

Water Main Extensions

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35-A M.R.S.A. §6106:

Apportionment of costs for water main extensions or service lines

- Governing body of a consumer-owned utility can choose to make no investment in water main extensions and/or service lines (which includes the meter).
- If governing body is not elected, then the decision must be endorsed by the municipal officers.
- Must notify PUC in writing of effective date & include minutes of the meeting or other record of decision.

Chapter 65: Water Main Extension and Service Line Rule

- Establishes the standards for water main extensions.
- Determines the amount of the customer contribution & the utility investment amount for each new water main extension
 - If utility has voted not to invest per §6106, then customers requesting line must pay for entire cost of line.
- Also defines a private line & addresses private line issues.

Water Main

A main is:

- Water line in a public way owned by the utility to serve one or more customer, multi-unit dwelling complex, or commercial or industrial development.
- Water line owned by utility on private property to serve more than one customer, multi-unit dwelling complex, or commercial or industrial development or to serve a single customer, multi-unit dwelling complex or commercial or industrial development if another person or entity has an easement or other right of access for water line purposes.

Service Line

- A water line installed at the customer's expense extending from a main to serve a single customer, a single multi-unit dwelling building or complex of a single commercial or industrial development.
- The service drop portion of the service line shall be owned by the utility and shall extend from the main to the curb stop (shut-off valve).

Private Line

1. Water line constructed prior to May 7, 1986 across private property to serve one or more customers and not considered by the utility to be a main.
2. Except as provided under section 2(C), a water line constructed after May 7, 1986 across private property to serve a single customer, a single multi-unit dwelling complex or a single commercial or industrial development upon which no other person has an easement or other right of access for water line purposes.

Private Line

- If utility has allowed a private line to be constructed when it prudently should have required a main extension, or it has authorized connection of a second or subsequent customer to a private line constructed at any time, and if a main extension is built subsequently, customers connecting to the main extension shall be required to make customer contributions only in the amount that would be required if the customers served by the private line were required to connect and contribute to the extension.
- The utility shall pay the customer contribution of and investment amount for the customers who continue to be served by the private line unless those customers connect to the main extension.

Chapter 65

- All water main extensions, appurtenances and service drops constructed pursuant to this rule shall be owned, maintained and, replaced by the utility.

Chapter 65 – Customer Contribution

1 Customer

- Utility invests in main extensions:
 - Customer pays cost of the extension minus investment amount
- Utility does not invest in main extensions:
 - Customer pays entire cost of extension

Chapter 65 – Customer Contribution

Multiple Customers

- Utility invests in water main extensions:
 - Customers contribute based on average cost per foot.
 - Customer contribution is cost per foot times the number of feet minus the investment amount.
- Utility does not invest in main extensions:
 - Customers contribute based on average cost per foot.
 - Customer contribution is cost per foot times the number of feet.

Chapter 65 – Customer Contribution

Multiple Customers

- When the lot sizes of the customers are similar, the customer contribution is divided equally amongst the customers.
- In certain circumstances, Chapter 65 can be waived if deemed appropriate by PUC.

Example

(No Utility Investment)

Chapter 65 – Customer Contribution

Multiple Customers

Length of extension = 200 feet

Customer A is at 200 feet

Customer B is at 100 feet

Cost of extension = \$10,000

Cost per foot = \$50 ($\$10,000/200$ feet)

Chapter 65 – Customer Contribution

Multiple Customers

Customer A pays for all of the extension past Customer B (100 feet) plus half of the cost of the first 100 feet (50 feet).

$$100 \text{ feet} \times \$50 = \$5,000$$

$$50 \text{ feet} \times \$50 = \$2,500$$

Customer A pays **\$7,500** total.

Chapter 65 – Customer Contribution

Multiple Customers

Customer B pays for half of the cost of the first 100 feet (50 feet).

$$50 \text{ feet} \times \$50 = \$2,500$$

Customer B pays **\$2,500** total.

Chapter 65 – Investment Amount (IA)

- Amount which a utility must invest in a water main extension for each customer.
- Investment amount is 75% of the amount of utility investment supported by revenues from a new customer associated with fixed investment
 - the utility shall invest no more than 50% of cost of extension.

