

HOUSE BILL 890

C5

11r2681

By: **Delegate D.E. Davis**

Introduced and read first time: January 29, 2021

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Natural Gas – Strategic Infrastructure Development and Enhancement –**
3 **Surcharge and Plans**

4 FOR the purpose of altering the maximum monthly surcharge that may be assessed on
5 certain natural gas customers for certain infrastructure replacement projects under
6 certain plans approved by the Public Service Commission under the Strategic
7 Infrastructure Development and Enhancement Program; providing for the inclusion
8 of certain project costs in certain gas company base rates during a multiyear rate
9 plan; providing for the continuation of a certain surcharge for certain costs not
10 included in certain base rates; and generally relating to natural gas and
11 infrastructure development and enhancement.

12 BY repealing and reenacting, without amendments,
13 Article – Public Utilities
14 Section 4–210(d)(1)
15 Annotated Code of Maryland
16 (2020 Replacement Volume and 2020 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Public Utilities
19 Section 4–210(d)(4) and (g)
20 Annotated Code of Maryland
21 (2020 Replacement Volume and 2020 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
23 That the Laws of Maryland read as follows:

24 **Article – Public Utilities**

25 4–210.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (d) (1) A gas company may file with the Commission:

2 (i) a plan to invest in eligible infrastructure replacement projects;
3 and

4 (ii) in accordance with paragraph (4) of this subsection, a
5 cost-recovery schedule associated with the plan that includes a fixed annual surcharge on
6 customer bills to recover reasonable and prudent costs of proposed eligible infrastructure
7 replacement projects.

8 (4) For a plan filed under this section:

9 (i) the cost-recovery schedule shall include a fixed annual
10 surcharge that:

11 1. may not exceed [~~\$2~~] **\$2.50** each month on each residential
12 customer account; and

13 2. for each nonresidential customer account, may not be less
14 than the fixed annual surcharge applicable to a residential customer account, but shall be
15 capped under item (ii) of this paragraph; and

16 (ii) to create a surcharge cap for all customer classes, costs shall be
17 allocated to nonresidential and residential customers consistent with the proportions of
18 total distribution revenues that those classes bear in accordance with the most recent base
19 rate proceeding for the gas company.

20 (g) (1) (i) A surcharge under this section shall be in effect for 5 years from
21 the date of initial implementation of an approved plan.

22 (ii) 1. Before the end of the 5-year period, the gas company shall
23 file a base rate case application.

24 2. In a base rate proceeding filed under subparagraph 1
25 of this subparagraph, if a plan approved by the Commission **TO INVEST IN**
26 **INFRASTRUCTURE REPLACEMENT PROJECTS** remains in effect:

27 A. eligible infrastructure project costs included in base rates
28 in accordance with a final Commission order on the base rate case shall be removed from a
29 surcharge; and

30 B. the surcharge mechanism shall continue for eligible future
31 infrastructure project costs that are not included in the base rate case.

32 **(III) DURING A MULTIYEAR RATE PLAN APPROVED BY THE**
33 **COMMISSION, IF A PLAN APPROVED BY THE COMMISSION TO INVEST IN**

1 **INFRASTRUCTURE REPLACEMENT PROJECTS REMAINS IN EFFECT:**

2 **1. EACH TIME DURING A MULTIYEAR RATE PLAN THAT A**
3 **GAS COMPANY’S BASE RATES ARE ADJUSTED, ELIGIBLE INFRASTRUCTURE PROJECT**
4 **COSTS COLLECTED PREVIOUSLY UNDER A SURCHARGE UNDER THIS SECTION SHALL**
5 **BE INCLUDED IN BASE RATES; AND**

6 **2. THE SURCHARGE SHALL CONTINUE FOR ELIGIBLE**
7 **FUTURE INFRASTRUCTURE PROJECT COSTS THAT ARE NOT INCLUDED IN BASE**
8 **RATES.**

9 (2) (i) If the actual cost of a plan is less than the amount collected under
10 a surcharge, the gas company shall refund to customers the difference on customer bills,
11 including interest.

12 (ii) If the actual cost of a plan is more than the amount collected
13 under the surcharge and the Commission determines that the higher costs were reasonably
14 and prudently incurred, the Commission shall authorize the gas company to increase the
15 surcharge to recover the difference, subject to the rate limit under subsection (d)(4) of this
16 section.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
18 1, 2021.