

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF EXISTING WATER) ADMINISTRATIVE
DISTRIBUTION MAIN EXTENSION POLICIES) CASE NO. 386

O R D E R

On November 2, 2000, the Commission issued an Order in this proceeding directing all water utilities to submit certain information on their water main extension practices. Commission Staff has compiled and analyzed these submissions and prepared a written report of its findings. The Commission finds that this report should be made part of the record of this proceeding and that all parties should have the opportunity to comment on Commission Staff's findings.

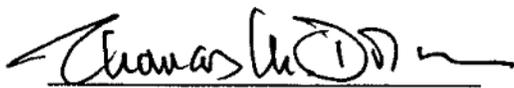
IT IS THEREFORE ORDERED that:

1. Commission Staff's report, a copy of which is appended, is made a part of the record of this proceeding.
2. Any party wishing to submit comments upon Commission Staff's report shall submit such comments within 30 days of the date of this Order.

Done at Frankfort, Kentucky, this 8th day of February, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN ADMINISTRATIVE CASE NO. 386 DATED February 8, 2002

**A SUMMARY OF THE RESPONSES RECEIVED
PURSUANT TO A DATA REQUEST IN
ADMINISTRATIVE CASE NO. 386, AN
EXAMINATION OF EXISTING WATER
DISTRIBUTION MAIN EXTENSION POLICIES**

PREPARED BY

KENTUCKY PUBLIC SERVICE COMMISSION

FEBRUARY 2002

TABLE OF CONTENTS

INTRODUCTION	.. 2
DISCUSSION	. 4
MUNICIPAL POLICIES	... 11
PRACTICE OF OTHER STATE COMMISSIONS	.. 12
CONCLUSION	. 13

APPENDICES:

A: Summary of Jurisdictional Utility Responses

B: Summary of Municipal Utility Responses

C. Summary of Responses from Other State Commissions

INTRODUCTION

On November 2, 2000, the Commission entered an Order establishing Administrative Case No. 386¹ in order to investigate the reasonableness of the current regulation regarding extension of water service. All Commission jurisdictional water utilities were made parties to the proceeding. On January 1, 2001, the Kentucky Rural Water Association (KRWA), filed a motion requesting the Commission narrow the scope of its investigation and requested limited immunity. The KRWA maintained that the scope of the questions made responding burdensome. KRWA also moved for limited immunity for water utilities and their officials in order that the utilities could be forthcoming in their responses to the information request.

On February 13, 2001, the Commission entered an Order granting KRWA s request for limited immunity and decreasing the span for certain requested items from 5 years to 3 years.

The order initiating this case included a survey requesting information from each jurisdictional water utility, in order for the Commission to determine the utility s views with regard to the current extension of service regulation. The current regulation has been in effect for over 40 years, with modest changes.

The regulation requires a water utility to extend its distribution mains 50 feet without charge to serve an applicant who contract for water service for one year. It permits a water utility, for water main extensions that exceed 50 feet in length per applicant, to require an applicant or group of applicants to deposit the total cost of the excessive footage over 50 feet per customer but directs reimbursement of this deposit

¹ An Examination of Existing Water Distribution Main Extension Policies

when additional customers connect to the extension. The regulation additionally permits water utilities to impose the entire cost of a water distribution main extension to real estate subdivision developments to the developer; however, water utilities must refund to the developer, for a period not less than 10 years, a sum equal to the cost of 50 feet of the extension installed for each new customer connected during the year whose service line is directly connected to the extension. ²

This summary of responses is intended to aid individuals in reviewing this case. The totals for each question will differ as some respondents gave multiple answers and others did not answer certain questions. The responses containing similar answers have been grouped together, to the extent possible. Since this is merely a summary of numerous responses, any party interested in this case is advised to read the individual responses filed by each utility.

In addition to requesting information from jurisdictional utilities, Commission Staff gathered information from municipal utilities and reviewed other state Commission's policies and regulations.

Appendix A to this report contains the text of each question and a summary of each response. Appendix B contains the same information from municipal utilities. Appendix C is a summary of responses received from other state utility commissions. The remainder of this report includes a brief discussion of the responses contained in the appendices.

² Ibid

DISCUSSION

Questions 1 through 3 request detailed information regarding the total linear feet of distribution main extensions installed along with the cost of the extension and how the extension was funded. The summaries in Appendix A for these questions show only total amounts listed by the utilities. Commission Staff has established an access data base using the responses received, which will allow it to use this information to make further analysis into the funding of extensions.

Questions 4 and 5 relate to the amount contributed by applicants when the utility receives federal, state or local government funding to make a water distribution main extension. Of those responding no utility stated that applicants pay an up front charge or a surcharge to connect to the extension. If no federal funds are involved 38 percent of the respondents stated that the applicant must pay the cost over 50 feet. Some utilities stated that the applicant pays the entire cost, contributes equally, or utility and applicant share costs. The majority of utilities, 52 percent, stated that water distribution main extensions that are financed with federal, state or local government funding should not be treated in the same manner as non-governmental extensions.

In response to Question 6, the majority of utilities, 67 percent, stated that they follow the regulation or their tariff when extending service. Sixty-two percent stated that they follow the requirements set out in 807 KAR 5:066, Section 11. The difference in percentage amounts shown in Question 6 and Question 7 is apparently due to the number of multiple responses received.

For those respondents who do not follow the regulation, it appears that they do not give refunds to developers. One respondent stated that if they had followed the

regulation they would not have been able to survive in the early years. This respondent echoed the sentiments of others when stating that developers usually include water infrastructure costs in the cost of lot sales.

Question 8 asked respondents what ground should serve as a basis for granting a deviation from the current regulation. Twenty respondents stated that developers should pay the total cost with no refund provision. Others mentioned developers in their response. One utility stated in part that Kentucky is a very diverse state as to geography, population density and levels of income, therefore, no single rule will work best in every part of the state.

Question 9 asks respondents if the current water main extension polices had any effect on land development in their community or the state at large. Fifty-two percent stated that the current regulation had little or no effect on land development. Fourteen percent stated that the current regulation had a positive impact on land development.

Information regarding construction of a main to serve a group of applicants that must be upsized to provide for future growth was obtained in Question 10. Fifty percent or 49 of the respondents stated that they had experienced this situation. Of those respondents, 43 stated that the utility pays the additional cost to upsize. Three utilities stated they used mostly grants, one stated the amount would be based on a percentage basis and two stated that the applicant would pay the total cost, including any upsize costs.

Forty-seven utilities stated they had not upsized a line when making an extension. Of those 47, the majority thought that applicants should pay an equal cost for the line or had no opinion. When asked if the regulation should be revised to

address this issue, 30 utilities responded no, 28 stated yes and 29 had no opinion or their response was unclear.