Chapter 65 – Investment Amount (IA)

$$IA = IF \times ACR$$

- *IF* = Investment Factor
- *ACR* = Average Annual Customer Revenue

Chapter 65 – Investment Factor (IF)

$$IF = 0.75 \times \frac{D + A + I}{R + T} \times \frac{1}{C + P + 0.013}$$

- D = Depreciation
- A = Amortization Expense
- I = Interest and Debt Repayment
- R = Operating Revenues
- T = Total Non-operating Income
- C = Cost of Capital Percentage
- P = Principal Payment Percentage (0.067)

Example

Chapter 65 – Investment Factor (IF)

$$IF = 0.75 \times \frac{D + A + I}{R + T} \times \frac{1}{C + P + 0.013}$$

- $D = \$90,000$
- $A = \$0$
- $I = \$228,000$
- $R = \$605,000$
- $T = \$7,500$
- $C = 3.5\% = 0.035$
- $P = 6.7\% = 0.067$

$$IF = 3.39$$

Chapter 65 – Investment Amount (IA)

$$IA = IF \times ACR$$

- $IF = 3.39$
- $ACR = \$378$

IA = \$1,281.00 per customer

PUC Cases

Edward Pike v York Water District

- CAD appeal
- May 23, 1996
- Corner lot
- Looked at 5 key points
 - Customer's street address
 - Amount of frontage on the street(s)
 - How the house is situated
 - Which street provides access
 - Potential and likelihood that development would occur past the home

Edward Pike v York Water District

- Those 5 criteria are not weighed equally
 - Future development is most heavily weighed
- This is not the only means for determining the proper endpoint of a water main extension

Elizabeth Kehoe v York Water District

- CAD appeal
- February 28, 2012
- Corner lot between some developed roads and undeveloped roads
- District used *Pike* criteria
- District argued that a water main extension on Mariner Way in this case was needed because of water quality and fire protection

Elizabeth Kehoe v York Water District

- PUC disagreed
 - Main extensions to address future water quality and fire protection are not properly considered under *Pike* OR under Ch 65
 - Water quality and fire protection are part of public service that District provides in the aggregate
 - It is unreasonable to require a single customer to bear a greater portion of these costs than would be allotted through rates

Elizabeth Kehoe v York Water District

- Where a customer's residence is located at the intersection of two undeveloped roads the use of *Pike* is strained at best
- PUC allowed Ms. Kehoe to connect along Juniper Park Lane

Robert Harris v York Water District

- This case dealt with the proper end point of a water main extension on a corner lot.
- The house's front wall faces the corner where the two roads meet (look at *Pike* criteria)
- There is access on both roads (garage and parking)
- Customer argued that the center point should be Valley Rd. District argued Middle St.

Robert Harris v York Water District

- *Pike* factors
 - Street address – supports District
 - Street frontage – does not help either argument
 - How house is placed on lot - does not help either argument
 - Street access - does not help either argument
 - Development – supports both (there would be development on both streets)

Robert Harris v York Water District

- PUC determined that requiring a more lengthy extension (Middle Road – District's choice) would require extra expense for the customer without adding materially to the orderly development of the system
- Extension would happen on Valley Road

Waivers

- Kittery WD (2005-00569)
 - Waiver granted for a private line to serve two homes on a private road where the cost of two lines would have been prohibitive. Required a LSA, separate curb stops and shut-off valve
- Portland WD (2006-00216)
 - 8,000 foot extension in Gorham. District sought waiver to customer contribution. Made the amount a flat \$2000 for 15 years.

Waivers

- KKWWD (2004-00200)
 - Waiver from Ch. 65 Section 3(A). This allows KKWWD to charge developers for detailed estimates for complex main extension projects
 - KKWWD was providing 50+ estimates per year
- KKWWD (2002-00790)
 - PUC denied waiver request by MSAD #71 over objection of KKW.

Questions?

- All MPUC Rules can be found on our website at:

<http://www.maine.gov/mpuc/>

- Any questions concerning water utilities can be directed to

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