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Maryland Senate, Senate Finance Committee
Hearing on **SB 423- Natural Gas - Strategic Infrastructure Development and Enhancement
- Surcharge and Plans (STRIDE Act of 2022)**
Testimony of Olivia Wein, National Consumer Law Center
February 15, 2022

Position -- OPPOSE

To the Members of the Senate Finance Committee:

Thank you for conducting this hearing on Senate Bill 423- *Natural Gas - Strategic Infrastructure Development and Enhancement - Surcharge and Plans (STRIDE Act of 2022)*. My name is Olivia Wein, and I am an attorney at the National Consumer Law Center, where I focus on energy and utility matters, and am a long-time resident of Montgomery County and a customer of Washington Gas. The National Consumer Law Center (NCLC) is a nonprofit organization that, since 1969, has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people. We submit this testimony on behalf of our low-income clients.

NCLC has been actively involved in advocacy for consumers who have struggled to afford vital utility service, including advocacy in Maryland and other states. We offer these comments in opposition to SB 423, which if enacted would erode utility consumer protections and would likely lead to higher gas bills for residential customers.

SB 423 seeks to amend the Strategic Infrastructure Development and Enhancement (STRIDE) statute, which governs cost recovery for gas utility infrastructure repairs and replacement.¹ SB 423 would allow the automatic shifting of additional gas infrastructure costs into base utility rates for residential customers. Gas utilities already have the ability to seek approval from the Public Service Commission (PSC) to move these costs into base rates, but SB 423 would remove this level of oversight and would deprive the PSC of the opportunity to evaluate whether the gas infrastructure investments were prudent before they are removed from the surcharge and added to base rates.

Further, SB 423 would weaken a valuable consumer protection for residential gas customers. Currently, residential gas customers can be charged no more than \$2 per month for allowable gas infrastructure investments.² If SB 423 were enacted, gas utilities would be allowed to automatically move more of their gas infrastructure investments into base rates, which would raise rates and circumvent the effectiveness of the cap on residential customer charges as a consumer protection.

SB 423 would be likely to increase gas utility bills for residential customers, including many low-income customers. Monthly gas bills are already elevated, as winter price spikes drove up gas costs this winter.³ While Maryland has bill payment assistance programs to assist low-income customers, many customers continue to struggle to afford their utility bills. Low-income Marylanders pay an average of 13% of their annual income on energy costs, compared to 2% for non-low-income households.⁴ This translates to an average annual low-income energy

¹ STRIDE statute, PUA §4-210.

² PUA §4-210.

³ See, e.g., U.S. Energy Information Admin., Short-Term Energy Outlook (Feb. 2022), available at https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf

⁴ Applied Public Policy Research Institute for Study and Evaluation (APPRISE), *Maryland Low-Income Market Characterization Report* (Oct 2018) at p.59. Available at

bill of \$2,658, but an average annual income of only \$20,038. Extremely poor households (0 to 75% of the federal poverty level) face an average annual energy bill that requires 42% of their annual income (e.g., average annual energy bill of \$2,541, but an average annual income of \$6,120).⁵

In addition, while it is not directly included in this legislation, gas infrastructure investments have implications for Maryland's emission reduction goals. Several states, including California,⁶ Colorado,⁷ and Massachusetts⁸ have taken steps to consider together gas infrastructure safety concerns, the need to transition to more renewable energy sources, impacts on gas utility operations, and the impacts on ratepayers. Maryland should not encourage or facilitate gas infrastructure investments without considering the impact on the state's emission reduction goals as set forth in the 2030 Greenhouse Gas Emissions Reduction Act (GGRA) Plan.

In conclusion, NCLC opposes SB 423, which has the potential to worsen the energy burdens of low-income consumers in Maryland. If you have any questions, please feel free to contact Olivia Wein at owein@nclc.org.

Sincerely,

Olivia Wein, Staff Attorney
National Consumer Law Center, on behalf of our low-income clients

<http://mlrt.opc.maryland.gov/pdf/APPRISE%20Maryland%20Low-Income%20Market%20Characterization%20Report%20-%20September%202018.pdf>.

⁵ *Id.*

⁶ California Public Utilities Commission, Long-Term Gas Planning Proceeding (R 20-01-007)

⁷ Colorado Public Utilities Commission, Gas Rulemaking Proceeding 21R-0449G.

⁸ Massachusetts Department of Public Utilities, Future of Gas Proceeding, Docket No. D.P.U. 20-80.