Question 11 was a 10-part question regarding real estate subdivision developers constructing water distribution main extensions. Seventy-three percent of the respondents stated that they permitted a real estate developer to construct an extension and then donate the extension to the utility. In determining the developer's cost 42 percent required the developer to submit invoices. One utility stated that this has proven to be a problem when the developer does the work himself instead of hiring a subcontractor. Other utilities stated that the developer was paid actual cost or that the utility determined the construction cost from recent bids.

The majority of utilities stated that their engineer must approve any proposed developer construction projects along with the Division of Water and the utility board. The same groups also review the developer's plans and specifications before any construction begins. Fifty-six of the respondents stated that specifications were prescribed for the extension and 28 of those respondents stated that the specifications were set out in their tariff. Only 9 respondents stated that specifications were not prescribed.

Forty-three of the respondents stated that the developer must furnish as built plans prior to the utility's acceptance of the extension. Other information required to be furnished includes bacteriological samples, DOW approval, pressure test results and easements. All utilities responding either inspected the lines using in house personnel or an engineer. With the exception of five utilities all required the developer to provide a one-year warranty on developer installed extensions.

The majority of utilities, 70 percent, do not prepare an analysis to determine the cost of maintaining and operating a proposed extension prior to acceptance.

Of the total responses, 18 utilities stated that they did not allow a real estate developer to construct a water distribution main extension and then donate the extension to the utility. Those utilities appear to perform their own construction or bid projects to a contractor and the developer is charged the actual cost incurred by the utility.

Sixty-four percent of the respondents stated that the developer should bear the cost of any upgrades needed to existing facilities in order to serve the development.

Question 13 addresses the two options set out in the current regulation regarding extension of service. Of 103 responses, 41 stated they used Option B. This option permits a water utility to require each customer who connects to the main within 5 years of its construction to bear an equal portion of the cost of the extension that exceeds the utility's contribution.

Option A permits applicants who will immediately receive water service to deposit with the utility the cost of the main extension that exceeds the water utility contribution. Persons who subsequently connect to the main make no direct contribution toward the cost of the main. Twenty-eight respondents stated they use Option A.

Twenty respondents stated they used neither Option A nor Option B while 6 stated they used both Options.

Water utilities are required to refund, for ten years following the construction of a water distribution main extension, an applicant's contribution toward the cost of the

extension when a new customer connects to the extension. Questions 14 and 15 requested information the number of refunds and how they are tracked.

Of those utilities responding, 44 stated they were tracking from one to ten refunds. Twenty-eight utilities were not tracking any refunds and 11 were tracking between 11 and 50 refunds. Two utilities were tracking from 101 to 500 refunds and Kentucky American Water Company is tracking over 500 refunds.

The majority of utilities tracking refunds reported they were manually tracking each refund with an individual file on each extension. The majority of the utilities stated they had no real problems tracking the refunds however, many man-hours were involved, subdivision developers do not always submit costs to the utility and employees are not always aware that an applicant is connecting to a line that allows for a refund.

When asked how would your utility describe the recordkeeping requirements associated with the regulation 28 responded in part that it was an administrative burden or nightmare, awkward but doable, time consuming and requires significant resources.

In response to Question 15 e, all utilities stated they were complying with the provisions of the regulation by either manually or by computer tracking the refunds. In response to Question 16, only one utility stated that it had been cited for violating, or threatened with a citation for violation of, a regulation of the NREPC due solely to its efforts to comply with the extension regulation.

Fifty-three percent of the applicants, in response to Question 17, stated that the requirement for a water utility to extend a water distribution main up to 50 feet for service at no cost should not be revised. Thirty-one percent felt the regulation should be revised and 14 percent had no opinion or did not know.

When asked if the regulation should be revised to limit refunds to real estate subdivision developers to the cost of extending a water distribution main to their subdivision and not include mains located within the subdivision, 57 utilities or 70 percent said yes. Sixteen utilities said all refunds to developers should be eliminated. Twelve utilities or 11 percent of the respondents felt that the refunds to developers should not be eliminated.

Question 19 asks if the regulation should be revised to eliminate any requirement for refunds to real estate developers. Sixty-seven percent of the respondents stated yes, all refunds to developers should be eliminated.

When asked in Question 20, if the utility agrees with criticism regarding the regulation requiring refunds to developers 80 utilities or 78 percent stated yes, and approximately 6 percent stated no. The other respondents were unsure or had no opinion.

The majority of the responding utilities stated that the length of the 10-year refund period should be revised. Most of those responding felt that a 5-year period was adequate and would substantially reduce the amount of recordkeeping. Thirty-two percent stated that the refund period should not be changed from 10 years.

Question 22, asked under what conditions should a water utility be obligated to extend a water distribution main at no charge. Thirty-two percent of the respondents stated under no circumstances. Twenty-six percent stated only when it is profitable to do so, or when it makes sense financially or operationally, such as for hydraulic improvements.

Utilities were asked in Question 23, to list all problems experienced as a result of the current regulation regarding water distribution main extensions. Approximately, 45 percent of the respondents stated they had few no problems. Several listed recordkeeping, bookkeeping and tracking issues. One utility said it had not been able to build lines, another said the refunds could be used to extend additional service and yet another called the provisions harsh financially. One utility noted that if developments are slow to add new connections, the utility has added expense of flushing lines and maintaining water quality while at the same time refunding to the developer.

A major concern listed was that utilities need flexibility and that it is too difficult and time consuming to get a deviation from the existing regulation. The uncertainty of getting a new extension policy approved by the Commission discourages utilities from developing innovative policies was also listed as a concern.

The final question asked utilities to describe all revision that should be made to the current regulation. Of those responding, 31 percent recommended eliminating refunds to developers, 18 percent recommended eliminating the regulation in its entirety and 16 percent recommended reducing the refund period from 10 years to around 5 years.

MUNICIPAL POLICIES

Fifty municipal utilities were contacted by telephone and 24 responded to questions regarding main extensions. Twenty-four municipalities responded that the real estate developer pays all cost related to construction. However, when asked if the city provided any free footage of distribution lines five municipalities responded that they

provide some footage free, although, most do not offer any free line extensions (see Appendix B for detailed listing). Two utilities Lawrenceburg and Shepherdsville did not respond to the question regarding free distribution lines.

Prestonsburg Water Company and Campbellsville Municipal Water were the only two municipalities that negotiate with the developer regarding the cost of construction, while the other municipalities stated that the developer is responsible for all costs relating to construction.

