

OHANA MILITARY COMMUNITIES

UTILITY BILLING PROGRAM FOR HOUSING PRIVATIZATION

Ohana Residents,

We would first like to thank those who were able to attend a PPV Housing Utilities rate increase town-hall session, which took place on Monday, September 23rd and Tuesday, September 24th at the Hickam Memorial Theater. Though the increase was DoD mandated, we understand your concerns, appreciate your feedback and are prepared to help minimize the impact where feasible for our families.

As was discussed during the town-halls, it's important to us that our residents' concerns are addressed, please find below a general rate increase "FAQs" section for your information as well as a post town-hall "Q&A", which addresses the many questions and concerns residents brought up during the town-hall sessions.

FREQUENTLY ASKED QUESTIONS (FAQs)

Q1. Why is the electricity cost increasing in FY20?

A1. For the past three years, NAVFAC Hawaii was able to sell electricity to Ohana Military Communities below what it paid Hawaiian Electric Company (HECO) on Oahu or Kauai Island Utility Company (KIUC) on Kauai for the kilowatt-hours. The cost was much less than what local, non-PPV residents paid for the same electricity from HECO/KIUC. The Navy determined it was no longer able to provide that lower cost in FY20 and was directed by the Department of Navy to make this change.

It is important to note that Hawaii has the highest electricity costs per kilowatt-hour in the Nation. For FY20, NAVFAC Hawaii's calculated, estimated cost for electricity, based on April 2019 electricity market prices, for Navy customers on Oahu will be \$.39 kWh / Kauai Navy customers electrical cost will be \$.59 kWh. However, a Navy decision was made that provided a cost variance for Public Private Venture (PPV) partners. The decision was that PPV projects will be charged a rate NO HIGHER THAN the local utility residential rate, approximately \$.32 kWh.

Q2. What are my options because this rate increase is significant?

A2. The FY20 cost of approximately \$.32/kWh is what residents would pay for electricity if renting or purchasing a home in the local market. If a resident stays within the "average or below" range of their like-type group, they will continue receiving a \$0 bill. Residents are encourage to pay more attention to their energy use and request an energy assessment of their home if one has not been completed recently.

Q3. How does the Resident Energy Conservation Program (RECP) work and how is the average monthly consumption calculated?

A3. RECP establishes Like-Type Groups (LTG), calculates the average usage for the month and applies a 10% buffer above and below the average to create a Normal Usage Band. Those using

OHANA MILITARY COMMUNITIES

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more than the Normal Usage Band pay for excess usage and those using less than the band receive a rebate.

Q4. Why do military residents living in privatized housing have to pay for electricity?

A4: RECP complies with a 1998 directive regarding residents being accountable for electricity, utilizing the service members Basic Housing Allowance (BAH) as the primary source of funds for housing expenses (rent + utilities). Note that the directive addressed appropriate payment for all utilities and the Services have not yet developed programs regarding resident accountability for water and sewer services.

Q5. How much of my BAH rent payment is designated for utilities?

A5: DoD publishes annual BAH rates based on the current local median market rent and average household utilities (including electricity, heat, and water/sewer) in each housing area: https://www.defensetravel.dod.mil/Docs/perdiem/browse/Allowances/BAH/Component_Breakdown/2019-BAH-Rate-Component-Breakdown.pdf. The 2019 BAH for Honolulu County is broken down into an average of 86% for rent and 14% for utilities. The use of an average does not guarantee each percentage is representative of every member, but is the average for the location in the private sector. Therefore, the 14% of BAH collected by PPV housing is used to pay NAVFAC for all utilities consumed.

Q6. How are rents calculated for Other Preferred Referrals?

A6. The Property Manager takes the average BAH for the neighborhood or unit type and subtracts the current year utility component of BAH as published by the DoD to determine the rent portion of the BAH for that neighborhood or unit. The Property Manager may charge a rental rate equal to or greater than this amount, not including utilities.

Q7. How can my historic home be made more energy efficient?

A7. The historic homes were built before central air conditioning was built. Feasible improvements to the building envelope to better keep cool air inside have not been determined at this time, cost being a significant factor. Historic homes are only grouped with other historic homes.

Q8. How does the project benefit from residents paying for electricity?

