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STRIDE: Frequently Asked Questions

What does the STRIDE law do?

Enacted in 2013, the Strategic Infrastructure Development and Enhancement Plan (STRIDE) law permits Maryland's gas distribution utilities to submit five-year infrastructure replacement plans to the Maryland Public Service Commission for expedited cost recovery.

The STRIDE law allows utilities to include a monthly surcharge on customer bills to recover the estimated costs of such projects contemporaneously with, or even before, the execution of the projects. It thus allows the utility an easier and faster method of recovering its infrastructure costs from ratepayers. The law's stated legislative purpose is "to accelerate gas infrastructure improvements in the State by establishing a mechanism for gas companies to promptly recover reasonable and prudent costs of investments in eligible infrastructure replacement projects separate from base rate proceedings."

What does the STRIDE law not do?

The STRIDE law does not create any new or different safety requirements. It is silent on "safety" except for general references to "safe and reliable" service. STRIDE does not change the utility's statutory obligation to provide safe service.

What investments are eligible for STRIDE?

Virtually all gas infrastructure replacement meets the STRIDE criteria. The PSC's administration of STRIDE confirms that the standard is easily met by any infrastructure replacement work. The only infrastructure that does not qualify for STRIDE is infrastructure that gives utilities new revenues from new customers.

Would repeal of the STRIDE law affect gas safety?

No. The utilities are legally obligated to provide safe service. Gas utility service is provided through a government-granted, public franchise. In exchange for being awarded the franchise, the utility agrees to provide safe and reliable service. The gas utilities have acknowledged that they will make necessary safety improvements regardless of STRIDE.

Wouldn't STRIDE prevent explosions like the recent major ones?

None of the Maryland explosions in recent years would have been prevented by STRIDE-qualifying investments. See the descriptions after the FAQs, below.

What are the gas utilities' long-term infrastructure plans?

The gas utilities have plans to replace most of their gas infrastructures built up over the last 100 years. This involves major and long-term investments, separate from any new infrastructure to extend service to new customers. For example, BGE is about eight years into its plan, which will take until around 2043 to complete. In 2018, BGE received the PSC's approval to spend more than \$720 million in infrastructure replacement over the five years from 2019-2023.

How do the utilities' long-term plans relate to STRIDE and gas safety?

The fact that the utilities' replacement plans extend about 20 years illustrates that safety concerns are not the imminent drivers of this replacement effort.

Does STRIDE impact consumers?

Significantly, STRIDE makes it easier and faster for the utility to make capital investments. It thus creates significant consumer costs. STRIDE also shifts risks to ratepayers of substantial climate-induced stranded costs.

What types of projects are covered by STRIDE?

Utilities recover wide-ranging infrastructure projects through STRIDE. Projects covered by STRIDE range from replacing service pipes in entire

neighborhoods to replacing gas mains extending several miles. Projects are often justified by municipal road work or building construction.

Can pipes be fixed instead of replaced?

Fixing pipes can be a lower-cost alternative to replacement. But fixing pipes is not profitable for the utilities because fixes are operational costs, not capital investments on which utilities earn a profit. Because STRIDE only allows accelerated cost recovery for capital projects that earn a return, it has further disincentivized utilities from repairing pipes rather than replacing them.

How do the utility multi-year cases relate to STRIDE?

STRIDE has little relevance under the alternative rate/multi-year rate plans. MRPs serve the same purpose of adding certainty and eliminating “regulatory lag” for the utilities’ cost recovery, by allowing recovery for projected expenditures. In effect, the MRPs are company-wide STRIDE programs. While MRPs apply to both electric and gas infrastructure, for utilities with an MRP, STRIDE is unnecessary.

Is there a long-term climate action plan for natural gas in Maryland?

No. Substantial investments are going forward without any long-term plan as far as natural gas’s role in Maryland. A substantial portion of this money likely would be better spent on beneficial electrification. But alternatives to replacing the entire gas infrastructure are not being considered. This means money is being spent that will likely prove uneconomic but nevertheless potentially borne by consumers.

MARYLAND NATURAL GAS EXPLOSIONS — CAUSES

- **August 10, 2020 — BGE — Labyrinth Road, Baltimore City**

From BGE’s website: “BGE’s equipment — gas mains, gas service pipes, gas meters and electric equipment — was operating safely and were not the cause of the natural gas explosion that occurred on Aug. 10, 2020. The investigation into the specific events leading to the explosion was conducted by the Baltimore City Fire Department, which indicated today that work was being done on customer equipment by a licensed contractor in the basement of 4232 Labyrinth Road with no evidence of a Baltimore City permit. According to the Fire Department, a build-up of natural gas occurred and was ignited when a stove was turned on.”

- **August 25, 2019 — BGE — Stanford Boulevard, Columbia**

From Commission Order imposing penalty: “BGE agreed that the cause of the explosion was buried electric service cables that failed for unknown reasons, causing a significant thermal event that damaged a two-inch high pressure plastic service pipe located in a joint trench. BGE conceded that the joint trench installations at the Stanford Boulevard building did not adhere to its internal construction standards in 1997. However, between 1997 and the 2019 explosion at Stanford Boulevard, BGE had enhanced its joint trench installation practices in several ways.”

- **August 10, 2016 — Washington Gas — Flower Branch — Silver Spring**

The NTSB concluded that the probable cause of the explosion was the combined effect of a failed mercury service regulator and a disconnected vent line. Washington Gas disputed the finding and contends that “the accident was caused by a sequence of events which remain unknown to this day.”

- **September 23, 2015 — BGE — Sleepy Horse Lane — Columbia**

According to the Commission’s Engineering Division’s investigation, the homeowner damaged the natural gas piping while backing her car out of the garage. The homeowner indicated that the car door was open when the damage occurred, and she did not stop to check to see what was struck. As a result of the damage to the gas piping, natural gas leaked from the piping, filling the garage with gas and resulting in an explosion.

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**STRIDE-Only Annual Revenue Requirements Under Plans of
3 Largest Maryland Gas Utilities**

