

BRIEF

The End of Gas System Subsidies

Why Gas Line Extension Allowances
No Longer Serve Us



BUILDING
DECARBONIZATION
COALITION

Authors and Acknowledgements

Primary Authors

Building Decarbonization Coalition

Tiffany Vu, Senior Research Associate

Kristin George Bagdanov, PhD, Senior Manager of Policy Research

Co-Authors

Vermont Law & Graduate School, Institute for Energy and the Environment

Eduardo Otero Bakai, Global Energy LLM Fellow

Ace Dantzler-Woodruff, Research Associate

Sonja Rzepski, Research Associate

Copyrights and Citation

George Bagdanov, Kristin and Tiffany Vu. The End of Gas System Subsidies. Building Decarbonization Coalition, August 2025. <https://buildingdecarb.org/line-extension-allowances>.

BDC values knowledge and resource sharing to drive the broader building decarbonization movement and encourages you to share and cite this report broadly through the Creative Commons CC BYSA 4.0 license. <https://creativecommons.org/licenses/by-sa/4.0/>

Acknowledgements

Thank you to Mark James, Interim Director of the Institute for Energy and the Environment and Associate Professor in the Maverick Lloyd School of the Environment at Vermont Law and Graduate School, and William Fridlund, Program Coordinator, for reviewing the brief and your support of this work.

Thank you to Claire Valentine-Fossum and John Garrett at Oregon CUB for speaking with us about their work on gas LEAs in Oregon and their impactful comments that helped reform gas LEAs for Oregon utilities.

Thank you to my BDC colleagues for their review of this report: Nicole Abene, Friday Apaliski, Jason Brown, Kevin Carbonnier (map creation and data visualization), Matt Casale, Jeff Chenoweth, Noah Cordoba, Holly Harris, Brian Jenkins, Beckie Menten, Malak Nassereddine, Yami Newell, Amy Rider, Jess Silber-Bryne, Ted Tiffany, and Robin Tung.



The Building Decarbonization Coalition (BDC) aligns critical stakeholders on a path to transform the nation's buildings through clean energy, using policy, research, market development, and public engagement. The BDC and its members are charting the course to eliminate fossil fuels in buildings to improve people's health, cut climate and air pollution, prioritize high-road jobs, and ensure that our communities are more resilient to the impacts of climate change.

buildingdecarb.org



The Institute for Energy and the Environment is a nationally renowned resource focused on the energy policy of the future. The institute combines a research associate program, which serves as a center for graduate research on the transition to a just clean energy future, with a vibrant student-staffed energy clinic, which works on legal and business models for community energy development.

Table of Contents

Introduction	5
Why Gas LEAs Should Be Reformed	7
How Line Extension Allowances Are Determined	12
State Law	12
State Regulation	13
Utility Tariff	14
How Allowances Are Calculated	15
Recent Reform Efforts	17
Legislative Reform	18
Colorado	18
New York	19
2025 Legislative Reform Efforts	19
Regulatory Reform	19
Proceedings	19
Rate Cases	20
Reforming LEA Policies in Your State	23
Conclusion	24
Appendix	25
Appendix A: LEA Provisions	25
Appendix B: Methodology for Determining LEA Provisions	37
Appendix C: Methodology for Estimating Potential Savings from Eliminating Gas LEAs in U.S.	38

Introduction

Utility customers across the United States could save \$2 to \$7 billion annually if policymakers act now to reform gas line extension allowances (LEAs).¹ California, New York, and Colorado have already eliminated these fossil fuel subsidies statewide, saving their ratepayers \$100-200 million each year. The range of estimated savings is broad due to the inconsistency in how utilities calculate these allowances, the variance in residential and commercial subsidies, and the lack of reporting on these costs—because these allowances don’t appear on a utility’s balance sheet, regulators must ask utilities to report these amounts specifically. However the potential savings, year after year, represented by this estimate demonstrates the massive opportunity to lower the bills of customers already using the gas system while encouraging would-be customers to opt for all-electric buildings instead.

In the past three years, subsidies for new methane (or “natural”) gas line extensions to buildings have been reformed or removed completely in six states, while six more and D.C. are considering removing them. These policies, which are commonly called line extension allowances (LEAs), enable new customers to connect to the gas system essentially for “free” based on the economic rationale of “socialized costs.” This rationale, which applies to many shared systems, assumes that additional customers reduce the cost burden for everyone by diminishing the proportion of fixed costs per person. However, these LEAs *are not* free—in fact, existing customers pay more than their share of the cost burden as utilities recover these subsidies, along with any regulated returns on this infrastructure investment, through rates. And as many public utility commissions have come to understand, these fossil fuel subsidies also do not benefit the public, as they contradict state climate policies by facilitating the growth of greenhouse gas emissions.

Subsidies for new gas pipelines encourage the expansion of an energy system that contributes approximately 13 percent of U.S. greenhouse gas emissions² through on-site combustion. LEAs also subsidize new customers at the expense of existing customers, creating an economic problem called “cross subsidization.”³ While it is only in the past few years that states have taken decisive action to rectify this misalignment of climate goals and fossil fuel subsidies, the debates over the benefits and burdens of LEAs date back to the mid-twentieth century.

The following examination of California’s decades-long debate over LEAs reveals three truths that apply across the U.S. today: 1) these subsidies have been long overdue for reform, 2) there is clear economic justification underpinning this reform, and 3) energy subsidies should be aligned with state energy policies and current energy realities.

On Feb. 13, 1980, the California Public Utilities Commission (CPUC) ruled to remove both gas and electric LEAs, only for them to be reinstated by the Legislature soon after. It would take over 40 years for the CPUC to again address these subsidies. While the scope of the reform in 2022 changed to target gas system growth specifically, the logic of the original 1980 ruling endured:

1. “The presently effective line and service extension rules promote energy consumption, require ratepayers to subsidize new extensions for which they no longer benefit, and are contrary to state and national policy.”
2. “Existing line and service extension rules should be terminated and replaced with new rules for allowances that are consistent with current policies and will be more equitable to the ratepayers.”⁴

¹ U.S. This estimate for commercial and residential line extension allowance amounts was calculated by analyzing the estimated costs for installing and/or replacing service lines, the listed costs for gas line extensions allowances where available, and the estimates generated by other researchers in specific states. Because LEAs frequently include more than just service line costs, this range is a conservative estimate. Read more about the methodology in Appendix C.

² U.S. Environmental Protection Agency, “Sources of Greenhouse Gas Emissions in 2022,” last updated March 31, 2025, accessed July 18, 2025, EPA, <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

³ Cross subsidization: “whenever a utility charges any individual service or customer class more than its stand-alone cost.” See Ken Costello, *Line Extensions for Natural Gas: Regulatory Considerations*, 2012. p. 29.

⁴ California Public Utilities Commission, Decision No. 91328, Feb. 13, 1980, Case No. 10260 (Filed Feb. 15, 1977), “Investigation on the Commission’s own motion into the allowances, rules, practices, and procedures concerning free footage for new connections of Pacific Gas & Electric, San Diego Gas & Electric, Southern California Gas Company, Sierra Pacific Power Company, California-Pacific Utilities Company, Southwest Gas Corporation, and Pacific Power & Light Company, respondents,” p. 47.

While the thrust of the energy conversation has shifted over the past four decades from scarcity of energy to an excess of emissions, the effect of LEAs has remained the same: allowances for new customers, borne by existing customers, promote consumption. And when it comes to encouraging new gas connections, this also means new gas-related emissions, which have mounting economic and social costs. In this new context, it no longer makes sense to subsidize the growth of the gas system while states also dedicate significant resources to reducing climate-warming emissions. On the flip side, it makes sense to leave electric LEAs in place to incentivize all-electric new construction as this subsidy aligns with emission- and pollution-reducing laws and regulations. LEA policies should match the climate and energy goals and conditions we face today, not the ones we faced a half-century ago.

This policy brief offers an overview of the current LEA landscape in the U.S. and recommendations for reforming outdated policies that promote the growth of gas consumption and emissions. Currently, utilities across 46 states and Washington, D.C. still subsidize gas line extensions, while utilities in six states have revised these subsidies, three of which are statewide reforms.⁵ Several more states and utilities are in the process of addressing LEAs and the landscape remains pixelated by the varied reform strategies, which include single-utility rate cases, statewide regulatory proceedings, and statewide laws. This brief will discuss the benefits and risks of these different venues for reform and offer an overview of where existing gas subsidies remain in place in order to direct future reform efforts.

“ **Free footage allowances were designed to promote energy demand and new load growth so that economies of scale could be realized with resulting lower unit rates to all ratepayers. However, greater energy demand no longer produces lower rates....the justification for existing ratepayers to provide a subsidy in excess of \$100 million yearly for new service extensions has disappeared. These economic realities have prompted the Commission to re-evaluate the consumption-promoting policies of the old extension rules....The new rules will ease the unwarranted burden on existing ratepayers.**”

—CPUC, *Decision No. 82-04-068, April 8, 1982, Case No. 10260.*

⁵ Utilities in six states have revised these subsidies but the reforms in three of these states (Washington, Oregon, and Minnesota) were implemented through individual utility rate cases, meaning that they do not have a state policy reforming how all of their utilities address LEAs. California, Colorado and New York (pending the governor's signature) have implemented statewide action to eliminate gas LEAs. Utah has not had any gas LEA reform, but the largest utility in the state does not provide a gas LEA. For an overview, see Figure 6.

Why Gas LEAs Should Be Reformed

Line extension allowances (LEAs) are subsidies that compensate for some or all of the costs associated with connecting a new building to the gas or electric system. Policies determining the level and extent of these subsidies (such as how many feet of main and service line are covered) can be determined by state law, state regulation, and/or utility tariff.

Gas LEAs have recently come under scrutiny due to many reasons, not least of which is that many state climate policies dictate reductions in the very greenhouse gas emissions produced by the gas system. LEA reform offers an opportunity to shift costs to align with these policies. It also offers an opportunity to protect would-be gas customers from joining a system on which they may soon be stranded. These “stranded customers” are the ones who are most likely to shoulder the increasing costs of the gas system as well as the increasing risk of stranded assets—gas system infrastructure that will become underutilized before it is fully depreciated.

While fossil fuel interest groups such as the American Gas Association argue that removing gas LEAs results in “government-imposed inequitable service,”⁶ the regulatory agencies and legislatures that have taken action understand that it is less equitable to allow new customers to join a system of skyrocketing costs and accumulating risks. Rather than “distorting the market [and] pushing customers towards choices that do not serve their long-term interests,”⁷ removing gas LEAs guides customers toward sustainable energy and economics.

Gas LEA policies should be revised in order to:

1. **Prevent a shrinking customer base from continuing to subsidize new customers**
2. **Align energy subsidies with climate and greenhouse gas reduction goals**
3. **Reduce rising gas infrastructure costs**
4. **Reduce the rising risk of stranded assets**
5. **Slow expansion of the gas system**
6. **Redirect investments to clean energy infrastructure**

Figure 1: Line extension allowances can cover main extensions, service lines, and meters.



⁶ American Gas Association, *The Current State of Natural Gas Utility Line Extension Policies* (American Gas Association, 2024), https://www.aga.org/wp-content/uploads/2024/07/The-Current-State-of-Natural-Gas-Utility-Line-Extension-Policies_FINAL.pdf_p_iv.

⁷ Sarah Steinberg and Meron Lemmi, *Case Studies: Gas Line Extension Allowances* (2023).

① Prevent a Shrinking Customer Base from Continuing to Subsidize New Customers

Addressing who shoulders which costs is a central tenet of a public utility commission's mandate. However, while some commissions have taken steps to address these problematic policies, the majority have not. In most states, gas LEAs enable new customers to join the gas system with no upfront connection costs by socializing these costs across existing customers, amassing \$2-7 billion in additional costs for customers each year. In New York, for example, utilities (and therefore, existing customers) spent almost \$400 million adding gas lines for new customers in 2022 and 2023.⁸ In Massachusetts, the average new customer subsidy in 2023 was \$9,000, totaling over \$160 million for the year.⁹ And in California, "in 2021 alone, three of the four California large gas [investor-owned utilities] spent over \$104 million on allowances (\$81 million on residential allowances and \$23 million on non-residential allowances)."¹⁰ In the few states that require utilities to provide LEA data, it's clear that subsidizing the connections for new customers adds significant cost burdens to existing ratepayers.

While utilities argue that their contributions in aid of construction (CIAC) calculation methods avoid unfair cost shifting from new to existing ratepayers, consumer advocate organizations argue otherwise. Historically, gas LEAs were permitted and encouraged because they were shown to benefit both new and existing customers: as new customers joined the system, there were more accounts to spread infrastructure cost across, reducing the individual portion of those costs. However, this dynamic no longer holds true due to rising connection costs, declining gas consumption, uneven inclusion of decommissioning costs and salvage costs,¹¹ lack of accounting for environmental

and social costs,¹² as well as the potential for ratepayers to leave the gas system early, before they have paid out their expected portion of the costs.¹³ Groundwork Data's recent comment letter in the Massachusetts's Future of Gas docket (D.P.U. 20-80) found that utilities' calculation methods for evaluating whether existing customers are subsidizing new ones (e.g., "cross subsidization") consistently overestimate new customer demand, with actual demand being as much as 40% less than the default values used in these calculations.¹⁴ This discrepancy between the expected new customer demand and actual new customer demand indicates that existing customers are paying to add new customers that do not ultimately contribute the full cost of a gas LEA because of their lower-than-expected gas demand.

Utilities are responding to this claim of cross subsidization by arguing that the CIAC method already ensures that LEA costs are appropriately balanced by new and existing customers. For example, Eversource Energy argues that its current CIAC policy "ensures that there is no subsidy of the new customer by existing customers, and [that] the department's draft policy *would cause the new customer to subsidize existing customers*" (emphasis added).¹⁵ Eversource claims that if gas LEAs were eliminated, the new customer would pay twice to join the gas system: first for the incremental cost of the line extension and secondly through rates once they become a customer. However, the Office of the Attorney General rebutted this argument in the Massachusetts Future of Gas proceeding by explaining that current line extension policies are "premised on broad, business-as-usual assumptions that no longer hold true under current circumstances" and "overestimate the amount of gas a new customer is likely to use and assume unrealistically long repayment periods."¹⁶ By overestimating

⁸ Natural Resources Defense Council, *New York Gas Utilities Digging Consumers Into a Deeper Hole* [Policy Brief], February 2025, <https://www.synapse-energy.com/sites/default/files/NPAs%20and%20Line%20Extension%20fact%20sheet%20draft%20NRDC%2024-030.pdf>.

