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**HB 731 Natural Gas - Strategic Infrastructure Development and Enhancement - Surcharge and Plans (Ratepayer Protection Act)**

**FAVORABLE**

**House Economic Matters Committee**

**February 29, 2024**

Good Afternoon Chair Wilson and members of the House Economic Matters Committee I am Tammy Bresnahan, Senior Director of Advocacy for AARP Maryland. AARP, which advocates for the more than two million Marylanders age 50 and older supports HB 731 Natural Gas Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act). We thank Delegate Embry for this important piece of legislation for Maryland ratepayers.

HB 731 alters the purpose of the process for authorizing the Strategic Infrastructure Replacement (STRIDE) surcharge process. The intent of this bill is to promote gas infrastructure improvements in the state, when necessary and appropriate to ensure the safety of gas system and to provide consistency with State climate policy.

HB 731 requires the utility to file a plan with the Public Service Commission (PSC), that plan must include:

- a description of each eligible project, including the project's expected useful life;
- a demonstration that the gas company has selected and given priority to projects based on risk to the public and cost-effectiveness.
- an analysis that compares the costs of proposed replacement projects with alternatives to replacement, including (1) leak detection and repair and (2) the targeted retirement or abandonment of portions of the gas system in conjunction with electrification; and
- a plan for notifying customers affected by proposed projects at least two years in advance of construction to allow customers the opportunity to electrify.

As you may know AARP Maryland has been opposed to STRIDE since 2012 when it was first introduced to the Maryland General Assembly. To date, over \$1.5 billion STRIDE projects has been approved by the PSC. Residential gas distribution rates have already climbed in a few short years.

Home energy costs make up a sizable portion of household budgets. In Maryland, 41% of the 400,000 low-income households are older adults 60 and older. Since the pandemic, residential prices for natural gas, electricity, and fuel oil have increased significantly.

About one out of four cases, low-income older households whose income is less than \$16,000 a year devote 15 percent or more of their income to home energy bills. Too often low-income seniors face heat and eat decisions, even in Maryland.

For many older people in low- and moderate-income households, high and unpredictable home energy prices jeopardize stable home heating and cooling.

AARP believes state regulators should devise cost-allocation methods that appropriately assign the cost of power supply, transmission, distribution costs, and accelerated depreciation expenses fair and equitable. Such methods should be consistent with universal service and affordability goals.

- Regulators should ensure that all beneficiaries share the responsibility for paying joint and common costs based on a user-pays principle.
- Regulators should ensure that utility rate changes occur within the context of a full rate case review and depart from this approach only when a utility can demonstrate that extraordinary circumstances jeopardize its financial condition and require emergency or interim action.
- Regulators should require full rate case reviews at intervals short enough to ensure that the utility remains accountable to its customers.

AARP is working hard to ensure that Marylanders can age in place without going broke. We respectfully request a favorable report on HB 731. If you have questions, please contact Tammy Bresnahan at [tbresnahan@aarp.org](mailto:tbresnahan@aarp.org) or by calling 410-302-8451.