

HOUSE BILL 890

C5

11r2681

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

Introduced and read first time: January 29, 2021

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 7, 2021

CHAPTER _____

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 under the Strategic Infrastructure Development and
9 Enhancement Program in certain gas company base rates during a multiyear rate
10 plan; providing for the continuation of a certain surcharge for certain costs not
11 included in certain base rates; and generally relating to natural gas and
12 infrastructure development and enhancement.

13 ~~BY repealing and reenacting, without amendments,~~
14 ~~Article – Public Utilities~~
15 ~~Section 4-210(d)(1)~~
16 ~~Annotated Code of Maryland~~
17 ~~(2020 Replacement Volume and 2020 Supplement)~~

18 BY repealing and reenacting, with amendments,
19 Article – Public Utilities
20 Section ~~4-210(d)(4)~~ and ~~(g)~~ 4-210(g)
21 Annotated Code of Maryland
22 (2020 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

Article – Public Utilities

4–210.

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

~~(i) a plan to invest in eligible infrastructure replacement projects;~~

~~and~~

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

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

~~(i) the cost recovery schedule shall include a fixed annual surcharge that:~~

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

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

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

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

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

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

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

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

3 (III) DURING A MULTIYEAR RATE PLAN APPROVED BY THE
4 COMMISSION, IF A PLAN APPROVED BY THE COMMISSION TO INVEST IN
5 INFRASTRUCTURE REPLACEMENT PROJECTS REMAINS IN EFFECT:

6 1. EACH TIME DURING A MULTIYEAR RATE PLAN THAT A
7 GAS COMPANY’S BASE RATES ARE ADJUSTED, ELIGIBLE INFRASTRUCTURE PROJECT
8 COSTS COLLECTED PREVIOUSLY UNDER A SURCHARGE UNDER THIS SECTION SHALL
9 BE INCLUDED IN BASE RATES; AND

10 2. THE SURCHARGE SHALL CONTINUE FOR ELIGIBLE
11 FUTURE INFRASTRUCTURE PROJECT COSTS THAT ARE NOT INCLUDED IN BASE
12 RATES.

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

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

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
22 1, 2021.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.