⁹ Michael J. Walsh Ph.D., *Pipeline Extension Allowances and the Future of Gas in Massachusetts* (Conservation Law Foundation, Environmental Defense Fund, Sierra Club, 2024).

¹⁰ California Public Utilities Commission, Decision 22-09-026, September 20, 2022, Rulemaking 19-01-011, "Decision 22-09-026: Phase III Decision Eliminating Gas Line Extension Allowances, Ten-Year Refundable Payment Option, and Fifty Percent Discount Payment Option Under Gas Line Extension Rules", <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K987/496987290.PDF>, p. 13.

¹¹ "Net salvage represents the expected cost recovery needed to remove the pipeline at the end of its service life. (For pipeline mains, net salvage is typically a negative value because the cost of removing the pipe at the end of its useful life exceeds the scrap or "salvage value" that the utility can recover.)" (Dorie Seavey et al., *Peoples Gas: Escalating business risk in a changing energy landscape*, Citizens Utility Board and Groundwork Data, October 2024, www.groundworkdata.org/research/peoplesgas; p. 30) The value that utilities assign to salvage costs varies widely and, when included in LEA calculations, can affect the total costs shifted onto existing ratepayers.

¹² Massachusetts Department of Public Utilities, "Interlocutory Order on Policies and Practices for Line Extension Allowances and Contributions in Aid of Construction for Gas Local Distribution Companies," D.P.U. 20-80-E, August 6, 2025, <https://fileservice.eea.comacloud.net/V3.1.0/FileService.Api/file//aeiiejhj?uRXzslLsjxK5GZlirOGyh/Qhs/2b91Ji2Ak1vuq3a56PcSxl+blU344Kxhm+qpOeg0hKFj9M9l/xQR8+/8GqPvdGqrFe6XR6nglfa80wd3rxFD8G4j981M2Rna9aVTXA>, pp. 12-13.

¹³ Michael J. Walsh Ph.D., *Pipeline Extension Allowances and the Future of Gas in Massachusetts*.

¹⁴ Michael J. Walsh Ph.D., *Pipeline Extension Allowances and the Future of Gas in Massachusetts*.

¹⁵ Eversource Energy, "D.P.U. 20-80 - Eversource Initial Comments on Draft Line Extension Policy Proposal," April 3, 2025, p. 7.

¹⁶ Office of the Attorney General, *Role of Gas Local Distribution Companies as the Commonwealth Achieves Its Target 2050 Climate Goals*, D.P.U. 20-80 (2025).

new customer gas usage, it's "unlikely that the new customer will fully 'pay once' (enough to cover the costs of connection), much less twice," and the existing customer base would not receive a net benefit, as intended by any LEA policy.¹⁷

Responding to utilities' counterarguments that removing gas LEAs is unfair to new customers and that their calculations already prevent undue cost shifting, commissions and advocates have started to present the removal of LEAs as a "neutral" approach to align costs and incentives. For example, the Maryland Public Services Commission (MD PSC) recently ordered staff to propose new regulations to reform gas LEAs, arguing that:

A customer that prefers to use natural gas should, therefore, be expected to pay the actual cost of obtaining that service without artificial incentives to do so. The Commission is not removing customer choice by eliminating the gas line extension subsidies. Customers may continue to elect their choice of fuel. This *new direction is a neutral stance*, neither subsidizing nor discouraging new gas extensions (emphasis added).¹⁸

By unmasking the true cost of gas lines, new customers will be able to make more informed choices about their energy services and regulators will be able to protect existing customers from undue cost burdens.

② Align Energy Subsidies with Climate and Greenhouse Gas Reduction Goals

Subsidizing new gas connections—in other words, expanding the gas system and its emissions—is in direct contradiction with the climate laws and emissions targets that many states have today. Historically, the continuation of gas LEAs was supported by the belief that access to gas is a public good and that adding new customers would

benefit the whole system by lowering costs for everyone.¹⁹ As the Massachusetts Attorney General argued in the recent debate over LEA policies in the state's Future of Gas proceeding:

Line extension allowances were appropriate when the gas distribution system was expanding and LDCs [local gas distribution companies] could reasonably expect that customers would use a substantial amount of gas over a long period of time. Now that the Commonwealth has taken clear and decisive steps away from natural gas and other greenhouse gas-emitting fuels, line extension allowances are no longer appropriate and create a real risk of stranded costs.²⁰

Twenty-four states and the D.C. have economy-wide emissions reduction goals or laws, all of which must include reducing gas system emissions to succeed.²¹ Updating state regulatory policies to further these laws and goals will help align the benefits of energy infrastructure with the full cost of methane emissions.

③ Reduce Rising Gas Infrastructure Costs

Removing gas LEAs can help control the rising costs of the gas system. While gas has long been considered an affordable heating fuel, the long-term affordability of the gas system itself is being challenged as the delivery charges tied to infrastructure costs continue to rise, and in many cases end up comprising more of a customer's monthly bill than the cost of gas itself (the supply charge). For example, on a Peoples Gas bill in Illinois, "the supply portion...takes up roughly a half to two-thirds of total costs. The delivery portion...roughly takes up a third to a half of bills."²² When delivery charges comprise nearly half of a customer's bill, this means that it's harder for individual customers to control their bills by using less gas or more efficient equipment, adding to the energy insecurity²³ nearly 27% of households in the U.S. face.²⁴

¹⁷ Office of the Attorney General, *Role of Gas Local Distribution Companies as the Commonwealth Achieves Its Target 2050 Climate Goals*, D.P.U. 20-80, p. 3.

¹⁸ Public Service Commission of Maryland, Order No. 91683, June 13, 2025, Case No. 9707, "Order No. 91683: Order on Stakeholder Proposals for Revision of Gas Policy (Case No. 9707)," p. 9.

¹⁹ Abigail Alter, Sherri Billimoria, and Mike Hennen, *Overextended: It's Time to Rethink Subsidized Gas Line Extensions* (RMI, 2021), <https://rmi.org/insight/its-time-to-rethink-subsidized-gas-line-extensions/>.

²⁰ Office of the Attorney General, *Role of Gas Local Distribution Companies as the Commonwealth Achieves Its Target 2050 Climate Goals*, D.P.U. 20-80, p. 3.

²¹ Center for Climate and Energy Solutions, "U.S. State Greenhouse Gas Emissions Targets," Center for Climate and Energy Solutions, n.d., accessed May 27, 2025, <https://www.c2es.org/document/greenhouse-gas-emissions-targets/>.

²² Jim Chilsen, "CUB News Release: 104% Increase in Peoples Gas Price in April Exposes How Utility Misled Customers on Record Rate Hike," Citizens Utility Board, April 3, 2025, <https://www.citizensutilityboard.org/blog/2025/04/03/cub-104-increase-in-peoples-gas-price-in-april-exposes-how-utility-misled-customers-on-record-rate-hike/>.

²³ Energy insecurity: "the inability to adequately meet basic household energy needs" including struggling to pay energy bills or keeping their homes at an unsafe temperature because of energy cost concerns. See "U.S. Energy Insecure Households Were Billed More for Energy than Other Households - U.S. Energy Information Administration (EIA)," accessed July 30, 2025, <https://www.eia.gov/todayinenergy/detail.php?id=56640>.

²⁴ "In 2020, 27% of U.S. Households Had Difficulty Meeting Their Energy Needs - U.S. Energy Information Administration (EIA)," accessed July 29, 2025, <https://www.eia.gov/todayinenergy/detail.php?id=51979>.

LEAs increase “fixed” delivery charges and contribute to the increasing unaffordability of gas. Removing gas LEAs can help *potential* gas customers choose safer, more affordable electric alternatives over gas and help prevent existing gas customers from becoming stranded customers with ever-increasing energy burdens. Controlling gas system costs for customers while simultaneously transitioning to clean energy alternatives is essential for preventing the inequitable feedback loop of an unmanaged transition, during which the ratcheting costs of the gas system will leave “remaining gas customers shouldering even higher gas rates....Since leaving the gas system often requires out-of-pocket expenditures to convert to new space and heating technologies, those staying put are most likely to be lower-income households or renters.”²⁵ Removing gas LEAs is therefore an important piece of a managed transition, as it helps protect existing customers until they are able to transition off of the gas system entirely.

“ Removing gas LEAs can help potential gas customers choose safer, more affordable electric alternatives over gas and help prevent existing gas customers from becoming stranded customers with ever-increasing energy burdens.”

④ Reduce the Rising Risk of Stranded Assets

Expanding the gas system increases the exposure of customers, investors, and the public to stranded asset risk. Stranded assets occur when a company’s physical assets (such as gas pipes) are no longer “used and useful” according to regulatory standards and therefore carry costs that can no longer be fully recovered through ordinary cost recovery mechanisms. By adding new gas lines with no upfront cost to the new customers—gas lines that take decades to recover—utilities are extending the timeline and scope of costs for future recovery: “Continuing with the status quo is exacerbating the risk of a large potential financial liability that someone must pay

for, be that ratepayers, utility shareholders, governments, or a combination of the above.”²⁶ New gas customers may initially benefit from the low or no-cost connections to the gas system, but they will join the pool of ratepayers who will be at risk of paying some or all of the cost of underutilized pipelines while climate goals and incentives for electric technologies continue to reduce gas use. Reforming gas LEAs can limit the risk of stranded assets for the gas system, protecting customers, governments, and even utility shareholders.

⑤ Slow Expansion of the Gas System

By economically incentivizing new gas connections, LEAs have the effect of promoting gas system expansion. Because every state has a version of what is called the “obligation to serve” law (OTS), which ensures that utilities offer service to anyone who requests it in their service territory, it is impossible to outright limit or prevent new gas connections. However, while OTS protects the right to request a new gas line *extension*, it does not protect the right to a gas line *extension subsidy*. In fact, many OTS statutes include caveats regarding what types of service extensions are deemed economical for a utility and protect the utility’s ability to disconnect customers if they fail to pay for service.²⁷ Removing subsidies for gas line extensions requires that new customers pay the true cost of gas service, which will in turn slow the expansion of the gas system as developers and would-be customers will be economically disincentivized from adding expensive gas lines when they will already be adding electric lines (as evidenced in the next point regarding California’s all-electric building growth). Therefore, even in states where the obligation to extend new gas service remains intact through the “extension prong” of OTS (despite current reform efforts), states can make progress in slowing gas system growth simply by removing these fossil fuel incentives.²⁸

⑥ Redirect Investments to Clean Energy Infrastructure

Instead of investing in the gas system, states should incentivize investment in clean energy infrastructure that helps them meet their climate goals. Through the Building Decarbonization Proceeding (R.19-01-011),²⁹ California recognized that eliminating gas LEAs would reduce

²⁵ Dorie Seavey and BDC, *The Future of Gas Illinois* (2024), https://buildingdecarb.org/the-future-of-gas-in-illinois_pp.68-69.

²⁶ Kate Harland, *Who Pays for Stranded Costs in Underutilized Gas Distribution Systems?*, Canadian Climate Institute, February 2025, https://climateinstitute.ca/wp-content/uploads/2025/02/Who-pays-stranded-costs-underutilized-gas-distribution-systems.pdf_p.5.

²⁷ For discussion of how the “obligation” to provide service can be revoked due to a customer’s nonpayment, *Decarbonizing the Obligation to Serve*, p. 19.

²⁸ Kristin George Bagdanov, PhD, *Decarbonizing the Obligation to Serve* (Building Decarbonization Coalition, 2024). p.16.

²⁹ California Public Utilities Commission. *Rulemaking Regarding Building Decarbonization* (R.19-01-011). 2019. <https://apps.cpuc.ca.gov/apex/f?p=401:1:0>.

greenhouse gas emissions and encourage all-electric buildings and decided to eliminate gas LEAs effective July 1, 2023. In the following year, to further encourage all-electric buildings, California eliminated electric LEAs for mixed-fuel construction, effective July 1, 2024. This, along with other reforms in California, has contributed to preliminary data showing that, in 2023, 80% of line extension requests for new construction projects served by two of the state's largest dual-fuel utilities were for electric lines only, indicating that these sites will be all-electric homes and demonstrating the immediate impact of removing fossil fuel subsidies.³⁰

Reforming gas LEAs will, of course, affect the business case for gas companies. Gas companies seeking to maintain infrastructure growth can explore transitioning to “thermal utilities” that focus on the delivery of heat, rather than gas specifically, which opens up pathways for delivering clean heat through clean energy infrastructure.³¹ To protect the gas utility workforce while adapting the gas utility business model to a clean energy economy, gas utilities can build

thermal energy networks (TENS),³² which rely on water-filled pipelines similar to gas pipelines, enabling a smooth transition for gas utility workers. TENS provide a viable option for gas utilities to continue delivering an essential service, keep their workforce employed in high-road jobs, and comply with climate and emissions reduction laws. This is one pathway that enables gas utilities to facilitate a transition to clean energy infrastructure for their customers, while keeping their core business model intact.

Subsidizing connections to an energy system that will likely wind down over the next few decades could be disastrous for both new and existing customers who find themselves unable to leave the increasingly expensive gas system. Rather than encouraging customers to join this system, policies and incentives should be aligned to direct them towards a sustainable alternative.



³⁰ Building Decarbonization. California Public Utilities Commission. <https://www.cpuc.ca.gov/about-cpuc/divisions/energy-division/building-decarbonization>

³¹ Ana Maria Camargo et al., *The Future of Heat: Thermal Energy Networks as an Evolutionary Path for Gas Utilities Toward a Safe, Equitable, Just Energy Transition*, August 2024.

