

Economic Matters Committee
02/13/2020

House Bill 408 – Public Utilities – Gas Service Regulator Safety

POSITION: SUPPORT WITH AMENDMENT

*****Washington Gas is aware of discussions focused on possible amendments to this bill. Should the Committee and interested parties not reach consensus on these amendments in a timely manner, we have included a substitute amendment at the bottom of this testimony that would direct the PSC to conduct a study on gas service regulators and report findings and recommendations to the General Assembly.**

Thank you, Chairman Davis and members of the House Economic Matters Committee, for the opportunity to comment on HB408.

Safety—for customers, employees, contractors and the general public—is Washington Gas’ number one priority, and we are committed to delivering natural gas safely and reliably each and every day. We are constantly working throughout Maryland to meet or exceed regulatory requirements in inspections and surveys of our pipeline systems.

We appreciate that Delegate Charkoudian contacted us prior to session with a draft of this bill and our internal experts have taken time to evaluate and determine impacts of the proposed legislation.

As introduced, we have concerns with cost, feasibility and overlap with an active PSC proceeding.

In a world of finite resources, it is important to allow regulated utilities and the PSC to have control over how those resources are deployed. Moving all interior service regulators outside of multifamily dwellings would be extremely costly and would take those funds away from other projects.

Internal projections estimate that implementing this bill’s provisions would cost in the tens of millions of dollars within the Washington Gas service territory.

When it comes to feasibility, again, the universe of properly trained men and women in

the area is limited. The work is complex and requires qualified underground construction crews to relocate the service pipe to the outside, plus additional qualified personnel to perform the pipework associated with moving the regulator(s) outside while keeping gas flowing to the building.

There are roughly 9,000 interior multifamily service regulators within the Washington Gas service territory.

If we had two crews (3-4 people each plus trucks, tools and equipment) fully dedicated to this work, and each crew averaged one move out per day, it would take approximately 20 years to move all indoor service regulators outside of multifamily dwellings. To meet the 2025 mark described in this bill, we would need to target around 10 per day.

The final concern deals with a bill that has overlapping provisions with an open proceeding in front of the PSC. As you may know, Case No. 9622 is an Order to Show Cause and is active at this time.

The case is focused on the Silver Spring incident which occurred on August 10, 2016 and the National Transportation Safety Board's (NTSB) subsequent report. Most recently in the proceeding, there was a public hearing on December 17th and the Commission was accepting public comments up until January 31, 2020.

The Commission has before it at this time proposals and briefing on removal and relocation of the Company's mercury service regulators. Since there is such an active case pending before the Commission, we urge caution on adopting legislation regarding all types of service regulators at this time.

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PROPOSED AMENDMENT LANGUAGE

The Public Service Commission shall conduct a study of the process to relocate interior gas service regulators to the exterior of existing multifamily residential structures, and report the findings to the General Assembly.

The study shall include:

- (1) the number and location of residential multiple occupancy buildings that currently have interior service regulators;

- (2) the number and location of interior service regulators in each subcategory of multifamily residential structures;
- (3) the projected cost that would result from moving interior service regulators, where applicable;
- (4) a reasonable timeline for relocating existing interior gas service regulators to the exterior of the multifamily structures.

On or before January 15, 2021, the Commission shall report the findings of the study to the General Assembly.

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