Twenty-one municipalities responded that the developer does not get a refund of any kind. In Owensboro the developer is refunded 15 percent of revenues generated from tap fees to the main extension for 10 years, but not to exceed the cost of water extension. While the Milton water department stated that the developer includes the expense in the cost property. Campbellsville responded yes, but did not provide details regarding type of refund given to the developer.

Seventeen utilities responded that a person/group pay all the cost of construction. Several municipals responded with the following answers: Olive Hill Municipal Water Works said it depends on the location of the water line; while Milton water department responded yes, the city will pay if it relates to the Governor's 2020 initiative and in Morganfield the city takes ownership of the line after one year.

In conclusion, the majority of municipalities require developers and single/small groups to be responsible for all water line extension cost. A complete list of responses is shown in Appendix B.

PRACTICE OF OTHER STATE COMMISSIONS

A survey was sent to each state commission via electronic mail. Commissions in forty-five states, including Kentucky, regulate water utilities to some extent. Eighteen utilities responded to the request for information on extension of service regulations.

Responses were varied as would be expected. Colorado requires a utility to provide up to 100 feet free with refunds made as additional customers connect. Delaware stated that the majority of utilities provide for a \$500 allowance for individuals requesting service but no allowance for developers. Delaware opted for the dollar allowance because the footage allowance was determined to be inappropriate because it placed upward pressure on rates due to customer growth and inflation. Delaware also believe that the developer recovers his contribution through the sale of subdivision lots.

Connecticut, Missouri, South Carolina, Tennessee, Wisconsin and Wyoming require the applicant to pay the full amount of the extension. Six of the 18 commissions stated that developers were responsible for the entire cost of an extension in to a subdivision with no refund provision. The assumption being that the developer will recover any contribution through the sale of the subdivision lots.

Some of the Commissions have provisions for refunds based on the number of customers connecting, the revenue received from the extensions and other factors. A complete list of responses is shown in Appendix C.

CONCLUSION

The majority of utilities believe that water distribution main extensions that are financed with federal, state or local government funds should be treated differently than

extensions financed using other funding. Most utilities follow the extension regulation when extending service and those who do not follow the regulation generally do not refund money to subdivision developers. A clear majority of respondents believe that if a line needs to be upsized to provide for future growth that it is the utility's responsibility to pay for the cost of upsizing.

The majority of respondents use Option B which allows the utility to require new customers connecting to a main within 5 years to pay an equal portion of the cost of the extension. A significant amount of time is spent tracking refunds. Most utilities track refunds manually and maintain a separate file for each extension. The process of tracking these refunds was called an administrative burden and a nightmare.

The majority of respondents believe the regulation requiring a utility to provide up to 50 feet free of charge should be revised. Eighty percent of the respondents believe criticism of the regulation requiring refunds to subdivision developers is justified. Additionally the majority of respondents stated that the length of the refund period should be reduced from 10 years to 5 years to reduce record keeping.

The majority of municipals do not give refunds to subdivision developers and 48 percent reported that subdivision developers are required to pay all costs related to water distribution main construction. Other state commissions are somewhat divided. Several feel that the subdivision developer recoups line extension costs through the sale of lots and no refunds are made to developers. Others require refunds as new customers connect to the system.

APPENDIX A

Question 1. Using the format in Table 1, provide for each of the last 3 calendar years (1997-1999):

- a. Total amount of water distribution main extended (in linear feet) (column 1).**
- b. A breakdown of water distribution main extensions (in linear feet) based upon main size (columns 2-8).**
- c. Total amount of water distribution main extended (in linear feet) whose cost was borne by the utility (column 9).**
- d. Total amount of water distribution main extended (in linear feet) whose cost was borne by applicants (column 10).**
- e. Total amount of water distribution main extended (in linear feet) whose cost was borne by applicants who were real estate subdivision developers (column 11).**
- f. Total amount of water distribution main extended (in linear feet) whose cost was borne by applicants who were non-real estate subdivision developers (column 12).**
- g. Total customers served upon completion of water distribution main extension (column 13)**
- h. Total cost of water distribution main (includes utility and non-utility contribution) (column 14).**
- i. Total cost of the utility for the water distribution main extensions (column 15).**
- j. Total cost of water distribution main extensions paid by applicants who were real estate subdivision developers (column 16).**
- k. Total cost of water distribution main extensions paid by applicants who were not real estate subdivision developers (column 17).**

TABLE 1

Year	Length of Distribution Main Extension (linear feet)									
	Total	2"	3"	4"	6"	8"	10"	12" or larger	Total footage paid by utility	Total
	L.F. (1)	(2)	(3)	(4)	(5)	(6)	(6)	(8)	(9)	L.F. (10)
1997	2,572,140	9,274	355,963	1,208,540	723,472	241,993	0	92,030	1,658,746	976,581
1998		15,845	371,825	438,506	339,732	341,579	12,253	138,972	1,112,266	672,351
1999	3,724,681	12,196	591,263	1,153,102	1,209,506	580,707	36,285	269,156	2,629,381	931,141

Year	Total Number of Connections	Cost			
		Total Cost (\$)	Utility Cost (\$)	Customer Contribution	
				Subdivision Developer (\$)	Non-Subdivision Developer (\$)
(13)	(14)	(15)	(16)	(17)	
1997	64,503	21,587,453	11,942,433	5,180,340	1,414,579
1998	63,973	13,361,878	5,676,341	5,108,544	1,815,461
1999	69,395	27,178,410	6,742,115	2,032,966	16,579,907

2. For water distribution main extensions constructed in the last 3 calendar years (1997-1999) and for which the utility bore a portion of the cost, list each source of funding (e.g., Rural Development loan, Community Development Block Grant) and the total amount of funding from each source for each year.

TABLE 2

Funding Source	1997	1998	1999
Rural Development Loan	\$6,294,022	\$3,863,115	\$12,845,765
Rural Development Grant	4,351,406	1,456,750	5,116,541
Community Development Block Grant	2,012,820	1,726,490	4,902,624
Appalachia Regional Commission Grant	87,750	0	1,025,162
Economic Development Administration Grant	0	415,437	400,000
Abandoned Mine Lands Trust Fund	165,000	556,000	0
Internally Generated Funds	1,469,470	2,408,916	2,693,232
Loan from Commercial Banks	67,794	0	0
Revenue from Bonds/Bond Anticipation Notes	167,038	422,098	4,065,915
Loan from Kentucky Association of Counties	288,729	1,584,579	3,280,400
Other Sources	1,099,178	487,862	2,733,725

3. For each water distribution main extension constructed in the last 3 calendar years (1997-1999) in which federal, state, or local government funding was involved and using the format shown in Table 3, state:

- a. **Name of or identifier fo the water distribution main extension.**
- b. Year in which construction was completed.
- c. Total cost of the water distribution main extension.
- d. Total length of the water distribution main extension (in linear feet).
- e. Total number of applicants for service.
- f. Total contribution by applicants.
- g. Total government contribution in the form of a grant.
- h. Total government contribution in the form of a loan.
- i. Whether all applicants for service were required to contribute the same amount.
- j. If required contributions were not the same level, the reasons for differing treatment.