³² Thermal Energy Networks. BDC. <https://buildingdecarb.org/resource-library/tens>

How Line Extension Allowances Are Determined

*feet from gas or electric transmission lines to pay or agree in writing to pay material and installation costs relating to the applicant's proportion of the pipe, conduit, duct or wire, or other facilities to be installed (emphasis added).*³⁴

For non-residential buildings, Article 2 of the Transportation Corporations Law states:

Upon written application of the owner or occupant of any building within one hundred feet of any main of a gas corporation or gas and electric corporation, or a line of an electric corporation or gas and electric corporation, appropriate to the service requested, and...payment by him of all money due from him to the corporation, it shall supply gas or electricity as may be required for lighting such building...provided that no such corporation shall be required to lay service pipes or wires for the purpose of supplying gas or electric light to any applicant...unless the applicant, if required, shall deposit in advance with the corporation a sum of money sufficient to pay the cost of his proportion of the pipe, conduit, duct or wire required to be installed, and the expense of the installation of such portion.³⁵

As written, the Public Service Law appears to speak only to the unsubsidized portion of a line extension that exceeds one hundred feet—explaining that the residential customer will have to pay for the extra footage—while the Transportation Corporations Law indicates that upfront payment may be required for extensions under one hundred feet. However, both laws have been interpreted to mean that any extension amount less than one hundred feet will be paid for by the utility, which means it will be paid for by existing customers.³⁶ This indirect requirement for utilities to provide up to one hundred feet of “free” gas line came to be known colloquially as the “100-foot rule” in New York, and had been challenging to reform due to the need to pass legislation to amend these policies. However, on June 16, 2025, the New York Senate and Assembly passed A8888/S8417,³⁷ which eliminates the 100-foot rule

Line extension allowances (LEAs) can be set or modified by state statute, regulation, and/or utility-specific policies (“tariffs”). While it is common to have state laws dictating rules around gas line *extensions* (typically within a state’s OTS statute), it is far less common to see laws about the *allowances* for these extensions, as this detail is more often left to utility-specific documents that outline the utility’s rates, terms, and conditions, called tariffs. Unless otherwise indicated, this brief refers to gas LEAs for residential and commercial customers. The policies affecting line extensions for industrial customers differ because nearly half of industrial customers receive gas directly from the transmission system rather than the distribution network.³³

State Law

While it is rare, the allowance portion of line extensions can be protected by state law. As discussed, a new customer’s access to a line extension is covered within the “obligation to serve” statute, but a new customer’s access to a *subsidized* service line is not. If these allowances are delineated in state statute, then overriding legislation is required to reform the policy. As of this publication, New York is the only known state that (until recently) had a statute protecting the allowance portion of gas line extensions. For residential buildings, Article 2 of New York’s Public Service Law states:

In the case of any application for service to a building which is not supplied with electricity or gas, a utility corporation or municipality shall be obligated to provide service to such a building, provided however, that the commission may require applicants for service to *buildings located in excess of one hundred*

³³ “U.S. Homes and Businesses Receive Natural Gas Mostly from Local Distribution Companies - U.S. Energy Information Administration (EIA),” July 31, 2020, <https://www.eia.gov/todayinenergy/detail.php?id=44577>.

³⁴ New York Public Service Law § 31(4) (McKinney 2023). <https://www.nysenate.gov/legislation/laws/PBS/31>

³⁵ New York Transportation Corporations §12 (2024). <https://www.nysenate.gov/legislation/laws/TCP/12>

³⁶ New York Public Service Commission, Case 20-G-0131, September 19, 2024 “Staff Straw Proposal Regarding Modification of 16 NYCRR Part 230- Case 20-G-0131,”

³⁷ A8888/S8417: <https://www.nysenate.gov/legislation/bills/2025/A8888>

for gas extensions and gas LEAs more broadly, requiring the new customer to pay for the full cost of connection to the gas system. This bill does not overturn these existing policies entirely, but rather amends them by leaving intact the directive for electric LEAs and adding the caveat that applicants requesting gas service are required to pay for all of the costs associated with connecting to the gas system. If Governor Hochul signs this bill, there will be no remaining states, to our knowledge, that protect gas line subsidies in law.³⁸

State Regulation

It is more common for rules regarding line extension allowances to be dictated by state regulation rather than state law. States with regulations concerning LEAs include Arizona, Florida, Illinois, Indiana, Iowa, Kentucky, New York, Oklahoma, and West Virginia.³⁹ Typically, these regulations specify that utilities must have a stated plan (within the utility tariff) for line extension allowances. Regulations may also specify the maximum allowable subsidy, the conditions under which it can be offered, and/or require that all utilities follow a particular calculation method. For example, the Arizona Administrative Code establishes that each utility must specify in the utility tariff the maximum line

extension footage that will be provided at no charge to the new customer, as well as specify a consistent calculation method for determining this maximum allowance.⁴⁰ And in the Indiana Administrative Rules and Policies, the policy specifies the calculation method utilities should use to evaluate the cost effectiveness of LEAs, requiring that gas utilities cover the entire cost of the line extension for new customers if it passes the cost-effectiveness test.⁴¹

New York is again unique in that it has language related to the “100-foot” subsidy in three separate locations: two statutes and one regulation.⁴² In addition to the statutorily mandated 100-foot rule, existing state regulation allows utilities to subsidize line extensions beyond 100 feet. For example, Part 230.2 (d) of the New York Code of Rules and Regulations provides prospective residential heating customers with up to 200 feet in combined gas main and gas service line extensions at no direct cost to the customer.⁴³ Though bill A8888/S8417 eliminates the 100-foot allowance from the existing state statute, it does not technically repeal the regulation. It more so renders it ineffective, so that customers would have to pay the full cost of connecting to the gas system.

Figure 2: If A8888/S8417 is signed by Governor Hochul

	Before	After
New York Gas Footage Allowance	200’*	0’
Cost for existing customers	~\$200M annually	\$0 annually

* The 200 feet is the 100-foot rule in state statute plus the 100 feet allotted in state regulation.

³⁸ Once A8888/S8417 is delivered to Governor Hochul, she has 30 days to make a decision. If Governor Hochul signs A8888/S8417, New York’s LEA state regulation would be rendered ineffective and the regulation likely will be amended to reflect that change. If she does not act within those 30 days, it will become a ‘pocket veto’ which has the same effect as a veto.

³⁹ To see the state regulations by state, see Appendix A.

⁴⁰ Arizona Administrative Code, Title 14, Chapter 2: Corporation Commission – Fixed Utilities (Supp. 22-1, March 31, 2022), Arizona Secretary of State, https://apps.azsos.gov/public_services/Title_14/14-02.pdf.

⁴¹ Indiana Administrative Code, Title 170, Article 5, Rule 1, Section 27: “Extension of Distribution Mains; Variances” (Authority: IC 8-1-1-3; IC 8-1-2-4; filed Oct. 14, 1976; readopted Apr. 24, 2007), accessed July 18, 2025, Indiana Register, <https://iar.iga.in.gov/code/2026/170/5#170-5-1-27>.

⁴² The three locations are: 1) New York Public Service Law § 31(4) (McKinney 2023). https://www.nysenate.gov/legislation/laws/PBS/31_2 New York Transportation Corporations Law § 12 (McKinney 2023). https://www.nysenate.gov/legislation/laws/TCP/12_3 New York Codes, Rules and Regulations, Title 16, § 230.2 (2023). <https://govt.westlaw.com/nycrr/Document/I505bd382cd1711dda432a117e6e0f345>.

Utility Tariff

The most common place to find rules regarding LEAs are utility tariffs. Each utility has a tariff schedule or sheet that details, among other rules, the calculation method used to provide new customers with subsidized access to their system. These tariff schedules are reviewed and approved by the state agency responsible for regulating public utilities (such as the public utility commission or public service commission) and are often adjusted in rate cases. Recently, in Oregon, Washington, New Mexico, and Minnesota, utilities have requested adjustments to their gas LEA policies during general rate cases.⁴⁴

Though most utilities have policies regarding how LEAs are calculated, most are not required to publicly disclose how much they spend on gas or electric LEAs. Sometimes this information is available via request during a rate case or related proceeding. While a utility's filing with the Federal Energy Regulatory Commission (FERC)⁴⁵ does include line items for capital expenditures related to gas infrastructure (combined, the total amount of money spent growing the gas system), this category does not clearly distinguish the amount spent on line extension allowances specifically, making it challenging to quantify the cost burden for existing customers in most instances.



⁴³ New York State Department of Public Service, "Staff Straw Proposal Regarding Modification of 16 NYCRR Part 230", filed in Case 20-G-0131, Proceeding on Motion of the Commission with Regard to Gas Planning Procedures, July 16, 2024.

⁴⁴ These rate cases often focus on broader topics, but the discussion of gas LEAs is relevant because some policies have been reformed.

How Allowances Are Calculated

There are five prevailing methods for calculating allowances.⁴⁶ These methods, listed from most to least common, are:

- 1. Footage allowance:** The utility covers the costs of construction and materials up to a set length of service and/or main line at no cost to the new customer. This cost is then spread across existing customers. Footage allowances typically range from 50 to 250 feet, with the average allowance being 100 feet. In 2024, the average service line installed was 72 feet,⁴⁷ meaning that most new customers of utilities with footage-based allowances could connect to the gas system at no cost.
- 2. Net Present Value:** The utility calculates the amount it is willing to cover depending on the expected revenue and cost associated with the specific circumstance. In most cases, the net present value must be greater than or equal to zero for the utility to provide an allowance. Depending on the utility, this calculation can include costs such as the capital investment (main and/or service line) and the regulated return on that investment and may include annual operation and maintenance expenses, taxes, and other costs the utility determines are required to provide the extension.
- 3. Revenue/Margin Multiplier:** The utility covers up to a certain dollar amount, depending on the expected revenue generated from the extension, multiplied by a select number of years associated with the specific circumstances.
- 4. Dollar allowance:** The utility covers costs for construction and materials up to a set dollar amount. Footage is not considered; it is the fixed dollar cap that dictates the allowance.
- 5. Mixed:** Some utilities use a combination of these calculation methods. For example, in New Hampshire, Unitil will guarantee 100 feet free of charge to the customer for administrative efficiency, but may cover the whole cost of the gas LEA if the net present value is zero or greater.⁴⁸

Figure 3: Line Extension Allowance Calculation Methods

Footage	NPV	Revenue/Margin Multiplier	Dollar Amount	Mixed
40 - 250ft	$PV(B) - PV(C) \geq 0$	$R \times T \geq C$	\$300-\$6,684	Up to 100 ft + NPV
PV: Present Value B: Benefits C: Costs		R: Revenue T: Time (years) C: Costs		

⁴⁵ Information on capital expenditures can be found on FERC Form 2.

⁴⁶ For a more detailed look at allowances by state and utility, see Appendix A.

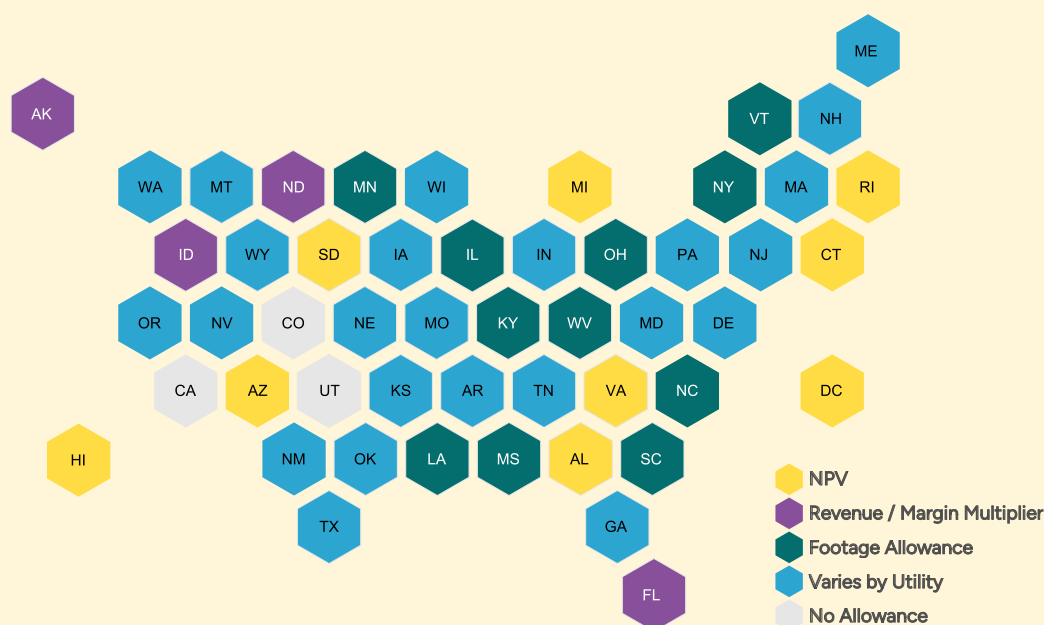
⁴⁷ "Annual Report Mileage for Gas Distribution Systems | PHMSA," accessed July 30, 2025, <https://www.phmsa.dot.gov/data-and-statistics/pipeline/annual-report-mileage-gas-distribution-systems>.

Given these varied calculation methods, it is necessary to evaluate their accuracy and effectiveness in estimating costs and benefits to existing ratepayers. Footage and dollar allowance calculations cover a set amount regardless of the actual cost of extending gas service and fail to adapt to changing economic conditions. This concern was recently highlighted by the Maryland Public Service Commission (MD PSC) when it called for clarity and uniformity in the seemingly arbitrary methods that utilities used to determine the amount of the LEAs. They cited the fact that: “many, though not all, of the subsidies offered appear to be based on easy-to-apply tests (such as offering the first 100 feet of service line extension at no cost), rather than any type of detailed, economic analyses supporting the amount of the subsidy.”⁴⁹ In many states, gas LEAs continue to be allotted based on this type of “footage allowance,” regardless of the actual cost or projected customer revenue, which means that as labor and infrastructure expenses rise over time, so does the cost of the line extension allowance. This set allowance may be easier for the utility due to its uniformity, but it is not designed to protect existing customers from the cost burdens of increasingly expensive pipeline installations.

