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Service lines

Dealing with unexpected repair costs

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Everyone has heard the term “hidden costs of owning a home.” When it comes to service lines, they are literally hidden. Service lines are exterior underground water, sewer, electrical, and communications pipes or cables that serve the home. Typically buried in trenches originating at the street and ending near foundation walls, attention is rarely given by the homeowner to them until a failure occurs.

Service lines are installed underground when the house is built or modified but rarely considered after initial installation. The best time to ensure a long life for service lines is during the initial installation. The life expectancy is greatly affected by material selections, workmanship, and trench back-filling procedures. Once the service lines are in place, there is very little a homeowner can do to affect the longevity of the service lines installations.

Over the life of the home, many changes occur on the property that can affect the service lines. For instance, trees and shrubs can be planted directly over the path of the sewer line. Over many years, the tree roots can grow down into the joints of the sewer pipes, causing plugs or breaks from the pressure of the growing roots. Sidewalks, roadways, driveways, planters, patios, or other hard surfaces may be installed over the service lines. If the lines need to be accessed by excavating and trenching, then all those expensive surface improvements need to be removed and then replaced after repairs are performed.

Many homeowners think the utility company is responsible for the repair of these lines on their property. It is the homeowner who is responsible for all the repair costs to service lines on their property. In many cases, the homeowner must also pay for the costs to cut open and access pipe connections located in the street, even though this extends beyond their property lines. These costs are usually not covered by regular homeowners insurance.

All service line materials degrade with time. Many older sewer lines were constructed using “Orangeburg pipe,” which is wood pulp blended with tar. These pipes have a known failure mode of collapsing or becoming oval-shaped as the tar erodes. Buried electrical conduits can rust away, and direct-buried cables can be easily hit by shovels or stakes used on the property.

The result is that when any service line is damaged due to natural aging or by being hit accidentally, the house will lose water, sewer, electrical, or communications services until the repairs can be made. Repair costs can increase due to winter conditions such as excavating the snow-covered frozen ground or dealing with a high water table in the area. In some cases, the house is uninhabitable until repairs are completed. This can further increase costs for hotels, meals, living expenses, or rental generators during the duration of the service outage.

Of all the home systems a homeowner is responsible for, the service lines truly have a hidden and unknown cost of potential repair. They may last over the life of the house or they may fail unexpectedly at any time. There are very few measures to extend the life of existing service lines short of not accidentally hitting them. It is very difficult to economically assess the conditions of underground service lines that are in use. Most service lines are operated until the point of failure, and the point of failure is unknown and somewhat indeterminate.

Almost all other home systems can be visually inspected and evaluated. This is a common process performed by a typical “home inspector” before a home is purchased. The home inspection report may state “observed wear-and-tear” and suggest the remaining life of the indicated system. This process is very hard for systems that are out of sight and buried deep underground, with no knowledge of the original workmanship or damage and abuse that may have occurred due to roots, digging, or earth settlement.

With so many unknowns surrounding service lines and possible future, unexpected, major repair costs, what is the best course of action for a homeowner to deal with this uncertainly? There are two good options:

- Maintain a $6,000 to $10,000, “emergency fund” reserve in the bank for a single service line repair project.
- Protect yourself by using a service line insurance product that would cover one or more of these unpredictable possibilities. The decision revolves around having readily available funds to self-insure against this risk or to reduce an emergency fund and expend much smaller, monthly insurance policy premiums to provide for service lines coverage.

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