TABLE 3

Year Constructed	Total Cost	Total Length	Number of Applicants	Grant	Loan	Applicant Contribution
1997	\$15,236,226	2,135,291	2,336	\$46,564,047	\$6,407,336	\$1,312,442
1998	9,418,522	1,272,232	1,291	3,324,395	3,790,884	1,361,909
1999	25,888,275	2,092,879	3,183	8,974,683	9,766,114	2,230,481

Question 4 a. What portion of the cost of a water distribution main extension is an applicant for water service required to bear when your utility uses federal, state or local government funds to make a water distribution main extension?	Number of Responses
Tap fee or meter installation fee only	46
None or zero	27
Depends/varies, usually based on funding type	9
Funded through user rates	9
No recent government funds used for extensions	8
NA	2
Utility pays 50 feet	

Question 4 b. How does this arrangement differ from those associated with main extensions in which no federal, state, or local governmental funding is involved?	Number of Responses
Applicant pays the cost over 50 feet	30
No difference	15
Utility uses the regulation or an approved deviation	8
Applicants pays all	5
Developer pays all	4
All applicants contribute equally developer pays all	4
Applicant pays for all except pipe	3
District and applicant share costs	3
Applicants pay for material and engineering	
All extensions funded by government funds	
NA	
Applicant pays for materials if less than 20 applicants per mile	
Applicant will pay a surcharge	
Contract with utility	
Utility contributes \$1,200 per applicant	

Question 5. Should water distribution main extensions that are financed with federal, state, or local government funds be treated in the same manner as non-governmental funded extensions (i.e. the applicants share of the cost for extensions are calculated and enforced in the same manner)? Explain	Number of Responses
No	54
Yes	26
No opinion or don t know	13
Response unclear	9
Depends on funding source/type and whether partially or totally funded by government.	2

Question 6. Describe your utility's current policy toward water distribution main extensions.	Number of responses
Utility follows the regulation or tariff	58
Government funded extensions only	5
Applicant pays all costs less 1/2 of meter installation	3
No new extensions	2
Developer pays total 50 feet given to individuals	2
Based on applicant need	
No written policy	
Applicant pays \$460	
Utility pays up to \$600	
Utility pays up to \$1,200	
Applicant pays for labor plus rock removal	
Utility tries to supply pipe	
Depends on our funds	
Utility pays engineering, right of way and materials applicant pays remainder	
Furnish materials applicant pays remainder	
No refunds to developers	
Applicant pays for materials and the utility installs	
Utility pays 50% - applicant pays 50%	
Applicant must pay entire cost	
Policy differs from utility extensions vs. subdivision extensions. For utility extensions we contribute most or all financing either from grants or loans. For developers we require them to cover the total cost and we pay a flat fee for each customer who taps on to the line.	

<p>Attempt to provide service to all areas with 8 customers per mile at no expense to them. If less than 8 customers per mile, we can purchase materials and contribute toward engineering costs or wait until we start another construction phase using borrowed funds.</p>	
<p>For non-subdivision developers, extensions are funded based on 3 times the annual gross revenues generated by these customers. These are primarily financed with a deposit by the applicant, who receives a refund at the end of the first year of service.</p>	
<p>We have 3 types of extensions, RD funded, single applicant and group of applicants. For developers there is no refund and they pay entire cost.</p>	

Question 7. When making water distribution main extensions, does your utility follow the requirements of 807 KAR 5:066, Section 11? If no, why not?	Number of responses
Yes	66
Yes with exceptions/qualifications	12
No	9
No for developers	2
Response unclear	6
Haven t had any applicable extensions	1
Use PSC-approved alternative	1
Customers choose alternative extension agreement	1
Reasons for not following the regulation	
Follows for individuals but not developers. With them, both sides contribution is spelled out at time of extension and no further changes or refunds are made.	2
No, because all extensions have been funded through government agencies.	
Uses the 50/50 method of funding.	
Never followed the regulations requirements, wouldn t have been able to survive in the early years had it followed the regulation. Believes developers include water infrastructure costs in the cost of lot sales, and they don t normally seek repayment of those costs from the district.	
Generally covers in excess of 50 feet per customer to pay for a project, and therefore no refunds; requires 5-year payback to customers contributing if a new customer joins.	
Unwritten policy of requiring the developer to pay all costs. However, a recently approved PSC tariff does comply with the regulation, although it hasn t been applied to date.	
Exceeds this requirement. With individuals cost is shared. For developments, 6-inch or larger services is brought to the property line, which may also include road boring.	

Question 8. 807 KAR 5:066, Section 11, currently permits a water utility to deviate from its requirements upon a showing of good cause. What grounds should serve as the basis for granting a deviation from the regulation's requirements? For each ground listed, explain why it is an appropriate basis for granting a deviation.	Number of Responses
Developers should pay total with no refund	20
No opinion.	15
None (i.e., No grounds for deviation).	11
Decide on a case-by-case basis; use common sense.	8
Unknown; unaware of reason; never had reason to deviate.	6
Economic reality and/or hardship situation.	4
If extension results in a change in rates	4
If utility provides equipment and labor	3
Any alternative extension policy that is fundamentally fair and that requires all applicants (both original and future) to contribute the same amount before obtaining service should be given due consideration for deviation. If the utility makes a substantial contribution to the cost then there should be no refunds made to the original applicants as new customers connect to the line.	3
Current regulation works and we don't deviate.	2
Don't deviate, except for government-funded extensions.	2
The regulation hasn't been applied to any extension-can't use it to build	2
Best interest of customer	2
We deviate in that refund to developer is waived in lieu of the inspection, testing, and any possible maintenance the new main might have prior to utility approval.	2
Feasibility	
Money given for refunds could be used for more extensions	
If other funding sources are available	