Even utilities that use net present value, revenue multiplier, or margin multiplier methods—formulas that seem to better represent dynamic economic realities than footage allowances—may end up approving rather expensive gas LEAs. In Oregon, the Citizens Utility Board found that in 2022, Avista’s average gas LEA was \$5,644.⁵⁰ However, in 2020, Avista provided a gas LEA of \$42,032 for a single house.⁵¹ The range of methods and allowed costs makes it difficult to accurately predict what impact these subsidies will have on existing customers, while also demonstrating the need for greater regulatory scrutiny to ensure uniformity and sound economic justification.

As the map above demonstrates, even within the same state, utilities use many different LEA calculation methods,⁵² making it difficult for state regulators to assess and evaluate the merit of these methods and their impact on rates. Recognizing the problems associated with this fragmented landscape, some states have started to evaluate how they want to reform LEAs, including the methods utilities use to determine them.

Figure 4: Line Extension Allowance Calculations Methods by State



⁴⁸ Northern Utilities, Inc., *Line Extensions*, May 9, 2018.

⁴⁹ Public Service Commission of Maryland, Order No. 91683, June 13, 2025, Case No. 9707, “Order No. 91683: Order on Stakeholder Proposals for Revision of Gas Policy (Case No. 9707),” p. 7.

⁵⁰ Oregon Citizens' Utility Board, UG 461, July 7, 2023, "UG 461: In the Matter of Avista Corporation, dba Avista Utilities, Request for a General Rate Revision"

⁵¹ Oregon Citizens' Utility Board. UG 461.

Recent Reform Efforts

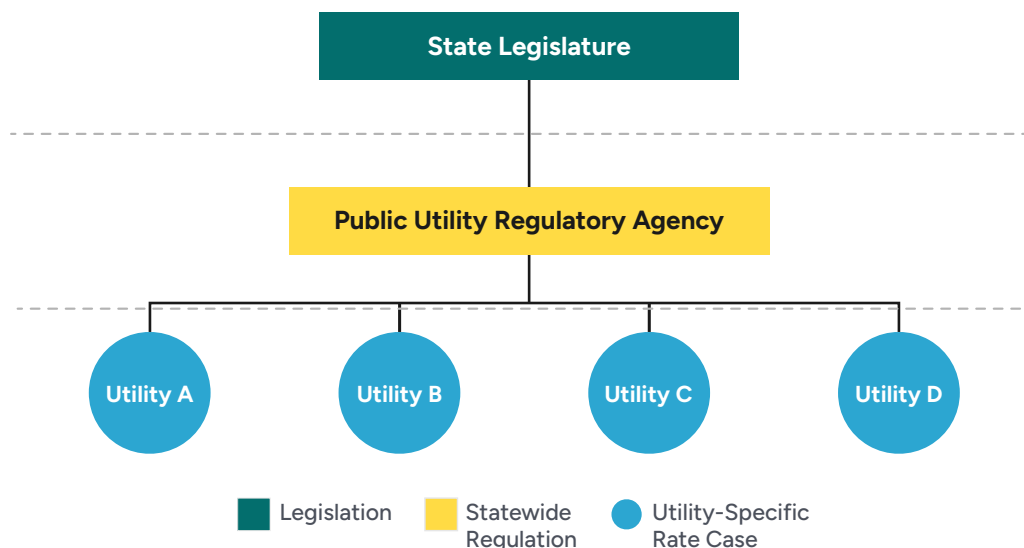
In recent years, advocates and policymakers in many states have recognized that gas LEAs contradict their state climate goals and have sought to reform them. The following pathways can be used to enact such reforms:

- **Legislation:** This is the most durable and far-reaching approach to implement reform, as it can impact the LEA policies for every utility in the state. While the most comprehensive reform, legislative change tends to be the most difficult to achieve politically. In addition, it is only strictly necessary if the state has an existing law dictating allowance rules, such as in New York.
- **Statewide Regulation:** Statewide regulatory action is second to legislation in terms of durability but remains an effective and comprehensive tool for reform, especially if it occurs during a proceeding that concerns all of the state's utilities, as was the case with California's Rulemaking Regarding Building Decarbonization (R.19-01-011).⁵³ Regulatory agencies have the power to determine which costs are "just and reasonable" and how these costs should be collected

from different customer types; commissions can therefore demonstrate when it is no longer in the best interest of existing customers to subsidize new customers. Future of Gas proceedings are a venue where gas LEAs are frequently being addressed as part of the state's long-term gas system planning. Most recently, LEAs have become the central topic of debate for the Massachusetts Department of Public Utilities (DPU) gas planning docket 20-80, where regulators are proposing to eliminate gas LEAs throughout the state.⁵⁴ As of July 2025, a final decision has not yet been issued on the proposal.

- **Utility-specific Rate Case:** While reforming LEAs is best when a proceeding affects every utility in the state, rate cases provide another venue where a single utility's LEA policy can be reevaluated. The downside to rate case reform is that this utility-by-utility approach can produce a fragmented policy landscape across the state and potentially delay reform depending on how frequently a utility revises its rates.

Figure 5: Potential Pathways to Reform Line Extension Allowances



⁵² For a more detailed look at allowances by state and utility, see Appendix A.

⁵³ California Public Utilities Commission. Rulemaking Regarding Building Decarbonization (R.19-01-011). 2019. <https://apps.cpuc.ca.gov/apex/f?p=401:1:0>.

⁵⁴ Sarah Salkowski, "Mass. DPU Proposes Major Shift in Gas Line Extension Policies," Acadia Center, February 14, 2025, <https://acadiacenter.org/mass-dpu-proposes-major-shift-in-gas-line-extension-policies/>.

Twelve states and D.C. have reformed, or are considering reforming, line extension allowance (LEA) policies. As of July 2025, three states have implemented statewide reform for gas LEAs (California, Colorado, and New York), and three states have mandated utility-specific gas LEA reform (Minnesota, Oregon, and Washington), leading to five utilities removing, or phasing out, gas LEAs.⁵⁵ In addition, several states (Illinois, Maine, Maryland, Massachusetts, Minnesota, New Jersey and Rhode Island) and D.C. are reconsidering LEA policies through their ongoing Future of Gas proceedings⁵⁶. And in 2025, four states (Illinois, Indiana, Massachusetts, and New York) introduced legislation related to gas LEAs. The following section details how different states achieved or attempted reform through legislation and regulation.

Legislative Reform

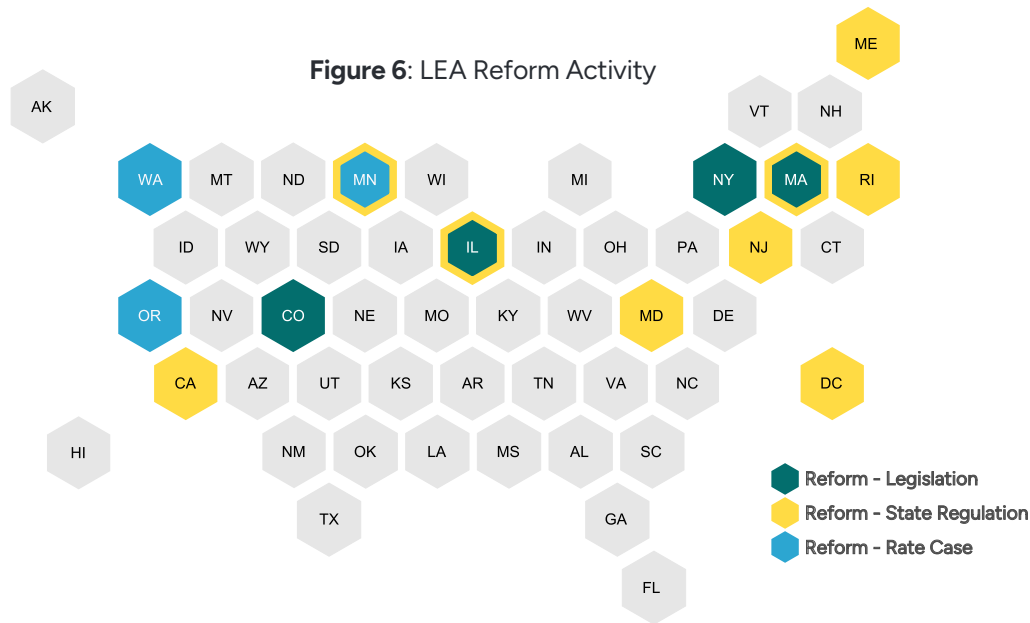
As of July 2025, Colorado and New York are the only states to pass legislative reform. Other states have current legislative activity, and New York was able to pass their bill this legislative cycle.

Colorado

Reform: Colorado was the first state to eliminate gas LEAs through legislation (SB23-291)⁵⁷ for both residential

and commercial customers, though it has been evaluating the justifications for line extension allowances since 2021—through both legislation and during its Future of Gas proceeding, which concluded in 2022 (Docket #: 21R-0449G).⁵⁸

► **Background:** Colorado lawmakers introduced SB 23-291 in the 2023 legislative session against a backdrop of concern regarding sharp increases in utility bills throughout 2022.⁵⁹ The shared concern for affordability, along with the state’s climate goals, was key to the bill’s success, as it was evident that gas LEAs added to existing customers’ bills as well as the gas system’s emissions. While legislative reform was not technically required, as gas LEAs were not enshrined in state statute, the opportunity to address these subsidies as a part of a broader bill focused on mitigating gas rate increases made it effective to do so. This allowed Colorado lawmakers to address multiple existing barriers to clean heat—such as ending penalties for customers that voluntarily end gas service and studying gas utility depreciation schedules—in a single bill to complement existing policies like the Clean Heat Standard and progressive electrification building codes.⁶⁰



New York

Reform: In June 2025, the New York Senate and Assembly passed A8888/S8417, making it the second state to eliminate gas LEAs through legislation (once the governor signs the bill). This law eliminates the “100-foot rule” for *only* gas line extensions from statute and renders the state regulation allowing additional line extension subsidies ineffective. The 100-foot rule for *electric line extensions* is still applicable.

- **Background:** New York lawmakers first introduced the NY HEAT Act in 2022⁶¹ to comprehensively address energy affordability and alignment between New York’s climate goals with its Public Service Law. One of the key tenets of the bill was reforming the obligation to serve and ending New York’s gas LEA, known as the “100-foot rule.”⁶² The bill did not pass in that legislative session, but lawmakers reintroduced the bill in subsequent legislative cycles with strong advocate support. In 2025, lawmakers introduced the NY HEAT Act (S4158),⁶³ the Customer Savings and Reliability Act (A8889/S8421),⁶⁴ and Provisions of Gas Service to New Customers (A8888/S8417). A8888, as a standalone bill, focused solely on ending the 100-foot rule subsidy and was the most successful out of the three in receiving support across the Legislature. A8888 passed out of the Assembly and Senate in June 2025 and, as of September 1, 2025, is currently awaiting Governor Hochul’s signature.

2025 Legislative Reform Efforts

- **Illinois:** SB2269⁶⁵ proposed amending the Public Utilities Act to allow gas utilities to provide adequate substitute service if it is available at a reasonable cost. It also proposed adjusting gas LEAs to account for the full incremental cost of connecting to the gas system and requires that this cost be paid by new customers. This reform bill did not pass this session.

- **Indiana:** SB 212⁶⁶ proposed more transparency during the gas LEA process for applicants, though it did not seek to eliminate or reduce gas LEAs. This bill did not pass by the end of the session.
- **Massachusetts:** SB2249⁶⁷ focused on furthering thermal energy networks while eliminating gas LEAs. The legislative session in Massachusetts is still in progress, and the bill has been referred to the Joint Committee on Telecommunications, Utilities, and Energy.

Regulatory Reform

Though legislation may be the most durable approach to LEA reform, modifications to gas LEAs primarily occur through regulations, most often during rate cases or gas system planning dockets, including Future of Gas proceedings. The prudence of gas LEAs is often raised within a broader discussion on gas infrastructure planning and the risk of stranded assets. Through these comprehensive proceedings, there is an opportunity for commissions to comment on how gas LEAs should be modified or eliminated and issue an order affecting all of the utilities in the state (e.g., California’s approach). Addressing gas LEAs through rate cases offers a more piecemeal approach to reform, affecting a single utility, but can also set an impactful precedent for future rate cases in a state (e.g., Oregon’s approach).

Proceedings

California

Reform: California became the first state overall to eliminate gas LEAs through a 2022 decision issued during the Building Decarbonization Proceeding, Phase III.⁶⁸ Following this reform in 2023, California also became the first (and currently, only) state to eliminate electric LEAs if these lines are connected to mixed-fuel (e.g., gas and electric) new construction.⁶⁹

⁶⁰ Meera Fickling, “Colorado Policy Slides 2023-0627.Pdf,” Google Docs, accessed July 27, 2025, <https://drive.google.com/file/d/1UK0v5GDv1uKM22TBWZMNRiRSZr9VaH/Zl/view?usp=sharing>.

⁶¹ A9239/S8198, <https://www.nysenate.gov/legislation/bills/2021/A9329>

⁶² WE ACT for Environmental Justice, “NY HEAT Act,” WE ACT for Environmental Justice, n.d., accessed June 17, 2025, <https://weact.org/programs/ny-heat-act/>.

⁶³ New York State Senate. *Senate Bill S4158: NY Home Energy Affordable Transition Act*. Introduced February 3, 2025. <https://www.nysenate.gov/legislation/bills/2025/S4158>.

⁶⁴ New York State Senate. *Senate Bill S8421: Customer Savings and Reliability Act*. <https://www.nysenate.gov/legislation/bills/2025/S8421>.

⁶⁵ Illinois General Assembly, “Illinois General Assembly – Bill Status for SB2269,” accessed May 6, 2025, <https://ilga.gov/legislation/BillStatus.asp?GA=104&DocTypeID=SB&DocNum=2269&GAID=18&SessionID=114&LegID=162049>.

