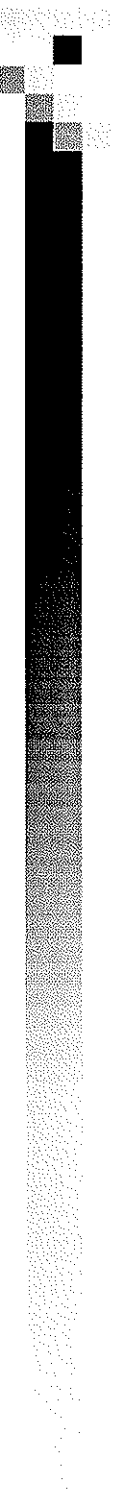


Joint Trench Cost Model

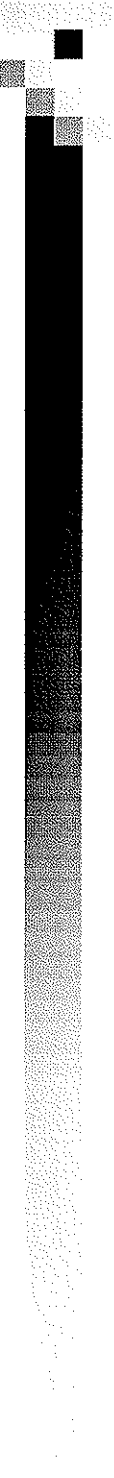
The Benefits of Sharing a Ditch



Joint Trench Presentation

Outline

- Installation Costs – Traditional single install
- Savings of joint trench
 - Areas of savings
 - Simple model of savings
- WPSC method of contracting
- Contract structure for joint install
- Cost Sharing
- Summary of benefits



Installation Method

Traditional Install

- Permits
- Ditch and facility installation (Mobilize/Demobilize)
- Materials
- Backfill
- Terminations
- Restore surface
- Each utility pays individually for all items
 - Gas, Electric, Telephone, CATV



Costs of an Install

- Apply and pay for permits – (Time and \$'s)
- Digging trench and placing facility – (Equipment and Labor)
- Backfill – (Labor & sometimes material)
- Restoration – (Labor and materials)
- Follow-up warranty issues – (Time and labor)



Simple Economics of an Install

- Permit costs \$10.00
- Ditch and place facility \$55.00
- Materials \$25.00
- Restoration \$20.00
- Terminations \$10.00

Total Cost \$120.00 per facility

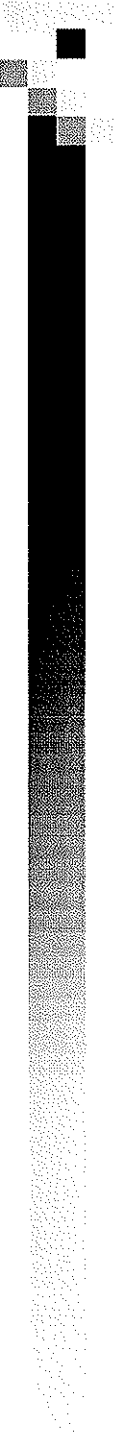
For 4 Facility = \$480.00

Simple Economics of Joint Install

cont...

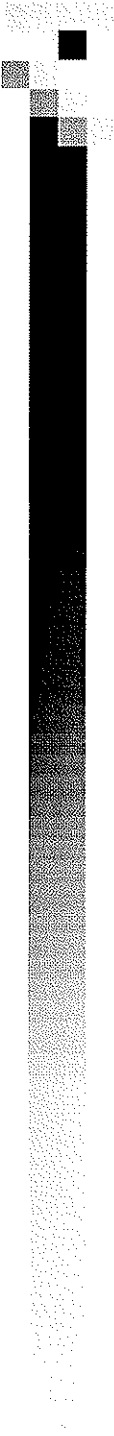
| | |
|----------------------------|----------------|
| ■ Permit costs | \$10.00 |
| ■ Ditch and place facility | \$70.00* |
| ■ Materials | \$100.00 |
| ■ Restoration | \$25.00 |
| ■ Terminations | <u>\$40.00</u> |
| Total cost for 4 = | \$245.00 |

*Increased to account for 4 facilities



Sharing the Costs of Simple Case

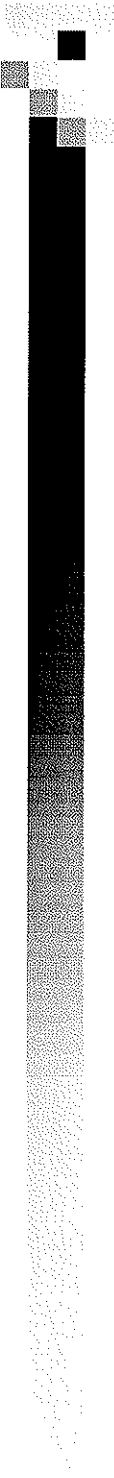
- All parties share in the cost
 - Solo trench was \$120
 - Joint install total was \$61.25
 - $\$245 / 4 = \61.25 for each to pay equally



Sharing the Costs

cont...

- Operational issues of simple case
 - Design and permit time for the handling Co.
 - Requires design of each installation
 - More costs to warranty excavation site
 - Settling
 - Erosion Control



Modified Install for Joint

- Modified install process
 - Avoids designing specifically for joint
- Modified Structure
 - Provide Ditch and backfill (regardless of facilities)
 - Place Facilities (by facility)
 - Terminations by type



Sharing the Costs with the Modified Method

Design does not include shared facilities –
all have trench and backfill included

- Pay lines for facilities go to applicable utility – Contractor invoices for shared facilities
- Payline for trench gets split if joint install occurs
- Method simplifies the design process



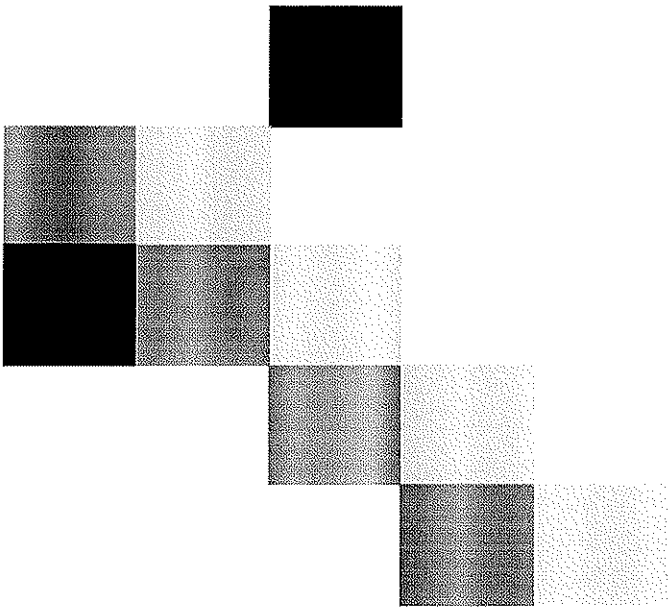
Sharing the Costs

- The “initiator” needs to stay whole in cost recovery
 - Recover the billing and coordinating costs
 - WPSC accomplishes through the trench cost split
- Modified method demonstrated socialized savings back to the customers
 - Decreased average construction costs are reflected back into the customer obligated costs for the following cycle



Summary

- Savings come from the following:
 - Mobilize/demobilize contractor
 - Permits
 - Restoration
- Other non-tangible items to consider:
 - Congestion in ROW or easement is limited
 - Customers like the single contact
 - Permitting simplified
- Usually one contact if settling of ditch occurs



Questions?

Thank you!