

STATE OF MARYLAND
OFFICE OF PEOPLE’S COUNSEL
David S. Lapp, Acting People’s Counsel
6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
410-767-8150; 800-207-4055
www.opc.maryland.gov

BILL NO.: Senate Bill 503
Gas Service Regulator Safety
(Flower Branch Act)

COMMITTEE: Senate Finance

HEARING DATE: February 16, 2021

SPONSOR: Senator Smith

POSITION: Support

The Office of People’s Counsel (“OPC”) supports Senate Bill 503. Senate Bill 503 addresses important safety concerns raised by the gas service regulators of gas distribution utilities. These regulators place residential customers at potential risk of harm. By requiring the Maryland Public Service Commission (the “Commission”) to evaluate and approve gas distribution utility plans to replace and relocate gas service regulators, the bill addresses safety concerns while affording appropriate protections to the potential rate impacts of utility plans for regulator replacement.

Background. Named the “Flower Branch Safety Act,” Senate Bill 503 is a response to an August 10, 2016 natural gas-fueled explosion that occurred within a multi-family apartment building in the Flower Branch Apartment complex, located in Silver Spring, Maryland. The National Transportation Safety Board (“NTSB”) investigated the Flower Branch incident and concluded that the probable cause of the accident was the combined effect of a failure of a mercury service gas regulator (“MSR”) with an unconnected vent line that allowed natural gas into the meter room where it accumulated and ignited from an unknown ignition source. The NTSB further concluded that contributing to the accident was the location of the MSRs where leak detection by odor was not readily available. Senate Bill 503 responds to the NTSB’s investigation of the Flower Branch incident.

Senate Bill 503 responds to the Flower Branch incident by adding a new section to the Public Utilities Article of the Maryland Code – § 7-312. The new section requires gas distribution utilities in the State to locate gas service regulators outside of occupied or multifamily residential structures under certain circumstances. First, Senate Bill 503 directs gas companies to locate gas service regulators outside of an occupied structure whenever gas service is newly installed. Next, Senate Bill 503 requires existing gas service regulators located inside of multifamily residential structures to be relocated outside of the structure whenever the service line or regulator is replaced. Most significantly, Senate Bill 503 requires that on or before January 1, 2022, a gas company file a plan with the Commission to relocate any gas service regulator that provides service to a multifamily residential structure.

Under Senate Bill 503, the Commission must approve, disapprove, or approve with modifications a gas company's regulator relocation plan by January 1, 2023, after taking the following factors into consideration:

- The number of gas service regulators designated for relocation in the gas company's service territory;
- The availability of qualified personnel to safely relocate gas service regulators;
- The engineering and permitting challenges within the gas company's service territory;
- A schedule for relocating gas service regulators that is consistent with the public interest;
- Any other gas company programs, innovations, initiatives, priorities, or investments that improve the safety or reliability of the gas system; and
- Any other factor identified by the Commission.

This measured approach will allow the Commission to consider each utility's unique circumstances – including both safety and rate-impact considerations – before accepting, rejecting, or modifying each utility's plan to replace gas service regulators. The 12-month review period for Commission review of regulator replacement programs will allow the Commission sufficient time to review the plans and to receive stakeholder, including OPC's, feedback on those plans.

OPC also notes its strong agreement with Senate Bill 503's requirement that the Commission consider "a schedule for relocating gas service regulators that is consistent with the public interest" when reviewing a gas company's regulator replacement plan. OPC interprets this factor to encompass consideration of rate impacts that may result from each plan.

Recommendation. OPC recognizes the importance of the safety issues that the Flower Branch incident brought to light and Senate Bill 503's value in addressing them. The regulatory review process that Senate Bill 503 provides will guard against undue rate impacts and will allow for consideration of several other important factors as part of the regulatory review process. OPC supports Senate Bill 503.