⁶⁶ Indiana General Assembly. *Senate Bill 212: Natural Gas and Electric Utility Infrastructure*. 2025. <https://iga.in.gov/legislative/2025/bills/senate/212/details>.

⁶⁷ Commonwealth of Massachusetts, “Bill S.2249,” accessed May 6, 2025, <https://malegislature.gov/Bills/194/SD1924>.

⁶⁸ California Public Utilities Commission, Decision 22-09-026, September 20, 2022, Rulemaking 19-01-011, “Decision 22-09-026: Phase III Decision Eliminating Gas Line Extension Allowances, Ten-Year Refundable Payment Option, and Fifty Percent Discount Payment Option Under Gas Line Extension Rules (Rulemaking 19-01-011)”

⁶⁹ California Public Utilities Commission, *CPUC Eliminates Last Remaining Utility Subsidies for New Construction of Buildings Using Natural Gas*, December 14, 2023, <https://www.cpuc.ca.gov/news-and-updates/all-news/cpuc-eliminates-last-remaining-utility-subsidies-for-new-construction-of-buildings-using-gas-2023>.

- **Background:** In 2019, the CPUC launched the Building Decarbonization Proceeding following the passage of SB 1477. In Phase III of the proceeding, the CPUC focused its attention on evaluating gas LEAs and other provisions that encouraged gas connections by directing the investor-owned utilities (IOUs) to assess the impact of these allowances on greenhouse gas emissions, ratepayer savings, and all-electric construction. The Commission found that in 2021, “three out of the four large gas IOUs spent over \$104 million on allowances,”⁷⁰ and that eliminating gas LEAs would reduce greenhouse gas emissions, provide significant ratepayer savings, and increase the percentage of all-electric buildings without significant property price increases. Given this evidence, the CPUC issued a decision directing IOUs to end their gas LEAs by July 1, 2023.⁷¹ Soon after, CPUC staff submitted a proposal to also consider the elimination of electric LEAs for mixed-fuel construction, which would help to further lower greenhouse gas emissions and encourage only all-electric new construction. In general, most parties were also in favor of eliminating electric LEAs for mixed-fuel buildings and the CPUC eliminated electric LEAs for mixed-fuel new construction with an initial effective date of July 1, 2024 (this date was later pushed back to 2027 for qualifying projects).⁷²
- **Policy Impact:** California was the first state overall to implement statewide changes to eliminate LEAs. This decision, along with a state building code that increasingly favors all-electric construction, has increased the number of requests for new all-electric homes. Preliminary data shared by utilities with the CPUC indicates that an overwhelming majority of new service line extension requests in 2023 were for all-electric buildings instead of mixed-fuel buildings (e.g., gas and electric services) and customers in two of the state’s largest dual fuel utilities requested service connections for all-electric homes 80% of the time, and connections for all-electric commercial spaces 73% of the time.⁷³

2025 Regulatory Reform Efforts

- **Maryland:** In February 2023, Maryland’s Office of People’s Counsel (OPC) filed a petition due to concerns about escalating capital spending by Maryland gas utilities and the misalignment with Maryland’s greenhouse gas reduction goals.⁷⁴ Following this petition, the Maryland Public Service Commission (MD PSC) issued an order to address Maryland utilities’ gas LEA policies. The Commission wrote that: “Maryland’s energy policies, which call for continuing reductions in greenhouse gas emissions and greater electrification, may no longer be compatible with the status quo for how gas line extensions are funded”⁷⁵ and directed Commission Staff to draft regulations to reform Maryland’s gas LEA policy.
- **Massachusetts:** In October 2020, Massachusetts established its Future of Gas Proceeding (#20-80) to investigate how gas utilities could support the state’s climate goals. In December 2023, the DPU released Order 20-80⁷⁶ requiring gas utilities to consider non-gas alternatives (NPAs) to gas pipeline expansion projects and announced its interest in also reforming utilities’ gas LEA policies in the near future. In February 2025, the DPU released a draft proposal to eliminate gas LEAs and solicited comment letters from utilities and other organizations.⁷⁷ This review is ongoing, but indicates movement on reforming gas LEAs in Massachusetts.

Rate Cases

Minnesota

- **CenterPoint Energy**
 - **Reform:** Gas main pipeline footage allowance reduced from 150 to 100 feet, effective March 2022⁷⁸
- **Xcel Energy**
 - **Reform:** Gas main pipeline footage allowance reduced from 100 to 80 feet, effective April 2023⁷⁹

⁷⁰ California Public Utilities Commission, Decision 22-09-026, September 20, 2022, Rulemaking 19-01-011, “Decision 22-09-026: Phase III Decision Eliminating Gas Line Extension Allowances, Ten-Year Refundable Payment Option, and Fifty Percent Discount Payment Option Under Gas Line Extension Rules (Rulemaking 19-01-011)”.p.13.

⁷¹ California Public Utilities Commission, Decision 22-09-026.

⁷² California Public Utilities Commission, “Proposed Decision Fact Sheet Building Decarbonization, Phase 4 Track A,” June 12, 2025.

⁷³ *Building Decarbonization*. California Public Utilities Commission. <https://www.cpuc.ca.gov/about-cpuc/divisions/energy-division/building-decarbonization>

⁷⁴ Public Service Commission of Maryland, *Order No. 91683: Order on Stakeholder Proposals for Revision of Gas Policy* (Case No. 9707).

⁷⁵ Public Service Commission of Maryland, *Order No. 91683: Order on Stakeholder Proposals for Revision of Gas Policy* (Case No. 9707). p. 8.

⁷⁶ Massachusetts Department of Public Utilities, “Department of Public Utilities Issues Order 20-80,” accessed June 17, 2025, <https://www.mass.gov/news/department-of-public-utilities-issues-order-20-80>.

⁷⁷ Massachusetts Department of Public Utilities, “Procedural Notice and Request for Comments Regarding Policies and Practices for Proposed Line Extension Allowances and Contributions in Aid of Construction for Gas Local Distribution Companies, D.P.U. 20-80,” February 5, 2025.

- ▶ Minnesota Resources Corporation (MERC)
 - **Reform:** The Commission required a study on MERC's LEAs policies without making changes to the footage allowance.⁸⁰
- ▶ **Background:** Centerpoint Energy and Xcel Energy, the two largest investor-owned natural gas utilities in Minnesota, both raised rate cases in 2021. During these rate cases, advocates were able to voice their concern with the continued use of gas LEAs with policies such as the Natural Gas Innovation Act and the Energy Conservation and Optimization Act (which both codify electrification and fuel switching) in place.⁸¹ In 2022, MERC raised a rate case, and though there were concerns about the gas LEA calculation methods, the settlement agreement required a study examining MERC's line extension policies rather than an outright change to those policies.⁸² In January 2025, following the discussion in these rate cases and the concerns highlighted by the conflicting nature of gas LEAs and climate goals, the Minnesota Public Utilities Commission (MN PUC) included a comment period within its Future of Gas proceeding to address line extension policies. The primary issue that the MN PUC wanted to address was what actions, if any, the Commission should take to modify existing gas line extension policies. The first comment period closed for initial comments on July 8th and the outcome remains to be seen.⁸³

Oregon

- ▶ Avista
 - **Reform:** Gas LEAs eliminated by January 2027
- ▶ Northwest (NW) Natural
 - **Reform:** Gas LEAs eliminated by November 2027
- ▶ **Background:** The Oregon PUC (OPUC) required Northwest Natural and Avista, the two largest gas utilities in Oregon, to phase down their gas LEAs by 2027 through general rate cases.⁸⁴ During these hearings, both Avista and NW Natural requested to increase rates for customers, and in so doing, advocates had an opportunity to comment on the impact of gas LEAs on ratepayers and their misalignment with climate goals. In Avista's rate case, the Oregon Citizens' Utility Board (CUB) found that in 2022 the average gas LEA was \$5,644 and that in 2020 there was an extremely costly gas LEA of \$42,032 for a single home, raising concerns about LEA overspending.⁸⁵ Following this rate case, Avista settled to phase down gas LEAs from \$2,500 in 2024 to \$0 in 2027.⁸⁶

With regard to NW Natural, Oregon CUB found that since 2018, the utility "regularly exceeded its LEA caps... resulting in \$16.2 million in 'overage'" and that the previous gas LEA policy did not appropriately factor in the costs of complying with the Climate Protection Program.⁸⁷ Due to these concerns, OPUC ruled that NW Natural must wind down its gas LEA by 2027.^{88,89}

⁷⁸ Jo Olson, "CenterPoint Energy's Rate Case Settlement Moves toward Addressing Some Key Policy Concerns," Fresh Energy, March 14, 2022, <https://fresh-energy.org/centerpoint-energys-rate-case-settlement-moves-toward-addressing-some-key-policy-concerns>.

⁷⁹ Minnesota Public Utilities Commission, Docket No. G-002/GR-21-678, April 13, 2023, Order Accepting Agreement Setting Rates and Updating Base Cost of Gas, Docket No. G-002/GR-21-678 (April 2023), <https://www.edockets.state.mn.us/documents/%7B20777B87-0000-C13F-B341-CA84CB530A7A%7D/download>.

⁸⁰ Caitlin Eichten, "Now Is the Time to Reevaluate Subsidized Gas Line Extensions in Minnesota," Fresh Energy, March 24, 2025, <https://fresh-energy.org/now-is-the-time-to-reevaluate-subsidized-gas-line-extensions-in-minnesota>.

⁸¹ Joe Dammel, Docket No. G-002/GR-21-678, August 30, 2022, "In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Natural Gas Service in Minnesota- Direct Testimony on Behalf of Clean Energy Organizations", <https://fresh-energy.org/wp-content/uploads/2022/09/20228-188675-01.pdf>.

Washington

► Avista

- **Reform:** Gas LEAs eliminated by January 2025

► Puget Sound Energy

- **Reform:** Gas LEAs eliminated by January 2025

► Cascade Natural Gas

- **Reform:** Gas LEAs eliminated by March 2027⁹⁰

► **Background:** Through Avista and Puget Sound Energy's (PSE) respective rate cases, the Washington Utilities and Transportation Commission (WUTC) required both utilities to eliminate gas LEAs by January 2025.⁹¹ Several years of research and advocacy preceding this decision helped ensure this outcome. For example, in 2021, the WUTC's Commission Chair, David Danner, requested input from regulated gas utilities to evaluate the current net present value (NPV) methodology used for gas LEAs and found that it contradicted Washington's climate goals. This discovery led to the WUTC directing gas utilities to reduce their LEAs by 50%.⁹² In 2022, WUTC required Avista and PSE to fully eliminate gas LEAs by 2025 as part of their general rate case settlements. Following Avista and PSE, in February 2025, through the Cascade Natural Gas rate case, it was decided that Cascade Natural Gas would eliminate its gas LEA by March 2027. Only one large gas utility in Washington, NW Natural, still currently provides gas LEAs.⁹³

⁸² Eichten, "Now Is the Time to Reevaluate Subsidized Gas Line Extensions in Minnesota."

⁸³ Minnesota Public Utilities Commission, Docket No. G999/CI-21-565, "In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals," May 5, 2025.

⁸⁴ Laura Feinstein, "Ending Subsidies for New Gas Hook-Ups Can Save Cascadians Millions," Sightline Institute, February 12, 2025, <https://www.sightline.org/2025/02/11/ending-subsidies-for-new-gas-hook-ups-can-save-cascadians-millions/>.

⁸⁵ Charlotte Shuff and John Garrett, "Avista Charging Southern Oregon Exorbitant Amounts for Expanding the Gas System," Oregon CUB, July 18, 2023, <https://oregoncub.org/news/blog/avista-charging-southern-oregon-exorbitant-amounts-for-expanding-the-gas-system/2857>.

⁸⁶ Oregon Public Utility Commission, "Order No. 23-384," October 26, 2023, UG 461, "Avista Corporation Request for a General Rate Revision," <https://apps.puc.state.or.us/orders/2023ords/23-384.pdf>, p. 9

⁸⁷ Oregon Citizens' Utility Board, UG 490 "Rebuttal and Cross Answering Testimony of the Oregon Citizens' Utility Board," July 2, 2024. p. 29.

⁸⁸ Oregon Public Utility Commission, "Order No. 22-388," October 24, 2022, UG 435, "In the Matter of Northwest Natural Gas Company, Request for a General Rate Revision, Docket No. UG 435," p. 48.

⁸⁹ Oregon Public Utility Commission, "Order No. 24-359," October 25, 2024, UG 490, "Northwest Natural Gas Company Request for a General Rate Revision," p.12.

⁹⁰ Washington Utilities and Transportation Commission, "State Regulators Approve New Rates for Cascade Natural Gas," Washington Utilities and Transportation Commission, February 24, 2025, <https://www.utc.wa.gov/news/2025/state-regulators-approve-new-rates-cascade-natural-gas>.

⁹¹ Feinstein, "Ending Subsidies for New Gas Hook-Ups Can Save Cascadians Millions."

⁹² Washington Utilities and Transportation Commission, Order 1, Docket UG-210729, "In the Matter of Chair Danner's Motion to Consider Whether Natural Gas Utilities Should Continue to Use the Perpetual Net Present Value Methodology to Calculate Natural Gas Line Extension Allowances," October 29, 2021.

⁹³ Feinstein, "Ending Subsidies for New Gas Hook-Ups Can Save Cascadians Millions."

Reforming LEA Policies in Your State

For advocates wanting to reform line extension allowance policies in their state, the actions required depend heavily on what LEA policies are currently in place. The following process will help advocates understand their state landscape and evaluate which reform pathways to follow.

