



Lake Holiday Estates Utility Company, Inc.

231 Redland Road, Cross Junction, Virginia 22625

Phone: (540) 888-3549 fax: (540) 888-3892

E-mail: officelhcc@adelphia.net

October 6, 2006

Certified Mail

Reference: Lot 164 Section 6A

Mrs. Carolyn Brammeier
113 W. Grant St
Pilesgrove, NJ 08098

Dear Mrs. Carolyn Brammeier,

In response to your request under Rule 16 of the Utility Company Tariff, the following estimates were developed for extending the water and sewer infrastructure to lot 164/6a. The Utility Company Contribution is \$68.13 (per month) x 12 (months) x 3.5 (years) = \$2,861.46.

Water & sewer service to Lot 164/6a:

Aqua Virginia reviewed the utility plans for Lake Holiday in response to your request for extension of service at Lot 164, Section 6A.

This lot is located approximately 6,600 feet from section 5A which has operating infrastructure. To extend utilities to Lot 164-6A would make service available to lots along South Lakeview, Forest Drive, Southwood Drive, and finally Southwood Ct. As the detailed engineering design for this section does not exist, engineering would need to be performed to determine the sizing and placement of water mains, hydrants, valves, tees, flush offs, etc. along the route. Likewise, gravity sewer lines, manholes, lift stations, and sewer force main would also need to be designed and installed to convey the wastewater back to section 5A. A rough cost of this infrastructure installed including engineering, permitting, and not including additional costs for blasting in rock is **on the order of 1.5 to 2 million dollars**. This does not include meters for intervening lots, only basic infrastructure. The utility would make available water and wastewater capacity for the lot. The utility would be responsible for constructing additional wells and wastewater treatment plant capacity to serve the intervening lots as growth progresses.

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Aqua Lake Holiday will work towards the goal of having utility infrastructure available to all lots in accordance with the proposed tariff, while this could be directly or indirectly through "developer" rebates on main extensions in accord with the line extension policies. Further, Aqua Lake Holiday plans to develop a detailed master plan and obtain regulatory approval from VDH and DEQ in order to help with planning. This level of future plan detail will allow individual lot owners, developers, or groups of lot owners forming a "development group" to bid out and obtain definitive contractor pricing with most of the regulatory approvals in hand.

The utility extension data was provided by:
Clifton L. Parker, IV, P.E. Engineer, Aqua Virginia, Inc.
P.O. Box 6906 (or 2246-L Dabney Road)
Richmond, Virginia 23230
Phone: (804) 204-1611, ext.12
Fax: (804) 278-9899
Mobile: (804) 310-0398

Total estimate for extending the utilities: = \$1,500,000
Less Utility Company Contribution of \$2,861.46
Deposit Required: \$ 1,499,713.59

Deposit recoveries are based upon future connections to these extensions per the Utility Tariff. As requested, a list of the intervening lot owners has been compiled and attached to this estimate. The Utility Company contribution is calculated at \$2,861.46 per lot owner jointly contributing to the extension of services. There are 91 intervening lots with the potential of \$260,392.86 in Utility Company contributions to initial construction costs or in the form of refunds. The required deposit is the low end of the estimate and the balance due to the Utility Company or you will be established at the end of construction and prior to certification.

If you are successful in developing a number of lots that wish to contribute to the deposit and for which a construction credit would be established, it will require a contract entered into by all the participants and a deposit totaling \$1,500,000 less the number of lots (times \$2,861.46) participating in the project. For example, if all 92 Lots Owners participated, the required deposit would be \$1,500,000 minus \$263,254.32 which equals \$1,236,745.68 (\$13,442.89 for extending he service to each lot). Based upon these numbers, the greater the participation of lot owners on the list provided the lower the cost-per-lot to extend the utilities. THIS SOUNDS HIGH!

Distances above could vary dependent on where the surveying actually shows the property lines. It is very difficult to tell at the present time and we must make sure that the installations are within the utility easements so there is no need to have to relocate them in the future. Aqua Virginia will place meter crocks on the property lines so as not to interfere with proposed driveway locations.

The Utility Company is prepared to extend these lines and upon receipt of the deposit will schedule and complete the requested extensions.

You can execute the extension of these lines using your own contractor. If this is your preference, the plans will need to be approved by the Utility Company engineer prior to initiating work. The installation will need to meet the standards adopted by the Utility Company, which are in compliance with Frederick County Standards. Using your own contractor, the Utility Company contribution will be applied as a credit to the connection fee(s) and the deposit recovery will be based upon additional connections to the lines and paid out based upon the above recovery formula.

Thank you,



Chris Allison for office of the General Manager

Attachment: List and addresses of intervening lots.
Rule 16 of the LHEUC Utility Tariff