<p>KY is a very diverse state as to geography, population density, types of contract with suppliers and levels of income. No single rule will work best in every part of the state. There should be ways to deviate with untold number of reasons.</p>	
<p>Good cause should be determined generally in light of the utility contribution of more or less than 50 ft. per customer as circumstances dictate. Specific factors: financial health of the utility, project economics, scope and size of project. Excess contributions might be warranted for projects with lower cost per customer and which would provide additional incentive for acquisition of customers. A project with greater cost per customer would justify a reduced contribution. A utility must be able to afford the contribution.</p>	
<p>It will take innovative financing procedures and/or large amounts of grant money to serve remaining areas. Therefore, utilities should be allowed and encouraged to implement new financing procedures as long as unserved areas are afforded the same opportunity.</p>	
<p>Two factors should be considered as grounds for deviation: economics of providing 50 feet per customer of main, and lack of density in rural areas doesn't allow sufficient investment by the utility for extension to be cost feasible. An average residential customer bill is \$219 annually and the average cost per foot of residential main is \$22. This equates to 30 feet of main per new customer. In a rural setting, using the 50 foot standard would require 106 customers per mile of mains to be extended at no cost to the property owner on current construction prices. The grounds for deviating from the 50 foot standard should continue to make water service affordable, be consistent, and work to provide water service to all individuals at a reasonable level.</p>	
<p>If deviations were not permitted there wouldn't be any water lines built in this county.</p>	
<p>Reasonable cost sharing encourages everyone to tap on during construction. Good PR among applicants and utility. Utility can usually require easements with this policy and avoid condemning or paying outright for easement. Usually no one complains of the distance across each other's property with the thought that everyone benefits and property values increase.</p>	

<p>Any grounds where we and the patrons can work out a plan to maintain equality to the extent possible.</p>	
<p>If the developer wants to install a subdivision, we will put average cost of 50 feet or run up to 1,500 feet. Paying for materials only and waiving tap fees. This deviation takes the burden off the utility and its customers and developer recovers funds through the sale of the lots.</p>	

Question 9. What effect, if any, do the water main extension policies set forth in 807 KAR 5:066, Section 11, have on land development in your community or the state at large?	Number of responses
Little or no effect	55
No opinion	15
Positive effect	15
Response unclear	15
Negative effect	8

Question 10. When a water utility constructs a distribution main extension to serve a group of applicants for service, it may occasionally upsize the main to provide future growth.	Number of responses
a. Has your utility engaged in this practice?	
Yes	49
No	47
NA or unclear response	2

b. If yes, how does your utility determine the applicant s share of the cost of the water distribution main extension?	Number of responses
The utility pays additional cost to upsize	43
We use mostly grants	3
On a percentage basis	
Applicant pays total cost, including upsizing	
Utility determines the size of main, applicant pays for that size	

c. If no, how should the applicant's share of the cost of the water distribution main extension be determined?	Number of responses
Equal cost per applicant	15
No opinion	10
Utility should pay all upsize costs	9
Utility should pay except for developers	2
Prorated from the initial cost of the line	2
Applicant should pay all labor costs	
Developers should pay	
Should be split between applicant and utility	
Evaluated on a case by case basis	
Actual cost	
Applicant should pay meter connect fee only	
Developer causes and should pay the full amount	

d. Should the regulation be revised to address this issue?	Number of responses
No	30
Yes	28
No opinion	21
Unclear	8
PSC should revise if problems are occurring	4
Hard to develop a one size fits all regulation	3
Regulation should allow utility to pay for additional cost to upsize	

Question 11 a. Does your utility permit a real estate subdivision developer to construct a water distribution main	Number of Responses
Yes	72
No	18
No subdivisions in our area	5
Not yet, but planning pilot project this year	
As of March 2000, no. Before that, yes	

Question 11 b 1. If yes, how does your utility determine the cost of the main extensions?	Number of responses
Developer provides copies of statements invoices	27
Developer pays all costs	10
Actual cost	6
Engineering study	5
Utility determines the construction cost	5
Developer submits estimate	4
Developer pays all except 50 per applicant	3
Use quotes from most recent bid	2
Developer supplies all but pipe	
Size of line	
Historically, the utility has installed lines in subdivisions. Therefore, we knew the actual costs. Within the last 2 years, however, we have started allowing developers to install lines. The developer should provide us with the actual cost of installation. This has proven to be a problem, especially where the developer does the work himself instead of hiring a subcontractor. Unless the information is furnished to the utility we can only estimate the construction cost.	

Question 11 b 2. If yes, what approvals, if any, must the developer obtain from your utility prior to commencement of construction?	Number of responses
Engineer must approve, DOW and utility board	36
Utility board approval	11
DOW approval	6
Plat, hydrants, valves and blow-offs	2
Work with developer and engineer	
State engineer and meet fire protection regulations	

Question 11 b 3. If yes, describe the review of the developer s plans and specifications, if any, that your utility performs before the developer begins construction.	Number of responses
Utility board	25
Engineer must approve and we send to DOW	17
Utility engineer	11
Operational manager and engineer	5
DOW	3
Hydraulic review if necessary	
Developer required to follow our specifications	
County planning commission	
Line size, hydraulics, valve placement	
Cost estimate, state approvals and easements	

Question 11 b 4. If yes, does your utility prescribe the specifications for the extension? Are these specifications set forth in your utility's filed rate schedules?	Number of responses
Yes, specifications prescribed	56
Yes, specifications set out in tariff	28
No, specifications not prescribed	9
No response	2

Question 11 b 5. If yes, list the documents that a developer must submit to your utility prior to the utility's acceptance of the extension.	Number of responses
As built plans - maps	43
Bacteriological samples	23
DOW approval	21
Pressure test	18
Easement	9
Proof of payment lien release	7
None	4
Zoning approval	3

Question 11 b 6. If yes, what actions, if any, does your utility take to ensure that the extension is constructed in accordance with accepted engineering standards?	Number of responses
In house inspection	58
Engineer and DOW	4
Developer's engineer	3

Question 11 b 7. If yes, what, if any, warranties must be provided before your utility accepts donation of the extension?	Number of responses
One year warranty	60
None	5
NA	1

Question 11 b 8. If yes, what analysis of the cost of maintaining and operating a proposed extension and the potential revenues from the extension, if any, does your utility perform before accepting the donation of the extension?	Number of responses
None	44
Operation and maintenance cost analysis	6
No response	4
Number of customers to be served	4
Potential number of customers and operation and maintenance expense	3
Potential for growth to ensure water quality in lines	2
Minimum of 5 customers per mile of line	
NA	
Work with our engineer	

Question 11 c. If no, describe the procedures that your water utility uses to construct the water distribution extension and ensure that the cost of construction is reasonable. Include in this response a description of how contractors are selected and how plans and specifications for the water distribution main extension are prepared.	Number of responses
A total of 18 respondents stated no. Responses include:	
Developer pays district bid price	5
Only charge is expense incurred	3
We do our own construction and ensure that cost is reasonable	
Plans and specs are approved by our engineer	
NA under extension ban	
Developer must attend a regular monthly board meeting with a plan to seek approval for an extension. Upon approval by our board, the developer is given specs for materials to be used. Extension plans are sent to DOW for approval. A quote for materials is obtained through suppliers by the district and/or developer. Contractors familiar with main construction are selected by the district or by the developer with our approval	
The consulting engineer designs the necessary extension and prepares a reasonable estimated cost to the applicant. That engineer prepares a bid spec. advertises it and seeks the best qualified contractor at the least amount of cost to the applicant. We provide on site inspector to periodically review all water aspects of the construction activity. A letter is filed with DOW confirming all applicable requirements are met and approved. Written certification that the extension has passed a pressure test and written evidence of an accepted bacteriological test is received before an extension is placed in service.	

