



TESTIMONY IN **SUPPORT** HB 731

Natural Gas - STRIDE- Ratepayer Protection Act
Economic Matters Committee
February 29, 2024

Maryland Energy Advocates Coalition is in strong support of HB 731 as this bill would add the needed investment and project standards for future STRIDE investments. Our coalition's goal is to ensure that low-income family utility bills are affordable through advocacy, reporting and education

STRIDE's negative financial impact has already been felt by low-income rate payers for several years. Gas distribution rates are significantly higher and terminations are at an all time high. (See charts below).

STRIDE's stated goal was to improve safety by replace hundreds of miles of cast iron pipes. To fund this, a new and incremental revenue stream, above rate cases, opened the door for so far \$2 billion in incremental rates. And there has been no safety improvement, because there were no safety issues from old infrastructure. Tragic incidents were, and still are, caused mostly by human error. In Maryland, and in the US. ¹

With no incentive to repair rather than replace, or to focus on high leak zones, and actually improve safety, BGE, Washington Gas and Columbia Gas distribution rates have significantly increased. BGE's residential gas distribution rates alone increased from 2023 to 2024 from **\$0.7075 / therm to \$0.8904 / therm**, a full 26% increase. In only one year.

The Trouble with STRIDE:

- There never was, and is still not today, any safety issues with aging cast iron infrastructure. While old pipes do leak, STRIDE has no standards for what constitutes reasonable gas replacement. This could change tomorrow, but to date, the data holds this as true.
- The monthly STRIDE surcharge hides the real utility bill impact that the balance of the gas capital investments, spent by utilities above the surcharges

¹ <https://abell.org/publication/the-trouble-with-stride/>

collected, is folded into the gas distribution bucket during MYP rate cases. Above normal rate cases.

- It's unclear if any utility, the PSC, or anyone besides the MD OPC has done the simple math to forecast if anyone, let alone the low-income residential segment (430,000 accounts), will be able to afford residential gas. BGE gas distribution rates that will **most likely exceed \$1 per therm by 2025**. More than double today's gas supply price. Is this charge heading to \$2.50 or \$1.35/ therm? And that's before STRIDE 3, 4, 5 and 6 kick in.

It is unrealistic to assume that Maryland's STRIDE investment program, as is, can even proceed on this spending trajectory given the extreme rate *incremental* increases already approved through 2024.

Hb 731 gives the state and the PSC more safeguards and guard rails to ensure that future STRIDE approvals and spending is reasonable, supporting safety, reducing methane leaks and can even be paid for by consumers given the forecast that consumers will migrate away from gas to electric.

Thank you to for sponsoring HB 731. Maryland Energy Advocates Coalition 100% supports passing this bill.

Residential - Schedule D		Billing Period: Dec 19, 2023 - Jan 21, 2024		Days Billed: 33				
Next Scheduled Reading: February 22, 2024								
Meter #100133054 Read on Jan 21								
Current Reading	-	Previous Reading	=	Units	X	Therm Factor	=	245
3475		3255		220		1.113		therms used
GAS SUPPLY								\$114.83
BGE		89.09 therms	x	.4481				39.92
		155.91 therms	x	.4805				74.91
BGE GAS DELIVERY								\$224.19
Customer Charge		0.36 mos	x	15.25				5.49
		0.64 mos	x	15.55				9.95
Distribution Chg		89.09 therms	x	.7075				63.03
		155.91 therms	x	.8904				138.82
EmPower MD Chg		245 therms	x	.0431				10.56
BGE Federal Tax Credit								-3.66
TAXES & FEES								\$0.98
Franchise Tax		245 therms	x	.00402				0.98
TOTAL								\$340.00

IMPORTANT INFORMATION ABOUT YOUR BILL

BGE Terminations reported in PSC Monthly reports

BGE RES. T/O NOTICES & TERMINATIONS

YEAR	# RESIDENTIAL ACCOUNTS	# TURN OFF NOTICES	# TERMINATIONS
2015	1.2 M	2,400,000	55,000
2016	1.2 M	2,500,000	50,000
2017	1.2 M	2,500,000	52,000
2018	1.2 M	1,620,000	61,000
2019	1.2 M	1,370,000	58,000
2020 -PC53	1.2 M	443,000	7,000
2021 -PC53	1.2 M	456,000	28,000
2022 - PC53	1.2 M	609,000	54,000
2023	1.2 M	1, 100,000	80,000*

SOURCE: MD. PSC TERMINATION REPORTS

(* 7% accounts)