wire, and comparably numerous switches, automatic re-closers, fuses, pole transformers, capacitors, and so forth. The same goes for the water, natural gas and sewer systems with hundreds of miles of underground pipe, valves, pump stations, gate stations tied to national pipelines, regulator stations for flow and pressure, treatment plants that produce millions of gallons of drinking water each day and, on the other end, treatment plants that handle millions of gallons of the community's waste each day and return to the environment clean water.

This network of infrastructure is a community asset. Every bit of this infrastructure must be in place and fully operational before a single electron—or a molecule of gas or water—can get to your home or business.

It all must be paid for, maintained year round, insured, and replaced over time by the community members who are AUB's ratepayer base. AUB's insurance premium alone for this network of assets is more than half a million dollars each year.

Availability charges cover these costs. (AUB receives no tax funds.)

Simply put, if there were no availability charge to cover the perennial cost of the vast utility infrastructure we all share then we would have no utility infrastructure in our community. It would not be *available*.

So just what is this charge and what is it not? Is it a double charge since we already pay for how much power or water we use? No, it is not.

The availability charge does not pay for usage, such as the amount of power used in a month. That is what usage rates are for. Usage rates pay for the commodity you use, i.e., the electrons, water, and gas and the transport and treatment costs of your sewage. These per-unit rates are not designed to cover the fixed costs of the delivery infrastructure and keep it available for use.

Availability fees, on the other hand, cover the fixed costs of the infrastructure that gets the commodity to you or, in the case of sewer, gets it away from you. The fees pay to

insure and maintain that infrastructure. They allow this vast and complex system to be available to all of us year round at the flip of a switch, turn of a faucet, or flush of a toilet.

Availability charges also pay for restoration of lines, poles, transformers, switches and other infrastructure that are damaged or destroyed by storms and other events that cause physical damage. If a tree in your yard falls on your neighbor's car or home, you likely would be in discussions with that neighbor about payment. But if a tree in your yard falls on AUB power distribution lines and tears them down, breaks a pole, and destroys a couple of transformers AUB does not charge you the thousands of dollars of cost for the equipment and labor to repair it. The equipment and the repair work are covered with money from availability fees.

Consider this: with the electric, gas, water, and sewer systems, AUB must build the lines, pipes, plants, and substations such that they can handle the *highest demand* from our community—the peak demand as it is called—on any given day. On the hottest summer day when air conditioners are cranking, AUB's peak demand for power is about 120 megawatts. If our system were not sized for that one peak day, brownouts and outages would occur and homes and businesses would not have the power they need. Customer demand would outstrip the system's capacity to handle it.

In other words, the capacity would not be *available.* Hence, the availability charge.

The same example applies on the coldest winter day when heating systems work overtime. If AUB's infrastructure lacked the capacity to meet the peak demand and customers did not have heat when they demanded many would say, "Why on earth would AUB not build the systems big enough to handle what they know will be needed by the community on a peak day of demand?"

Therefore, we build our systems to meet peak demand on any given day of the year even though our system experiences peak demand only about eight to 12 days out of the year—the coldest and hottest days. For the remaining 353 to 357 days our system is overbuilt relative to the demand on it. Here's the kicker: the fixed costs of having that system *available* across our county and the costs to continually maintain it are there every day. The costs are real and they must be recovered and paid year round by all of us, the ratepayers, the benefactors of this community asset.

Here's an analogy that while not perfect is applicable. Imagine that you want to be able to house five cars at any one time in a garage. This garage would have to be big enough for five cars, kept in good condition without leaking, with ample security, with heating and cooling, and so on. On some days only two cars may be parked in it, other days four, some days, only one. But on a few days of the year you <u>had</u> to be able to park all five in it. Thus, you would have to build the garage to that specification. You would have to pay insurance on that size building, heat and cool that size building, secure and monitor, paint and roof, clean and care for that size building even though most of the time you didn't even utilize the maximum capacity of the building. But you would have it available to you when you needed it most.