

Line Extension Policies (Contributions in Aid of Construction)

A utility's line extension policy determines the amount the utility would pay to extend services to new customers. A properly designed policy helps ensure growth is good for all ratepayers and the utility contributes appropriate amounts to extend services. Often we determine new line extension policies through a review of nearby utility's policies—not on the actual costs of extending new services. This approach may result in growth that increases rates for existing ratepayers or may unfairly burden new customers thereby limiting the utility's ability to grow.

This session discusses alternative line extension policies and methods to identify the maximum contribution a utility should incur for a new service. The course covers:

1. A review of alternative line extension methodologies.
2. Assessing the risks to the utility when extending the service to different types of customers.
3. How line extensions for subdivisions and developers differ from extensions to a residential home.
4. The process of determining the value a customer will provide the utility.
5. How an upgrade of service can be considered under line extension contributions.