A8. The project encourages residents to pay attention to their electricity consumption and to save energy. The greater residents conserve electricity, the smaller the total NAVFAC monthly electric bill is for the project to pay. Any generated savings are reinvested into the project reserve accounts that fund future recapitalization projects.

**OHANA MILITARY COMMUNITIES
UTILITY BILLING PROGRAM FOR HOUSING PRIVATIZATION**

PPV UTILITIES INCREASE TOWN-HALL Q&A

Q1. What is my “like-type” group?

A1. Residents can contact their Resident Services Manager/Housing Office for like-type group information. Ohana is working with Minol to include more information on your Like Type Group on the monthly billing statement and will be a work in progress over the coming months.

Q2. I have been informed homes currently being vacated are receiving new A/C units and appliances, what about current residents?

A2. This is an inaccurate description of the process; Ohana upgrades some appliances like A/C units based on a planned schedule by neighborhood and other individual appliances as needed but are generally of the same size and power requirements.

Q3. Who is responsible for ensuring the accuracy of Minol’s electric meter readings and billing reports?

A3. Minol is under contract to ensure the accuracy of its meter readings and their billing reports. Minol is an industry leader providing metering, billing, conservation and energy management across the globe both in the military and private sectors. The property manager reviews monthly billing reports for discrepancies, and investigates questions and concerns raised by residents.

Q4. Are the monthly electric meter readings done in person or remotely?

A4. Minol tracks and receives meter readings electronically on a daily basis. After resident receives their first month’s bill, they can then track their usage in real time.

Q5. Who should I contact if I believe the meter reading or billing is incorrect?

A5. Residents with questions about their bill should contact Minol. If not satisfied, residents should contact their Resident Service Office. If still not satisfied, residents should contact the Navy housing liaison.

Q6. How do residents receive training to understand how to service my HVAC, etc.?

A6. Ohana Military Communities has a maintenance team trained to service residents’ appliances, including HVAC as required and requested. Due to safety concerns, the resident may contact their respective Resident Service Office or submit a maintenance work request for service as necessary.

OHANA MILITARY COMMUNITIES
UTILITY BILLING PROGRAM FOR HOUSING PRIVATIZATION

Q7. Who should I contact to request an energy assessment be conducted on my home?

A7. If you have visited the “Utilities” page through the Ohana Communities website to view their utilities tips for conservation and checklist, yet still wish to have an inspection, contact your Resident Service Office to request an in-home energy inspection.

Q8. What criteria is used to determine each like-type group?

A8. Homes are placed into like-type groups with similar characteristics, which consists of the square footage/number of bedrooms, age of the home, type of structure, new or renovated, and type of energy used (electricity or gas). The intent is to include as many homes as is fair and possible into a grouping. Family size and behavior are not factors in the groupings, BAH is the basis for payment of rent and utilities and the BAH does not fluctuate for family size.

Q 9. If it's determined by maintenance that I have a larger appliance, such as my hot water heater or air conditioning unit in need of repair or replacement, will I be placed into mock billing until it's repaired/replaced?

A9. Yes, the property manager will assess each situation individually and place the home into mock billing or provide a credit if deemed necessary.

Q10. Can the property management company make the decision to delay or stop the utilities increase?

A10. No, the property manager is required to pay the utility provider for utilities consumed based on the rate determined by the provider.

Q11. My current Minol utility bill has no historical information so I am unable to compare how my current usage compares to my previous month's usage?

A11. Resident’s bills show the actual usage for the period based on what was received from the individual home’s utility meter. Residents can monitor their past and current billing/consumption through Minol’s website after they receive their first bill. Due to the two different systems, most of the historical usage captured by YES was not moved over.

Q12. Can we pay less BAH due to the utility increase?

A12. No, the Department of Defense policy states the military member's rent for a privatized home is equal to the member's housing allowance at the “with” dependent rate. The property manager can offer rent concessions when necessary.

OHANA MILITARY COMMUNITIES
UTILITY BILLING PROGRAM FOR HOUSING PRIVATIZATION

Q13. Why is Army's RECP program suspended and not Navy & Air Force?

A13. The Army made a Service-specific decision to suspend their RECP temporarily.

Q14. Is the street lighting outside of resident's homes tied to their respective utility billing?

A14. No, residents are not charged for the electricity used for street lighting.