Question 12 If a water distribution main extension to a real estate subdivision requires a water utility to upgrade its existing facilities, who should bear the cost of such upgrades? Explain why. (b) If in your response to (a) you stated that at least a portion of the cost of the upgrade should be borne by the real estate subdivision developer, explain how your utility would allocate this cost.	Number of responses
Developer	67
No opinion	15
Developer and utility	7
Utility	6
Depends on circumstances; look at on case-by-case basis.	3
Developer or users	3
The Developer if immediate impact; but if growth throughout service area, overall customer base should bear through rate surcharge.	2
The Utility, except for growth beyond the subdivision	
The Developer if he solely benefits; but if also for future growth, an equitable allocation of costs should be made.	

<p>Question 13 The regulation currently provides a water utility with 2 options for allocating main extension cost to persons receiving service from that main. Under the primary option (Option A), applicants who will immediately receive water service deposit with the utility the cost of the main extension that exceeds the water utility contribution. Persons who subsequently connect to the extension make no direct contribution toward the cost of the main. The regulation at Section 11(2)(b)(2) permits a water utility to require each customer who connects to the main within 5 years of its construction to bear an equal portion of the cost of the extension that exceeds the utility s contribution (option B). (a)Which option does your utility use to allocate the cost of water distribution main extensions? Why? Why was the other option not selected? (b)Assume that the Commission proposed to eliminate Option A and require all water utilities to use Option B. What is your utility s position on such proposal?</p>	Number of responses
Option B	41
Option A	28
Neither	20
Both	6
Unclear	5
No position	2
Has 3 options in tariff	
Use Option B except 10 years is used, not 5.	

Question 14 - For each of the past 5 calendar years, provide a schedule that lists each refund for water distribution main extension that your utility has made. This schedule shall also list the date and amount of each refund, the amount of feet of water main extension for which the refund is made, and whether the recipient of the refund was a real estate subdivision developer.	Number of responses
No refunds made or NA	54
Refund schedule provided	43

Year	Number of Refunds	Amount Refunded	Total Feet
1996	1,377	\$2,142,481	585,911
1997	866	1,904,000	387,514
1998	911	2,011,153	348,489
1999	1,024	2,116,295	466,526

<p>Question 15 - Admin. Reg. 807 KAR 5:066, Section 11, requires a water utility of the 10 years following the construction of a water distribution main extension to refund an applicant s contribution toward the cost of the extension when a new customer connects to the extension.</p> <p>a. How many water distribution main extensions is your utility, as of the date of this Order, tracking for refund purposes?</p>	Number of responses
One to ten	44
None	28
Eleven to fifty	11
51-100 (Garrard, Henry, Marion, Muhlenberg #1, N. Marshall)	5
101-500 (Hardin Co. #2, Warren County)	2
Over 500 (Kentucky-American)	

Question 15 b. How does your utility record and track water distribution main extensions and required refunds?

Of the 44 utilities tracking one to ten refunds, the small number of refunds allowed many to use a simple manual filing system. Others described certain accounting procedures or customer billing records.

The 11 utilities tracking 11 to 50 refunds described these procedures:

Manual bookkeeping	4
Annual review to make necessary refunds	
Individual file on each extension	
Computer program to track extensions and refunds	
Detailed accounting process using a refund payable account	
Annual review of files, removal of extensions over 10 years old	
Track new applicant compared to master list	
Annually check service connection applications against street address file	

Eight utilities stated they were tracking more than 50 refunds.

Maintain a detailed file on each extension including dates and amounts of refunds and the date refund terminates	2
Annual review service orders for all meters set during the year, and compile a list of those eligible for refunds	
Separate file on each extension	
Multi-step process involving developer/owner agreements, work orders and refunds	
Spreadsheet records of all line extensions	
Detailed individual folders on each subdivision and each non subdivision as new customers go on, file is updated and at least yearly a check is written if any activity has occurred on the line.	

Question 15 c. Describe any problems that your utility has experienced recording and tracking water distribution main extensions and required refunds.	Number of responses
No real problems	34
Man hours involved	5
Challenge to remember to review	4
Subdivision developers who do not always submit costs to utility	3
Difficulty tracking the refund when the original property has been sold and contributor has relocated	2
Employees are not always aware applicant is connecting to new line	2
People moving or deceased	2
Cumbersome and detailed	
Number of new meters per extension	
No computer program	
Customer angry at paying more than those on govt. funded lines	

Question 15 d. How would your utility describe the recordkeeping requirements associated with the regulation?

26 Utilities listed the following:

Administrative burden

Nightmare

Awkward but doable

Standard procedure

Cumbersome and requires significant resources

Very ineffective

Time consuming and confusing

Manageable, fairly simple

Question 15 e. Describe your utility's recordkeeping abilities (e.g. personnel, computer equipment) and how they have affected your utility's ability to comply with the refund requirements of this regulation.	Number of responses
Complying but takes a lot of man hours	6
Manually	5
Computerized	4
Have not come up with an efficient way	2
Staff is capable of handling recordkeeping	
Has necessary equipment and personnel to comply	
Adequately equipped	
Short staffed with new personnel	
Work requires multiple departments and personnel	
Minimal due to small number of refunds tracked	

Question 15 f. In the last 5 calendar years has your utility had to transfer to the Kentucky Secretary of State any unclaimed monies that are refunds for a water main extension? If yes, state the amount for each calendar year.
Only one utility has escheated amounts. Unclaimed refunds of \$1,131 in 1996

Question 16 Has your utility ever been cited for violating, or threatened with a citation for violation of, a regulation of the NREPC due solely to its efforts to comply with 807KAR 5:066, Section 11?	Number of responses
Yes	1
No	97

Question 17. Should the requirement of 807 KAR 5:066, Section 11 that a water utility must extend a water distribution main up to 50 feet for service to a new applicant at no cost be revised? (How and why?)	Number of responses
No	55
Yes	32
No opinion; don t know	15
The regulation is viable, but consider reasonable deviations from the 50 foot-rule case-by-case.	
Unsure, but there should be consistency in the distance each utility type must extend its system to serve an applicant.	