- 1.** Identify the relevant state statutes, regulations, and utility policies related to LEAs (see Appendix A to begin).
- 2.** If your state has state statutes or regulations, it may be helpful to speak with state regulatory staff to understand how they interpret the existing LEA policies.
 - a.** If there is a state statute that protects the allowance portion of line extensions, then legislative change will be required to reform this policy. To succeed, it is critical to educate legislators on what gas LEAs are and why they do not align with state climate goals or energy affordability.
 - b.** If there is a statewide regulation protecting allowances, the state agency responsible for regulating public utilities has the authority to revise the regulation (such as the public utility commission or the public service commission). Consider presenting information on gas LEAs during a relevant existing proceeding or working with a consumer advocate organization or state official to petition for the opening of a Future of Gas proceeding, if one does not already exist in your state. For example, the Office of People's Counsel in Maryland has petitioned for the opening of a Future of Gas proceeding and in Massachusetts the Future of Gas proceeding was initiated through a petition by the Attorney General.
- 3.** If no state statutes or regulations exist to protect line extension allowances, then start by reviewing the individual utility tariffs for the state's largest gas utilities to understand their existing allowance policies and methods.
 - a.** Review recent rate cases for these utilities to see if there have been any changes to their LEA policies.
 - b.** If no changes have been made, prepare to intervene at the next gas utility rate case.
- 4.** Regardless of if you are running a legislative campaign, intervening in a statewide proceeding, or intervening in a single-utility rate case, it is important to collaborate with other organizations and community members to determine what aspects of the LEA policy should be modified (e.g., address gas-only or also mixed-fuel LEAs; reduce gas LEA amount, include reporting provisions, require a study, phase down the gas LEA, etc.). Consult coalitions in other states that have already successfully reformed gas LEAs.
- 5.** If you don't succeed in your initial reform effort, recognize the successes of socializing the true costs of this lesser-known fossil fuel subsidy and evaluate other potential reform avenues for future efforts.

Conclusion

Gas line subsidies are an artifact of the expansion era of energy infrastructure that no longer makes sense. They are a direct contradiction of state climate goals and related commitments to reduce fossil fuel emissions. They create an unwarranted economic burden on existing gas customers and incentivize new customers to join a system that should be phased down. While these subsidies may have once provided timely support for customers who wanted expanded energy access, they now instead serve to trap new customers in a system that has no clear plan for who will be held responsible for paying its mounting—and potentially stranded—costs. Rather than enabling continued investments in the growth of emissions, pollution, energy bills, and stranded asset risk, more state policymakers should support the removal of these subsidies and instead invest in the growth of resilient clean energy infrastructure.



Appendix A: LEA Provisions

The Building Decarbonization Coalition partnered with the Vermont Law and Graduate School’s Institute for Energy and the Environment to create this resource.

The following table provides information on the allowance policies for the largest three gas utilities (by customer size) in each state. It also provides references for relevant policies that may impact gas LEA reform efforts. These tariffs are effective as of the publication of the report and may change.

Disclaimer: For calculation methods of NPV and revenue/margin multiplier: unless it is specified by the utility that the customer must pay a certain portion of the extension, it is mathematically possible that the full cost of the extension is covered. Given that assumption and the limited information detailed by most utilities, we assume that it is possible for a customer to have the full cost of the line extension covered by the gas LEA. This is not to say that it is likely that all customers will receive extensions at no cost, but to highlight the probable case that new customers could connect to the gas system for “free.”

Calculation Methods	Definition
Dollar Allowance	The utility will cover the costs for up to a specified dollar amount (this cost is then spread across existing customers).
Eliminated	The utility no longer offers gas LEAs due to state legislation, state regulation, or a rate case.
Footage Allowance	The utility will cover the costs for up to a specified footage amount (this cost is then spread across existing customers).
Net Present Value (NPV)	The utility calculates the amount it is willing to cover depending on the expected revenue and cost associated with the circumstance.
Revenue/Margin Multiplier	The utility covers up to a certain dollar amount, depending on the expected revenue generated from the extension, multiplied by a select number of years associated with the specific circumstances.

*Utilities that have LEA reform activity and/or an active Future of Gas proceeding

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
AL	Spire Inc.	up to full cost of extension	NPV	State Regulation: PSC General Rules (p. 4) : "Each utility shall have on file with the Commission an acceptable policy for extensions of its service where such extensions are in excess of the regular rates for service and for which the customer shall be required to pay all or part of the cost."	Tariff Applicable to Gas Service of Spire Alabama Inc. (No. 100)
AK	ENSTAR Natural Gas Company	up to full cost of extension	Revenue/Margin Multiplier		Enstar Natural Gas Company Section 600- Company's Installation (No. 82)
AZ	Southwest Gas Corporation	up to full cost of extension	NPV	State Regulation: R14-2-307: Main Extensions (p. 81) : "Each main extension tariff shall include the following provisions: 1. A maximum footage and/or equipment allowance to be provided by the utility at no charge. The maximum footage and/or equipment allowance may be differentiated by customer class..." and a defined economic feasibility analysis for extensions that exceed the maximum footage."	Gas Service of Southwest Gas Corporation (No. 196-197)
AZ	UniSource Energy Services	up to full cost of extension	NPV	Same as above	UNS Gas Inc. Rules & Regulations (No. 907-1)
AR	Arkansas Oklahoma Gas	up to full cost of extension	Mixed (Footage Allowance, NPV)		Arkansas Oklahoma Gas Corporation Utility Tariff (p. 16)
AR	Summit Utilities	up to full cost of extension	Mixed (Footage Allowance, NPV)		Summit Utilities Arkansas, Inc. Natural Gas Schedule (No. 3-7.1/7)
AR	Black Hills Energy	up to full cost of extension	NPV		Index to Rules and Regulations (p. 13)
				Active Future of Gas Proceeding: Rulemaking 24-09-012	
				State Regulation: Rulemaking 19-01-011 : Building Decarbonization proceeding - Decision 22-09-026 : decision eliminating gas LEAs. - Decision 23-12-037 : decision eliminating electric LEAs for mixed fuel new construction.	
CA*	Pacific Gas and Electric (PG&E)	\$0	Eliminated		
CA*	SoCalGas	\$0	Eliminated	Same as above	
CA*	San Diego Gas and Electric	\$0	Eliminated	Same as above	
CO*	Black Hills Energy	\$0	Eliminated	Utility Regulation Bill (SB23-291) - Eliminated gas LEAs by end of 2023. State Statute: § 40-3.2-104.3(2) - Established from SB23-291.	
CO*	Xcel Energy	\$0	Eliminated	Same as above	
CT	Connecticut Natural Gas Company	up to full cost of extension	NPV		Connecticut Natural Gas Corporation Rules and Regulations (p. 173)

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
CT	Southern CT Gas Company	up to full cost of extension	NPV		The Southern Connecticut Gas Company Gas Tariff Rules and Regulations (p. 153)
DE	Chesapeake Utilities	up to full cost of extension	Mixed (Footage Allowance, NPV)		Rules and Regulations Governing the Distribution and Sale of Gas of Chesapeake Utilities Corporation in New Castle, Kent & Sussex Counties, Delaware (No. 12)
DE	Delmarva Power & Light	up to full cost of extension	Mixed (Footage Allowance, NPV)		Delaware Delmarva Power & Light Company Gas Tariff (No. 13)
D.C.*	Washington Gas Light Company	up to full cost of extension	NPV	Active Future of Gas Docket: Formal Case # 1167 State Regulation: Florida Administrative Code 25-7.054 : "(a) Free extensions. The maximum capital investment to be made by the utility for main and service facilities without cost to the customer shall be defined as the maximum allowable construction cost. The maximum allowable construction cost shall equal four times the estimated annual gas revenue to be derived from the facilities less the cost of gas."	Washington Gas Light Company Rate Schedules and General Service Provisions for Gas Service in the District of Columbia (No.43-44A)
FL	Florida City Gas	up to full cost of extension	Revenue/Margin Multiplier		FPSC Natural Gas Tariff (No. 17)
FL	Florida Public Utilities Company	up to full cost of extension	Revenue/Margin Multiplier	Same as above	FPSC Gas Tariff (No. 6.150)
FL	Peoples Gas System, Inc.	up to full cost of extension	Revenue/Margin Multiplier	Same as above	People Gas System Inc. Gas Tariff (No. 5.601- 5.601-1)
GA	Atlanta Gas Light	≤ 125 ft	Footage Allowance		Atlanta Gas Light Company Tariff (p. 196)
GA	Liberty Gas	unclear	NPV		Liberty Utilities Corp. Gas Tariff (No. 43)
HI	Hawaii Gas	up to full cost of extension	Revenue/Margin Multiplier		Tariff Applicable to Utility Gas Service of The Gas Company, LLC dba Hawai'i Gas (No. 31)
ID	Avista	up to full cost of extension	Revenue/Margin Multiplier		151 Gas Extension Policy - Idaho (Residential Service) (p. 2)
ID	Intermountain Gas	up to full cost of extension	Revenue/Margin Multiplier		Intermountain Gas Company Section C General Service Provisions (pp. 42-43)

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
				Active Future of Gas Docket: #24-0158 State Regulation: 83 Illinois Administrative Code Part 501.600: "If a utility determines that a main extension is necessary to provide firm gas service for an applicant or group of applicants whose premises are located in urban areas within which the utility operates, the utility, upon written request for service by the applicants, shall without charge make the necessary main extension... provided the extension does not exceed 100 feet of low pressure system main or 200 feet of high pressure system main per applicant." State Legislation: SB2269 (held): Proposed amending the Public Utilities Act and adjusting gas LEAs to account for the full incremental cost of connecting to the gas system, and requires that this cost be paid by new customers.	
IL*	Ameren Illinois CO	≤ 60 ft	Footage Allowance		Ameren Illinois Company Standards and Qualifications for Gas Service (No. 4.012- 4.013)
IL*	Nicor Illinois Gas Company	≤ 60 ft	Footage Allowance	Same as above	Northern Illinois Gas Company Schedule for Rates for Gas Service (No. 41)
IL*	Peoples Gas Light and Coke Company	≤ 60 ft	Footage Allowance	Same as above	The Peoples Gas Light and Coke Company Rider to Schedule of Rates Rider 5 Gas Service Pipe (No. 42)
IL*	North Shore Gas	≤ 60 ft	Footage Allowance	Same as above	North Shore Gas Company Rider to Schedule of Rates for Gas Service Rider 5 (No. 42)
				State Regulation: 170 IAC 5-1-27B: "... each gas public utility shall, upon proper application for service, have the authority and obligation subject to the provisions below and in keeping with the filings approved by the Commission as to the availability of gas service, to make free of charge an extension necessary to give service when the estimated total revenue, for a period of three (3) years, from the prospective customer or customers, is at least equal to the estimated cost of such extension."	
IN	CenterPoint Energy Indiana North	≤ 150 ft	Footage Allowance		Indiana Gas Company dba CenterPoint Energy Indiana North Tariff for Gas Service (No. 51)
IN	CenterPoint Energy Indiana South	≤ 150 ft	Footage Allowance	Same as above	Southern Indiana Gas and Electric Company dba CenterPoint Energy Indiana South Tariff for Gas Service (No. 51)
IN	Northern Indiana Public Service Co. (NIPSCO)	≤ 150 ft	Footage Allowance	Same as above	Northern Indiana Public Service Company Applicable to Gas Service (No. 17)
IN	Citizens Gas	up to full cost of extension	Revenue/Margin Multiplier	Same as above	Gas Delivery, Gas Supply, and Administrative Services Rates, Terms and Conditions (No. 22)

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
				State Regulation: Iowa Administrative Code 19.3, (p. 9-10): "The utility shall finance and make the distribution main extension for a customer without requiring an advance for construction if the estimated construction costs to provide a distribution main extension are less than or equal to six times estimated base revenue calculated on the basis of similarly situated customers." "(1) The utility shall finance and construct a service line without requiring a contribution in aid of construction or any payment by the applicant where the length of the service line to the riser is up to 50 feet on private property or 100 feet on private property if polyethylene plastic pipe is used."	
IA	Alliant Energy	≤ 100 ft	Footage Allowance		Rules and Regulations Section 11 (No. 252)
IA	MidAmerican Energy	up to full cost of extension	Revenue/Margin Multiplier	Same as above	Midamerican Energy Company Gas Tariff No. 2 (No. 88)
IA	Black Hills Energy	up to full cost of extension	Revenue/Margin Multiplier	Same as above	Black Hills/Iowa Gas Utility Company, LLC dba Black Hills Energy Gas Tariff No. 1 (No. 60)
KS	Atmos Energy	unclear	NPV		Atmost Energy Corporation Kansas Gas Tariff (Sheet 62-66)
KS	Black Hills Energy	≤ 100 ft	Footage Allowance		Black Hills/ Kansas Gas Utility Company, LLC dba Black Hills Energy Gas Tariff (pp. 64,66)
KS	Kansas Gas Service	≤ 100 ft	Footage Allowance		Kansas Gas Service General Terms and Conditions for Gas Service: 8 Extension Policy (Sheet 1)
KS	Midwest Energy	≤ \$500	Dollar Allowance		Midwest Energy Inc. Natural Gas Terms and Conditions: Section 8 Distribution Extension Policy (Index # 148)
KY	Columbia Gas of Kentucky	≤ 100 ft	Footage Allowance	State Regulation: Title 807 Chapter 005 Regulation 022: "An extension of 100 feet or less shall be made by a utility to an existing distribution main without charge for a prospective customer who shall apply for and contract to use service for one (1) year or more..."	Columbia Gas of Kentucky, Inc. Rates, Rules, and Regulations for Furnishing Natural Gas (No. 61-62)
KY	Louisville Gas and Electric	≤ 100 ft	Footage Allowance	Same as above	Louisville Gas and Electric Company Rates, Terms, and Conditions for Furnishing Natural Gas Service (No. 106)
KY	Kentucky Utilities	≤ 100 ft	Footage Allowance	Same as above	Louisville Gas and Electric Company Rates, Terms, and Conditions for Furnishing Natural Gas Service (No. 106)

