

UNDERGROUNDING OF UTILITY LINES AND FORMATION OF ASSESSMENT DISTRICTS

FREQUENTLY ASKED QUESTIONS:

What equipment will still be visible above ground?

Transformers may be located above ground on concrete pads or will be located in subsurface vaults covered by manhole covers. Each vault requires two, 12-inch diameter by 30-inch high vents. Telephone systems may also require small above terminals to provide maintenance access.

Will property owners get a chance to review proposed locations of the equipment before they are cast in concrete?

The locations of pad mounted equipment and vents will be marked on the ground after the plans have been completed so that the property owners can see the proposed placements. Locations for these structures will be placed in the roadway easement selected by both the RHCA and utility companies for ease of utility operations and in consideration of the property owners. Location adjustments to these structures are typically not allowed after the designs are finalized. RHCA staff attempts to contact property owners adjacent to the proposed above ground equipment prior to design completion.

If a utility pole has a cell phone antenna, will it be removed?

Cell phone companies will be notified by the utility company that the pole is going to be removed and that the antennas will need to be removed.

How much does it cost?

Costs vary substantially from district to district depending on the size, physical constraints, specific benefit of each property, how many overhead lines need to be placed underground, how many poles need to be removed, size and number of property owners within the undergrounding district, labor and material costs, and inflation. Costs estimated in a 2001 study for City-wide undergrounding project in Rolling Hills estimated per household cost between \$52,000 and \$62,000. Please note that the assessment amount does not include the private conversion portion of the project, conversion of your electrical panel, if necessary or the connection from your home to the street. Estimated cost for this work is at \$9,000-\$20,000 and will depend upon the terrain, type of soil and the distance from the house to the road easement and connection to the main conduit.

Is there money available from other sources to help pay for undergrounding?

Edison offers three options for undergrounding power lines. The first is where a municipality (City) organizes the project and it is paid for with money accumulated from a small surcharge on a utility bill, called Rule 20A. The money from this source must be used on a project with a minimum of 600 linear feet and must be on main thoroughfares. The City of Rolling Hills used these funds when the City undergrounded the lines on Crest Road.

The second option is where homeowners initiate the undergrounding and form a district. To qualify, the area to be undergrounded must be a minimum of 600 linear feet and all existing overhead communication and electric facilities within the area must be removed and all property owners served by the overhead facilities to be undergrounded agree in writing to have the wiring changes made on their premises necessary to allow service through the underground system. If the project meets these requirements, it may qualify for Rule 20B in which, Edison removes all of the utility poles at their own cost and a subsidy from Edison is available in the amount equal to building an equivalent overhead system, which SCE estimates is generally 20% of the cost of undergrounding. That subsidy is applied to SCE's final invoice to offset the cost of constructing a new underground system.

The third option for undergrounding is Rule 20C in which the property owner(s) pays the entire cost of the underground project including the removal of overhead facilities.

What costs are included in the assessment amount?

The assessment amount includes design engineering, construction, legal, administration, and bond insurance costs. Up front costs incurred by the owners could be folded into the bond as well. However, if an assessment district does not pass, the upfront costs are non-refundable.

What costs are not included in the assessment amount?

The assessment amount does not include the private conversion portion of the project, conversion of your electrical panel, if necessary, or the connection from your home to the street. Estimated cost for this work is at \$9,000-\$20,000 and will depend upon the terrain, type of soil and the distance from the house to the road easement and connection to the main conduit.

How do property owners pay the assessment?

The assessment can be paid in cash or through bond financing. Once the Assessment District has been approved by the City Council, property owners have a 30-Day Cash Payment Period to pay their assessment. After the 30-Day Cash Payment Period, any unpaid portion of the assessment will be financed through bond sales. If the property owner elects to finance the costs, annual installments of principal, interest, and administrative fees will be collected with the property tax bill.

Can the assessment be paid partially in cash and partially go to bond?

Yes, during the 30-Day Cash Payment Period, the property owner will save the additional costs that would be incurred in a bond issuance on the portion of the assessment paid. After this period, the property owner can at any time make cash payments to pay off the assessment by paying off any outstanding delinquencies, a portion or the remaining principal amount, applicable bond redemption premium, interest to the next available bond call date, and an administrative fee fixed by the City. Any payments made after the 30-Day Cash Payment Period will not receive the savings, because the costs of a bond issuance will be incurred.

Is the assessment tax deductible?

Please direct any tax-related questions to your tax advisor or accountant.

What is the term of the bond financing?

Usually the bonds are financed over a 15-20 year term. However, some bonds have been financed over a 30-year term.

What is the rate of interest on the bonds?

The bond financing reflects the market rate at the time of issuance. The City does not have the capability to predict such rates.

What if I sell my home before the assessment is paid in full?

This is a matter that can be negotiated between the buyer and seller. The lien is placed on the property and will be transferred to the new owner unless the assessment is paid in full. This information should be disclosed to the buyer.

What is the private conversion and what does it include?

Private conversion involves undergrounding the service wires and equipment that are on private property - that connect from the main service conduit in the roadway easement to the property owner's home or business. This work includes trenching, installing service conduit, backfill, and modification or replacement of the customer's electric panel to accept underground service.

What is the private conversion portion of the project?

Each property owner must connect his or her overhead utility lines to the underground utility system. It is recommended to obtain bids from licensed contractors to perform this work. This cost is not included in the assessment amount.

What is the typical cost for the private conversion?

It typically costs between \$9,000 and \$20,000 to convert overhead utilities to underground. The cost depends on the terrain of the lot, type of soil and the distance from the electrical panel to the main conduit in the roadway easement. These costs are not included in the assessment.

Can the cost of the private conversion be added to my property tax bill as well?

No. The cost of the private conversion is negotiated between you and your contractor. Each property owner pays for this service separately from the assessment.

Who do property owners contact with questions or concerns regarding the project?

Questions and concerns regarding the project should be directed to the appropriate City staff or representative. Property owners should not contact the utility companies directly with questions.