Question 18. Should the requirement of 807 KAR 5:066, Section 11 be revised to limit refunds to real estate subdivision developers to the cost of extending a water distribution main to their subdivisions and not include (mains) located within their subdivisions? Why?	Number of responses
Yes	57
Eliminate all refunds to developers	16
No opinion; don t know	15
No	12
This could be left to the utility to make some refunds to promote development in areas where there is competition with the city.	3
Maybe	

Question 19 (a) Should the requirement of 807 KAR 5:066, Section 11 be revised to eliminate any requirement for refunds to real estate subdivision developers? Why? (b) If so, should the requirement for refunds (to residents) also be eliminated?	Number of responses
Yes	69
No	20
No opinion; don t know	12
Response Unclear	
A developer should get a refund only when he has to upgrade an existing line.	

Question 20. 807 KAR 5:066, Section 11(3) is criticized for requiring water utilities to make refunds to real estate developers Does your utility agree with this criticism? Why?	Number of responses
Yes	80
No opinion or don t know	13
No	6
May be true	2
Somewhat	

Question 21. Should the length of the 10 year refund period established in 807 KAR 5:066, Section 11, be revised? If yes, state how it should be revised and explain why.	Number of responses
Yes	49
No	32
No opinion or don t know	13
Abolish or eliminate all refunds, but if not, 10 years should remain.	3
Maybe reduce to 5 years	2
5 years is plenty as we cost share. If no cost share, then 10 years is fine.	
No problem with present system but shorter period could ease recordkeeping.	

Question 22. Under what circumstances should a water utility be obligated to extend a water distribution main at no charge? Explain.	Number of responses
None/Under no circumstances/Can t think of any.	34
When it is profitable to do so; when it makes sense financially or operationally; when economically feasible; for hydraulic improvement; or when the utility has the financial resources.	28
No opinion or don t know	10
Only consistent with the fifty-foot free rule.	10
When government-funded; utility should obtain funding to extend at no cost	8
Universal service to existing residents; or existing homes 5-10 years old	5
Only to cross a road for a reasonable distance; or short footage	4
No regulation should require it, but should be flexible enough to allow utility to use discretion.	2
Contaminated water and/or low-income situation.	2
Emergency or natural disaster, which should be reimbursed by government.	
Housing for indigent children or nonprofit organizations.	
No obligation, but utilities should create a priority list of service requests, by date and for public viewing, and eliminate the list through goals and budgets.	

Question 23 List and describe all problems that your utility has experienced as a result of 807 KAR 5:066, Section 11	Number of responses
None or few	38
Record keeping, bookkeeping and tracking are cumbersome	15
NA, no comment, or no experience	12
None or few because using alternative arrangement	5
Customer problems, including explaining how it works to them, customers being upset that they have to pay anything, customers upset that they don't recover much or all of their costs, and new customers upset that other customers will get a refund.	5
Regulation pits customers against each other	
<p>Problems with developers, including refunds to developers; obtaining developer agreements to bear responsibility for new infrastructure (they think it should be revised to make the costs the developers responsibility unless the parties agree otherwise in writing); developers not providing total cost figures or other data in a timely fashion</p>	
<p>One utility said that it hasn't been able to build lines under Section 11, but rather only with government funding; another utility complained that the dollars repaid to developers could have been better spent on new lines or line upgrades; and yet another complained that Section 11 takes away the utility's ability to meet community needs. Another complained that the wording was difficult to understand. One utility called the provisions harsh financially and for recordkeeping for a small rural private company. One utility mentioned that some developments are slow to have new connections, leaving it added expense in flushing lines and maintaining water quality while at the same time refunding the developer. Finally, one utility mentioned that it accepted as CIAC a main installed by a family in a developing area, but the installer thought he owned it and tried to charge a fee to new customers.</p>	

Three utilities stated that the requirement is confusing to the public; confusing to our employees; confusing to commissioners; administrative nightmare; bookkeeping burden; discourages line extensions because the cost is too much for most persons to pay (most people either cannot or will not pay the entire cost of the line extension); recomputing the amount a new customer must pay for connecting to an extension previously paid for by others; utilities need the flexibility to allow applicants to pay for extensions either in a lump sum or monthly installments; utilities need 1 or more additional extension plans or options that have been pre-approved by the PSC; it's too difficult and time-consuming to get a deviation from the existing regulation; the uncertainty of getting a new extension policy approved by PSC discourages utilities from developing innovative policy; all refunds should be abolished; and all persons who subsequently connect to a particular extension should pay the same as the existing users paid when they connected to the line (there should be no free riders).

One utility suggested the following: Problems generally have stemmed from perceived inequities on the part of applicants, including but not limited to: extensions cannot be made in rural areas because the costs are prohibitive to the applicants; applicants don't wish to pay the utility for the installation and question whether they should do it themselves; applicants believe the installation cost is too high and that we are somehow receiving greater profit or requiring mains that are too expensive; applicants want refunds at the time a house is built and the tap is made even if it is not occupied; applicants who have contributed towards an extension want a refund for further extension.

Summary of question 24 List and describe all revisions, if any, that should be made to Administrative Regulation 807 KAR 5:066, Section 11, Explain why each revision is necessary.	Number of responses
No refunds to developers	26
Eliminate the regulation in its entirety	15
No revisions needed	13
Reduce refund period (usually to 5 years)	13
Applicants pay entire amount	7
Regulation on system development charges	3
Revise Section 11(3) to require that all costs associated with extensions and related infrastructure in a subdivision will be the developer's responsibility, unless developer and utility agree otherwise in writing. Add a subsection to authorize a fair allocation of costs when facilities outside a subdivision are upsized for future growth. Revise Section 11(2) to provide a utility with 2 options for allocating extension costs to persons receiving service from that main. Option A should be eliminated because it provides financial incentive for potential customers not to join the initial extension, since they may be able to avoid their share of the cost by waiting to connect. It would be fairer to expand the period for cost equalization refunds under Option B to 10 years rather than 5.	2
Utility recommends revisions	
Eliminate 50 foot rule	
Refunds should be made on a consistent amount reflecting the revenue generated from the customer. Any revision should not prohibit the utility from adopting a tariff approved by the PSC that allows for a main extension policy different from the regulation that is equitable and reasonable for that utility.	