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
LA	Atmos Energy Corporation	≤ 250 ft	Footage Allowance (main+service)		Atmos Energy Corporation Standard Gas Tariff (p. 9)
LA	Centerpoint Energy Arkla	≤ 100 ft	Footage Allowance		CenterPoint Energy Arkla Standard Gas Tariff (No. 45-46)
LA	CenterPoint Energy Entex	≤ 200 ft	Footage Allowance (main+service)		CenterPoint Energy Entex Standard Gas Tariff (Sheet 39-40)
ME*	Summit Natural Gas	\$6,684	Dollar Allowance	Active Future of Gas Case: Case No. 2025-00145	Summit Natural Gas of Maine Regulations Applicable to All Natural Gas Services (No. 44)
ME*	Bangor Natural Gas (acquired by Unitil)	up to full cost of extension	NPV	Same as above	Recently acquired by Unitil; policy likely to replicate Northern Utilities
ME*	Northern Utilities (owned by Unitil)	up to full cost of extension	NPV	Same as above	Northern Utilities Service and Main Line Extensions and System Improvements in Maine (p. 12)
Active Future of Gas Proceeding: #9707 State Regulation: COMAR 20.55.03.01: “The utility’s plan for the installation of extensions of main and service lines where these facilities are in excess of those included in the regular rates for service and for which the customer shall be required to pay all or part of the cost. The customer’s payment under this plan should be related to the investment that the utility prudently can make in consideration of the probable revenue.”					
MD*	Baltimore Gas	≤ 150 ft	Footage Allowance		Baltimore Gas and Electric Gas: 8. Extensions (p. 3)
MD*	Washington Gas and Light	up to full cost of extension	NPV	Same as above	Washington Gas Light Company Maryland Rate Schedules and General Service Provisions for Gas Service (No. 67-69)
Active Future of Gas Docket: #20-80 State Legislation: SB2249 (in progress): Aims to further thermal energy networks while eliminating gas LEAs.					
MA*	Berkshire Gas	up to full cost of extension	NPV		DPU 20-80 Berkshire Gas Company: Exhibit BGC (p. 4)
MA*	Eversource	up to full cost of extension	NPV	Same as above	DPU 20-80 Eversource Line Extensions: Exhibit: ES-3 (p. 2)
MA*	National Grid	customers pay a flat fee for extension	-	Same as above	DPU 20-80 National Grid: Exhibit NG-1 (pp. 11-13), Rates by Upgrade
MA*	Unitil	≤ 100 ft	Footage Allowance	Same as above	DPU 20-80 Fitchburg Gas and Electric Light Company dba Unitil: Exhibit CCAF-2 (p.2)
MA*	Liberty gas	≤ 125 ft	Footage Allowance	Same as above	DPU 20-80 Liberty Utilities Corp. dba Liberty: Exhibit Liberty-1 (pp. 6-7)

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
MI	Consumers Energy	up to full cost of extension	NPV		Consumers Energy Company Rate Book for Natural Gas Service (No. C-37.00-C-40.00)
MI	DTE Energy	up to full cost of extension	NPV		DTE Gas Company Rate Book for Natural Gas Service (C-39.00)
MI	SEMCO Energy Gas Company	up to full cost of extension	NPV		SEMCO Energy Gas Company Rate Book for Natural Gas Service (C-30.00)
MN*	CenterPoint Energy*	≤ 175 ft	Footage Allowance (main+service)	Active Future of Gas Docket: #21-565 Rate Case: G-008/GR-21-435: Reduce free footage allowance for main line extensions from 100 feet to 80 feet.	Minnesota CenterPoint Gas Rate Book (pp. 110,116)
MN*	Xcel Energy*	≤ 155 ft	Footage Allowance (main+service)	Rate Case: G-002/GR-21-678: Reduce free footage allowance for main line extensions from 100 feet to 80 feet.	Rate Case Docket: G-002/GR-21-678 Order accepting agreement setting rates and updating base cost of gas (p. 6)
MN*	Minnesota Energy Resource Company*	≤ 75 ft	Footage Allowance		Minnesota Energy Resources Corporation Tariff and Rate Book (No. 9.04)
MS	Atmos Energy Corporation	≤ 250 ft	Footage Allowance (main+service)		Atmos Energy Corporation PSC Rate Schedule No. 301 (pp. 103, 104)
MS	CenterPoint Energy Mississippi	≤ 200 ft	Footage Allowance (main+service)		CenterPoint Energy Mississippi Gas Facility Extension Policy (pp. 2-4)
MS	Willmut Gas & Oil Company	≤ 250 ft	Footage Allowance (main+service)		Spire Mississippi Natural Gas Tariff (pp. 77-79)
MO	Ameren Missouri	≤ 160 ft	Footage Allowance		Union Electric Company Gas Service Missouri Service Area (No. 46)
MO	Spire Inc.	≤ 250 ft, max \$1000	Mixed (Footage Allowance, Dollar Allowance)		Spire Missouri Inc. Standard Rules & Regulations (No. R-15.1)
MO	Liberty Utilities	≤ 150 ft	Footage Allowance		Missouri Liberty Utilities (Midstates Natural Gas) Corp. Gas Tariff (No. 101)
MT	Montana-Dakota Utilities	up to full cost of extension	NPV		Montana-Dakota Utilities Co. Natural Gas Service Firm Gas Service Extension Policy Rate 120 (p. 1)
MT	NorthWestern Energy	\$890	Dollar Allowance		NorthWestern Energy Natural Gas Tariff (No. R-6.1)
NE	Black Hills Energy	up to full cost of extension	NPV		Black Hills Nebraska Gas dba Black Hills Energy Nebraska Natural Gas Tariff (No. 68-69)

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
NE	NorthWestern Energy	≤ 150 ft	Footage Allowance		Natural Gas Rate Schedule for Northwestern Energy Public Service Corporation dba Northwestern Energy (p. 24)
NV*	Southwest Gas Corporation	up to full cost of extension	NPV	Active Future of Gas Docket: #21-05002	Natural Gas Service of Southwest Gas Corporation (No. 181)
NV*	Nevada Energy	up to full cost of extension	Revenue/Margin Multiplier	Same as above	Sierra Pacific Power Company Rule No. 9 Gas Main Extensions (No. 29A)
NH	Liberty Utilities	≤ 100 ft	Footage Allowance		Liberty Utilities Tariff for Gas Service (Page 9)
NH	Unitil	up to full cost of extension	Mixed (Footage Allowance, NPV)		Northern Utilities III. Line Extensions (Page 16)
NJ*	Public Service Electric and Gas Company	up to full cost of extension	Mixed (Footage Allowance, Revenue/Margin Multiplier)	Active Future of Gas Docket: GO23020099	Public Service Electric and Gas Company Tariff for Gas Service (No. 14)
NJ*	New Jersey Natural Gas Company	up to full cost of extension	Revenue/Margin Multiplier	Same as above	New Jersey Natural Gas Company Tariff for Gas Service (No. 16)
NM	New Mexico Gas Company	up to full cost of extension	Revenue/Margin Multiplier	State Regulation: New Mexico Administrative Code art. 17.10.650.10 (G) : "Extension plan: Each utility shall develop a plan acceptable to the Commission for the installation of extensions of mains and service lines where such facilities are in excess of those included in the regular rates for service and for which the customer shall be required to pay all or part of the cost. This plan must be related to the investment that can be made prudently for the probable revenue and expenses to be incurred."	New Mexico Gas Company Line Extension Policy (p. 6)
NM	Raton Gas Company	≤ 100 ft	Footage Allowance	Same as above	Raton Natural Gas Company Line Extension Policy (p. 3)
NM	Zia Gas Company	up to full cost of extension	unclear	Same as above	Zia Natural Gas Company Line Extension Policy (p.1)

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
				Active Future of Gas Docket: # 20-G-0131 * 2025 Legislation: A8888/S8417: requires “applicants for gas service to such building to pay or agree in writing to pay material and installation costs relating to the pipe or other facilities to be installed to enable service to the applicant.” Awaiting Governor’s signature. This repeals the state statute and makes the state regulation ineffective. Previous State Statute: 1) New York Public Service Law § 31(4): In the case of any application for service to a building which is not supplied with electricity or gas, a utility corporation or municipality shall be obligated to provide service to such a building, provided however, that the commission may require applicants for service to buildings located in excess of one hundred feet from gas or electric transmission lines to pay or agree in writing to pay material and installation costs relating to the applicant’s proportion of the pipe, conduit, duct or wire, or other facilities to be installed. 2) New York Transportation Corporations Law § 12 Previous State Regulation: New York Codes, Rules and Regulations, Title 16, § 230.2 (d) Residential applicant—heating. If an applicant requests residential heating service, the corporation shall furnish, place and construct all mains, service lines, service connections and appurtenant facilities necessary to render the service requested. The cost and expense which the corporation must bear shall include: (1) the material and installation costs relating to: (i) up to 100 feet of main and appurtenant facilities; and (ii) up to 100 feet of service line measured from the centerline of the public right-of-way (or the main if it is closer to the customer and development will be limited to one side of the right-of-way for at least 10 years), service connections and appurtenant facilities; but not less than the length of service line necessary to reach the edge of the public right-of-way...	
NY*	Consolidated Edison	≤ 200 ft	Footage Allowance		Consolidated Edison Company Schedule for Gas Service (pp. 30-31)
NY*	National Grid	≤ 200 ft	Footage Allowance	Same as above	Schedule for Gas Service (Leaf 53-55)
NY*	New York State Electric & Gas (NYSEG)	≤ 200 ft	Footage Allowance	Same as above	New York State Electric & Gas Corporation Schedule for Gas Service (Leaf 5)
NC	Public Service Company of North Carolina	≤ 200 ft	Footage Allowance		Public Service Company of N.C. Service Regulations (p. 10)

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
NC	Frontier Natural Gas	≤ 100 ft	Footage Allowance		Frontier Natural Gas Extension of Service
NC	Duke Energy	≤ 100 ft	Footage Allowance		Piedmont Natural Gas Company Tariff & Service Regulations (Page 8)
ND	Montana-Dakota Utilities Corporation	up to full cost of extension	Revenue/Margin Multiplier		Montana-Dakota Utilities Gas Service Extension Policy Rate 120 (No. 62)
OH	Columbia Gas of Ohio, Inc.	≤ 100 ft	Footage Allowance	State Regulation: Ohio Rule 4901:1-13-05 : "For residential and small commercial customers placing requests for new service that require installation of main line extensions, the gas or natural gas company shall contact the customer within thirty days with an estimate of the cost of the main line extension and the amount, if any, of a deposit."	Columbia Gas of Ohio Rules and Regulations Governing the Distribution and Sale of Gas (No. 9)
OH	Duke Energy Ohio	≤ 100 ft, may cover full cost of extension	Footage Allowance	Same as above	Duke Energy Ohio Main Extension Policy (No. 62.6)
OH	Enbridge Gas Ohio	≤ 100 ft of main line, may cover full cost of service line	Footage Allowance	Same as above	The East Ohio Gas Company Rules and Regulations (No. K8)
OK	Oklahoma Natural Gas Company	up to full cost of extension	Revenue/Margin Multiplier	State Regulation: OK Admin Code 165:45-3-4 : "A utility shall extend its distribution system, as needed, up to one hundred feet (100') per residence without cost to the "party" requesting service."	Oklahoma Natural Gas Company Distribution Extension Policy (1081.1)
OK	CenterPoint	up to full cost of extension	NPV	Same as above	Oklahoma CenterPoint Energy Rate Schedule No. 6 Extension of Facilities (No. 2-6.1/4)
OR	Avista Utilities*	\$1,250	Dollar Allowance	Rate Case: Order No. 23-384 (UG 461): reduces gas LEA to \$0 by Jan 2027.	Avista Oregon Natural Gas Rates and Tariffs Rule 15 (p. 1)
OR	Cascade Natural Gas	≤ 40 ft	Footage Allowance		Cascade Natural Gas Corporation Rule 9 (Sheet 9.1)
OR	Northwest Natural Gas*	\$1,725	Dollar Allowance	Rate Case: Order No. 22-388 (UG 435) and Order No. 24-359 (UG 490): reduced to \$0 by Nov. 2027, reduce LEA by 20% each year	UG 435 Order No. 22-388 / UG 490 Order No. 24-359
PA	Columbia Gas of Pennsylvania	≤ 150ft	Footage Allowance		Columbia Gas of Pennsylvania, Inc. Rates and Rules for Furnishing Gas Service (No. 48)
PA	PECO Energy Company	up to full cost of extension	NPV		Peco Energy Company Gas Service Tariff (No. 13)
PA	Peoples Natural Gas Company	≤ 150 ft	Footage Allowance		Peoples Natural Gas Company Rates and Rules Governing the Furnishing of Natural Gas Service (No. 23)
PA	UGI Utilities	≤ 150 ft	Footage Allowance		UGI Gas Division: Service Tariff No. 7 & Choice Supplier Tariff No. 7S (No. 35)

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
RI	Rhode Island Energy	up to full cost of extension	NPV	Active Future of Gas Docket: 22-01-NG	The Narragansett Electric Company RIPUC RIE-Gas No. 101B (pp. 127-128)
SC	Dominion Energy South Carolina	≤ 125 ft	Footage Allowance		General Terms and Conditions-Gas (p. 3)
SC	Duke Energy	≤ 100 ft	Footage Allowance		Piedmont Natural Gas Company South Carolina Index of Tariff & Service Regulations (p. 33)
SD	MidAmerican Energy Company	up to full cost of extension	Revenue/Margin Multiplier		MidAmerican Energy Company South Dakota Gas Tariff Schedule No. 2 (p. 196)
SD	Montana-Dakota Utilities	up to full cost of extension	Revenue/Margin Multiplier		Montana-Dakota Utilities Co. State of South Dakota Gas Rate Schedule (No. 20)
SD	NorthWestern Energy	unclear	NPV		South Dakota NorthWestern Energy New Natural Gas Construction Guidelines (p. 8)
TN	Atmos Energy	up to full cost of extension	NPV		Tennessee Public Utility Commission Gas Tariff of Atmos Energy Corporation (No. 63)
TN	Chattanooga Gas Company	up to full cost of extension	NPV		Chattanooga Gas Company Gas Tariff (p. 78)
TN	Duke Energy	≤ 100 ft	Footage Allowance		Piedmont Natural Gas Company's Tennessee Service Regulations Section 4- Service and Section 5-Mains (pp. 90,93)
TX	Atmos Energy Corporation	≤ 75 ft	Footage Allowance	State Regulation: Title 16 Part 1 Chapter 7.B Rule §7.45 : Requires utilities to have an extension policy that is consistent, nondiscriminatory and is subject to the approval of regulatory authority	Mid-Tex Division Atmos Energy Corporation Tariff for Gas Service (p. 69)
TX	CenterPoint Energy Texas Gas	≤ 100 ft	Footage Allowance	Same as above	CenterPoint Energy Texas Gas General Rules and Regulations (p. 3)
TX	Texas Gas Service Company	unclear	NPV	Same as above	Texas Gas Service Company, A Division of ONE gas Rules of Service Rio Grande Valley Service Area (pp.35-36)
UT	Enbridge Gas Utah	\$0	No Allowance	No reference to a gas LEA tariff	Enbridge Gas Utah Tariff for Natural Gas Service
VT	Vermont Gas Systems	≤ 100 ft	Footage Allowance		Vermont Gas Systems Gas Tariff Terms and Conditions (p. 2)
VA	Columbia Gas of Virginia	up to full cost of extension	Mixed (Footage Allowance, NPV)		Columbia Gas of Virginia Rate Schedules and General Terms and Conditions Seventh Revised Volume No.1 (No. 422-425)

