

**THIS IS AN EXAMPLE/EXPLANATION FOR THE METHOD OF COMPUTATION USED FOR UTILITY RECONCILIATIONS**

LQA must be reported to DFAS in annual local currency amounts; the DFAS pay system then computes the reported annual amount into a bi-weekly amount and pays it on your LES in US Dollars using a conversion rate that is determined by DFAS (more explanation will be provided in your recon letter and its forwarding email). This is why it is necessary to compute utility usage bills for an annual amount. We do this with proration. If for instance the bill only covers 250 days because the employee was not in the residence for 365/366 days in that calendar year, or the providers billing cycle ends sooner than a full 365/366 time span, the 250 day usage must be turned into an annual (365/366 day amount). In order to do this we take the amount of the bill and divide it into a daily rate (using the number of days the bill covers) then the daily rate is multiplied by 365 or 366 to give an annual amount.

For utility bills where the billing cycle involves two calendar years, they are calculated using the number of days in each calendar year as in the example below for Gas. The bill covers the period 17 November 2010 through 18 April 2011 that is a total of 153 days of which 48 days are in 2010 and 108 days in 2011. For the 2010 amount, we take the amount of bill 1322.39 and divide that by 153(days) then multiply that by 48(days) that gives us the amount that is entered into 2010 recon worksheet ( $1322.39/153 \times 48 = 388.94$ ) please view the attached 2010 worksheet and follow along.

The remaining amount of 933.45 (1322.39 the total bill – 388.94 the 2010 amount) is entered into the next year in this case 2011. If the employee is still receiving LQA, then we would credit the payments that the provider has requested, into the months requested. Our example recon is a close out (LQA was stopped for PCS) and therefore, the bill stops on the 18<sup>th</sup> making it necessary to prorate the 108 (days) for an annual (365 day) usage, making the amount reported to DFAS 3154.72 for this utility (see 2011 worksheet).

The same method of calculation is used for all utility bills that are submitted.

<i>Utilities</i>	<i>Timeframe</i>	<i>Amount</i>	<i># of days</i>
Gas	3 May 10 - 16 Nov 10	597.59 €	198
Gas	17 Nov 10 - 18 Apr 11	1,322.39 €	153
	17 Nov 10 - 31 Dec 10	$1322.39 / 153 * 45 = 388.94€$	45
	1 Jan 11 - 18 Apr 11	$1322.39 / 153 * 108 = 933.45€$	108
Total:	$597.59€ + 388.94€ = 986.53€$ for 243 days (yearly: $986.53€ / 243 * 365 = 1,481.82€$ )		
Electric	3 May 10 - 16 Nov 10	271.51 €	198
Electric	17 Nov 10 - 18 Apr 11	267.52 €	153
	17 Nov 10 - 31 Dec 10	$267.52€ / 153 * 45 = 78.68€$	45
	1 Jan 11 - 18 Apr 11	$267.52€ / 153 * 108 = 188.84€$	108
Total:	$271.51€ + 78.68€ = 350.19€$ for 243 days (yearly: $350.19€ / 243 * 365 = 526.01€$ )		

In our example the Nebenkosten (NK) bill (which are the utilities paid to the landlord) is for exactly 365 days, even though it overlaps calendar years there is no reason to split it as the daily rate will calculate to the bill for the same amount. ( $595.35 / 365 \times 365 = 595.35$ ) That is why it is listed with the total amount of the bill and the worksheet is set for 365 days.

N.K. (utilities paid to LL)	1 May 10 - 30 Apr 11	595.35 €	365
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When all the bills have been calculated and the amounts entered into the worksheets, the worksheet will turn those amounts into an annual amount, the totals are added and they are reported as Total Utilities, NK & Other (in

our example for 2010 the amount is 2603.18). The previous amount shown is the employee's estimate utility amount that was reported to DFAS at the start of LQA or the amount of utilities the employee was receiving before this new reconciliation was processed (in our example for 2010 the amount is 3960.00). The difference between the previous amount and the calculated amount is the over or underpayment for 365 days. The highlighted amount then reflects the actual over or underpayment because in our example the employee was only in residence and collecting LQA for a total of 243 days in 2010, from 03 May through 31 December 2010 (see top of worksheet under Name and SSN titled Recon Per). On the 2011 worksheet please note that the employee would have been underpaid a total of 428.27 had s/he been in residence 365 days. The LQA was stopped on 18 April 2011 and LQA was only paid for 108 days in 2011, therefore, the actual underpayment is 126.72 (highlighted) the 108 day amount.