<p>Utility provide 50 feet free, and payment of the approved tap fee and an initial contribution not to exceed \$1,000 from the customer for their share of the extension cost. If those amounts are insufficient to pay for the extension cost, the utility would contribute an additional sum not exceeding \$3,000 per customer (including 50 feet free), and any remaining costs would be equally divided between the customers. For 10 years following the line installation, any new customer on that line would be required to pay a contribution equal to the contribution paid to the initial customers. These new contributions would be first applied to reimbursing the utility for its contribution, after which the original customers would be reimbursed on a proportionate basis for all subsequent connections.</p>	
---	--

APPENDIX B

Question 1 a. How many feet of water main distribution line is extended free of charge to real estate developers when water service is extended to a subdivision?	Number of Responses
None	17
100 feet	2
No response	2
200 to 300 feet	
150 feet	
500 feet	

Question 1 b. Does the developer have to fund the cost of construction?	Number of Responses
Yes	21
Negotiable	2
No response	1

Question 1 c. Are any refunds given to the developer as he/she adds customers and they begin receiving water service?	Number of Responses
Yes	3
No	21

Question 2. The same question as Number 1 above for a single (or possibly a small group) of residential customers.	Number of Responses
Yes, person or group pays all cost	19
No	1
No answer	2
Negotiable	2
<p>Note: Prestonsburg will not extend distribution lines but will extend the service line 20 feet or further if it benefits the utility. Falmouth extends to the property line and the group pays for all other charges; Milton's policy is negotiable because it depends on the location and the Governor's 2020 Initiative and in Springfield the person/group receives a refund for 10 years when a person is added onto the line.</p>	

Question 3. Do the Policies in Question 1 and 2 apply the same to all customers whether located inside or outside the city?	Number of Responses
Yes	24

Utilities who responded to the survey are as follows:

Allen County Scottsville Water Department
Anderson County Lawrenceburg Water and Sewer
Boyle County Danville City Water Works
Bullitt County Shepherdsville Water Company
Carter County Olive Hill Municipal Water Works
Daviess County Owensboro Municipal Water Works
Estill County Irvine Municipal Utilities
Floyd County Prestonsburg Water Company
Fulton County Fulton Municipal Water System
Grayson County Leitchfield Water Works
Greenup County Flatwoods Water Company
Harrison County Cynthiana Municipal Water Works
Madison County Richmond Water Works
Montgomery County Mt. Sterling Water Works
Nelson County Bardstown Municipal
Pendleton County Falmouth Water Department
Rockcastle County Mt. Vernon Water Works
Russell County Russell Springs Water and Sewer
Simpson County Franklin Water Works
Spencer County Taylorsville Water Works
Taylor County Campbellsville Municipal Water System
Trimble County Milton Water Department
Union County Morganfield Water Works
Washington County Springfield Water Works

APPENDIX C

State	Extension Policy
Alabama	The general rules of the Alabama Public Service Commission state that, "The entire plant of each utility shall be constructed in accordance with accepted good practice. Each utility shall render adequate service to the public and shall make such reasonable improvements, extensions and enlargements to its facilities as may be necessary to meet customer growth and demand in its service territory."
Colorado	Utility provides up to 100 feet with the customer paying beyond the 100 feet. Refunds made as additional customers connect up to 10 years. See attached regulation.
Connecticut	The individual requesting service is responsible for the entire cost of the main extension. It does not matter if it is an individual or a developer. If the revenues generated from the sale of water from a main extension cover the utility's anticipated operating expenses and depreciation there would be no cost to the developer. That is typically not the case.
Delaware	Service to the curb stop is free unless the test formula for a contribution or advance indicates the utility is justified in requiring the contribution in advance. See attached sheet for sample formula.
Idaho	There are several different line extension policies but the majority provides for a \$500 allowance for individuals requesting a line extension and no allowance for developers requesting an extension to serve a subdivision. The \$500 allowance includes the cost of setting a meter except for developers who pay the meter setting cost. Dollar amount was established to reflect the amount of distribution plant investment embedded in rates. Footage based allowance was determined to be inappropriate because it placed upward pressure on rates due to customer growth and inflation. No allowance for developers because line extension costs could be recovered through the sale of the lots.
Iowa	If estimated cost is less than or equal to five times the estimated annual revenue of similarly situated customers the utility shall pay entire cost. If estimated cost is greater than five times the estimated annual revenue from like customers the applicants shall deposit an advance equal to the estimated cost less five times the estimated annual revenue to be produced by the customer. Utility shall refund for a period of ten years a pro-rata share for each service attachment to the extension. For complete information see attached regulation.

Maine	The utility will invest in the extension the investment amount multiplied by the number of customers served for each customer not to exceed one half of the original cost of construction. Provision for refunds contained in attached Statute.
Maryland	Regulations provide specific procedures however, often times a developer will build the extension and simply give it to the utility at no cost. The cost to the developer would be recouped via the sale of the housing within the new development.
Missouri	No specific requirements for extensions however sample tariff provides for customers to pay entire cost and provides for a refund when additional customers connect. See attached sample tariff.
New York	Specified distance allowed for each applicant taking service from the main extension shall be 75 feet for Class A water works corporations. For non Class A corporations, the Commission staff may allow a main extension of less than 75 feet, at the corporations request, based on the corporation's financial ability and existing investment in the main. Additional information at Part 501 of the New York Codes, Rules and Regulations.
Ohio	Applicant advances to the company the total cost. Refunds will be made equal to twenty percent of the total gross annual revenue from water to each customer other than a subsequent applicant whose service line for a period of not less than fifteen years. See attached regulation.
Pennsylvania	Line extensions made without customer advance if the annual revenue from the line extensions will equal or exceed the utility's annual line extension costs. If not, the applicant may be required to provide a customer advance to the utility's cost of construction. Utility's investment shall be the portion of the total construction costs which generate annual line extension costs equal to annual revenue from the extension. Customer advance shall be the difference between utility's investment and the total construction costs.
South Carolina	The utility has no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. In no event will the utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.
Tennessee	Utility is not required to extend any service lines without a cost based charge. The theory is that the property developer will recover the cost of installing infrastructure from homeowners through the cost of the home to the buyer.

Utah	PSC Rule, R746-330-6 states, "There is a rebuttable presumption that the value of original utility plant and assets has been recovered in the sale of lots in a development to be served by a developer-owned water or sewer utility." The developer must put in the plant for the water system and donate it to the water company and no refunds would be paid.
Virginia	Extensions will be made if the cost does not exceed three times the estimated normal revenue. If the cost exceeds three times the estimated revenue the applicants will deposit the excess cost. As additional customers are added the original contributors will receive a refund of three times the estimated annual revenue for a ten year period.
Wisconsin	Applicants (including subdivision developers) are required to contribute the entire cost of the main extension. There is no refund provision.
Wyoming	Customer must pay for distribution extensions. Developer provided facilities are typically deeded to the utility which shows that investment in "contributions in aid of construction". Developers are usually happy because they don't have to wait for the utility to do the job before they can sell properties and they can recover the cost of installing the facilities in the price of the homes anyway.