State	Utility Name	Allowance for new gas connections (as of January 2025)	Calculation Method	Relevant policies (state and utility)	Reference
VA	Virginia Natural Gas	up to full cost of extension	Mixed (Footage Allowance, NPV)		Virginia Natural Gas Terms and Conditions and Schedules for Supplying Gas (pp. 30-31)
VA	Washington Gas Light Company	up to full cost of extension	Mixed (Footage Allowance, NPV)		Washington Gas Light Company Virginia Rate Schedules and General Service Provisions for Gas Service (Page No. 73-74)
WA	Avista*	\$0	Eliminated	Rate Case: Docket UE-220053 : On 06/28/2022, UTC issued a decision mandating Avista to reduce the gas LEA to zero by January 1, 2025.	
WA	Puget Sound Energy*	\$0	Eliminated	Rate Case: Docket UE-220066 : On 08/26/2022, PSE settled to reduce its gas LEA to zero by January 1, 2025.	Gas Rule 06: Extension of Distribution Facilities (Sheet No. 16-B)
WA	Cascade Natural Gas*	up to full cost of extension	NPV	Rate Case: Docket UG-240008 : On 02/24/2025, Cascade Natural Gas settled to eliminate gas LEAs for residential and commercial customers by March 1, 2027.	Gas Tariff Rule 8 (Sheet No. 12-14)
WA	NW Natural	up to full cost of extension	Revenue/Margin Multiplier		Northwest Natural Gas Company General Schedules: Schedule E (p. 5-6)
WV	Mountaineer Gas Company	follows state regulation (≤ 100 ft)	Footage Allowance	State Regulation: W. Va. Code §0 24-1-1,24-1-7,24-2-1,24-2-2 : "5.5.1.a. Whenever an extension of a utility's distribution system is necessary in order that an applicant or group of applicants may receive service in the territory within which the utility operates, the utility shall extend its mains, without cost to the applicant or applicants, for a distance of 100 feet for each applicant who actually takes the service when gas is available."	Mountaineer Gas Company Rates, Rules, and Regulations for Natural Gas Service (Sheet No. 27)
WI	Alliant Energy	≤ 100 ft	Footage Allowance		Alliant Energy Natural gas Service Rates (p. 90)
WI	Wisconsin Public Service Company	up to full cost of extension	Revenue/Margin Multiplier		Wisconsin Public Service Corporation Gas Service Rates, Rules, and Regulations Tariff Book (pp. 90-91)
WI	We Energies	unclear	Revenue/Margin Multiplier		Wisconsin Gas LLC Gas Service Rates, Rules and Regulations Tariff Book (p. 131-132)
WY	Black Hills Energy	\$3,180	Dollar Allowance		Statement of Rates and Charges for Natural Gas Service Black Hills Wyoming Gas, LLC (pp. 3, 93-94)
WY	Enbridge Gas	\$0	no allowance		Enbridge Gas Wyoming Tariff No. 5 (Page 95)

Note 1: Though the New York Senate and Assembly have passed A888/S8417, the bill has not yet been signed by the governor so the existing LEA policies still hold. If the bill is signed by the governor, then these LEA policies would then become ineffective.

Appendix B: Methodology for Determining LEA Provisions

We have made every effort to ensure the accuracy of the information presented in this report, drawing from the most reliable sources available at the time of writing. However, policies, data, and interpretations may change over time or vary by source. If you identify any inaccuracies or updates, please reach out to tvu@buildingdecarb.org.

Data Collection Methods

Confirming State Statute, Regulation, and Utility Policy

1. To understand where gas LEAs may exist within state statutes and regulations, we first reviewed *Case Studies: Gas Line Extension Allowances* by Sarah Steinberg and Meron Lemmi at Advanced Energy to identify states that had some activity with reforming, updating, or eliminating LEAs. For example, California eliminated gas LEAs effective July 1, 2023, while Oregon had rate cases with Avista to update their LEAs with the specific proceedings and rate cases linked in the footnotes. From those footnotes, we found and read the decisions and identified that the relevant state statute or regulation (if any) is often referred to within these decisions or bills in the background section.
2. In cases in which there was no current review of LEAs, we first used InsightEngine by Advanced Energy United, and used the key terms “main/service line extension law/legislation” to see if there were any laws related to line extensions in the state. If no results came up, we would search the terms “main line extension law/legislation” and “service line extension law/legislation” on a general search engine (such as Google) and review the first page of results. We only considered websites that linked to the state utility commission’s website. If no viable results came up from the general search, we went directly to the State Administrative Code, often under utilities, to confirm that no statutory provisions related to LEAs existed. This often required searching for the terms “main extension” or “line extension” in the State Administrative Code to ensure no regulations exist.
3. To identify relevant gas utilities within each state, we visited the website of the regulatory agency that oversees public utilities (e.g., public utility commission) to confirm if it lists the major gas utilities within the state

and each utility’s “Line Extension Policy” or, more broadly, each utility’s Standard/ General Terms of Conditions. Not all regulatory agencies list the gas utilities that operate in their state.

4. If nothing appeared on the State Administrative Code or the regulatory agency’s website, we would search on a general search engine (such as Google) using the key terms “[state], [utility name], gas tariff, and/or line extension” and review the first page of results checking to ensure the utility policy was for the specified state and utility. If no viable results appeared, we searched on a general search engine (such as Google) using the key terms “[state] and [utility name].” We would review the first page and only consider results that directed us to the utility’s website. Within the utility’s website, we would use the site’s internal search function using the key terms “gas schedule,” “gas tariff,” and/or “line extensions.”

Selecting Gas Utilities by State

1. The number of gas utilities that operate within a state often varies widely. This policy brief focuses on the three largest investor-owned utilities within each state, with some exceptions when the state has more than three main utilities or fewer than three large utilities. To determine the three largest utilities, we reviewed the gas utilities within the state and selected utilities based on the number of customers served. There may be utilities that are more prominent in the state than the ones we identified.

Determining the amount of the allowance for new gas connections (as of January 2025) and the calculation method

1. To determine the amount of allowance for new gas connections, we reviewed the utility tariff, focusing on the main line extension and service line extension sections.
 - a. As gas LEAs encapsulate both, in cases where footage or dollar allowance was distinguished for both main and line, we added the footage/dollars together. This is noted in the calculation method column: (main+service).

- b.** In situations where the method for determining the gas LEA was not the same for the main and service line, the amount of allowance for new gas connections notes the service line policy. The reference will direct to the location of both policies in the utility tariff.
- c.** In situations where the gas LEA policy is distinguished by residential or commercial customers, the noted calculation method and allowance will be for residential.
- d.** For calculation methods of NPV and revenue/margin multiplier, unless specified by the utility that the customer must pay a certain portion of the extension, it is mathematically possible that the full cost of the extension is covered. In that case, given the limited information provided by most utilities, in our chart, we assume that it is possible for a customer to have the full cost of the line extension covered by the gas LEA. This is not to say that it is likely that all customers receive extensions at no cost, but to highlight the probable case that new customers could connect to the gas system for free.
- e.** In situations where the gas LEA is calculated through a mixed method (e.g., free under given footage allowance, then remaining footage is evaluated by the NPV method), the amount of allowance is assumed to be up to the full cost of the extension unless specified otherwise.

Appendix C: Methodology for Estimating Potential Savings from Eliminating Gas LEAs in U.S.

The estimate of \$2-7 billion in annual savings is a conservative range given that the calculation only includes service line costs and does not include the potential costs of gas main extensions and meters. In addition, while \$2-\$7 billion is the estimated cost incurred annually for these subsidies, the actual amount billed to ratepayers in a year varies due to the fact that these assets are depreciated over many years while at the same time accumulating additional costs for ratepayers through the rate of return that allows

for a utility to profit off these investments. The range of estimated savings is broad due to a lack of reporting from utilities and the wide range of calculation methods used to determine subsidy amounts. Regulators with ongoing or recent proceedings have needed to require utilities to provide accounting specific to LEAs in order to gain insight into these costs, as they are not broken out on a typical utility balance sheet (see California's R.19-01-01 proceeding for these data requests, for example). Given this lack of reporting, the estimate provided here is based on the typical number of new residential and commercial gas customers per year (~780k, according to the EIA) and a range of per-project line extension allowances and/or service line installation costs reported by utilities in CA, NY, PA, IL, MA, and OR (which typically ranged from \$2k-\$9k). LEAs for individual projects can exceed \$30k however and determining the average across utilities is

currently not feasible given the lack of reporting on actual amounts by utilities. We therefore provide a conservative range for estimating purposes and to demonstrate the scope of potential savings. We then compared this estimate to single and multi-state estimates (such as RMI's recent estimate of \$750M in savings for the eight states that have implemented reform) for LEA costs in research conducted by other organizations, as listed below, and found it to be in line with these estimates when projected for the entire country.

The result of this analysis equates to the potential amount of savings, across the U.S. (including states that have reformed their policies already), which in turn demonstrates the cost burden on all existing gas customers if new customers continue to be provided with full subsidies for new gas lines. This potential savings assumes a scenario in which all new gas customers fully fund their own new connections, rather than shifting these costs to existing customers. Ideally, however, the savings would come from these potentially new gas customers choosing not to join the gas system at all and instead choosing an all-electric building. Not building the new gas line, rather than just shifting the up-front costs, will save the most money overall by not expanding gas system investments.

Data Sources

California Public Utilities Commission, Decision 22-09-026, September 20, 2022, Rulemaking 19-01-011, "Decision 22-09-026: Phase III Decision Eliminating Gas Line Extension Allowances, Ten-Year Refundable Payment Option, and Fifty Percent Discount Payment Option Under Gas Line Extension Rules (Rulemaking 19-01-011)"

Central Hudson Gas & Electric Corporation et al. Modernized Gas Planning Process: Costs of Extending Service to New Customers. Case 20-G-0131. Submitted to the New York Public Service Commission. 2022. <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7B206841A4-39F0-4201-87CD-B585F9C2403A%7D>. pp. 4-14

Michael J. Walsh Ph.D, Pipeline Extension Allowances and the Future of Gas in Massachusetts (Conservation Law Foundation, Environmental Defense Fund, Sierra Club, 2024). <https://img1.wsimg.com/blobby/go/abf00124-5f5f-4755-92c3-e723c88d649d/downloads/77051f4c-f35a-4670-8cdb-9e9d0ed9e04f/20-80GWDLineExtensionComment071024.pdf?ver=1733843700719>

National Grid. National Grid: Gas Customer Connection Costs & Electrification Incentives Report. Case 19-G-0309 and Case 19-G-0310. Submitted to the New York Public Service Commission. 2022. <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7bFDECECBD-07CF-4CA6-8994-518D14DDCDD5%7d>. p. 4.

National Resource Defense Council, "It's Time to End Subsidies for New Gas Hook Ups," NRDC (blog), June 10, 2021, <https://www.nrdc.org/bio/merrian-borgeson/its-time-end-subsidies-new-gas-hook-ups>

Oregon Citizens' Utility Board, UG 490 "Rebuttal and Cross Answering Testimony of the Oregon Citizens' Utility Board," July 2, 2024. p. 38.

Peoples Natural Gas LLC. Peoples Natural Gas Company LLC Annual Asset Optimization Plan Filing. Submitted to the Pennsylvania Public Utility Commission, Docket No. M-2025-. 2025. <https://www.puc.pa.gov/pcdocs/1868392.pdf>. P.3.

PECO. PECO Energy Company's Gas Asset Optimization Plan Docket No. P-2013-2347340 and PECO Energy Company's Second Long-Term Infrastructure Improvement Plan for its Gas Operations Docket No. P-2022-3034521. Submitted to the Pennsylvania Public Utility Commission. Docket No. P-2013-2347340 and Docket No. P-2022-3034521. 2023. <https://www.puc.pa.gov/pcdocs/1775480.pdf>. P.11.

RMI, "Cutting These Subsidies Could Save States Millions of Dollars," RMI (blog), August 27, 2025, <https://rmi.org/cutting-gas-system-subsidies-could-save-states-millions-of-dollars/>

The Peoples Gas Light and Coke Company. Peoples Gas and the SMP History, Current State, and Alternatives. Submitted to the Illinois Commerce Commission. Docket No. 24-0081. 2024. <https://www.icc.illinois.gov/docket/P2024-0081/documents/348897/files/609896.pdf>. p. 50.

U.S. Energy Information Administration, Natural Gas Annual Respondent Query System (EIA-176 Data through 2023) [https://www.eia.gov/naturalgas/ngqs/#?report=RPC&year1=2021&year2=2023&company=ID_Name&item\[...\]050CS,1050CT,1050VL,1060CS,1060CT,1060VL,1700VL,2000VL](https://www.eia.gov/naturalgas/ngqs/#?report=RPC&year1=2021&year2=2023&company=ID_Name&item[...]050CS,1050CT,1050VL,1060CS,1060CT,1060VL,1700VL,2000VL)



BUILDING
DECARBONIZATION
COALITION