The Ratepayer Protection Act: STRIDE Reform

SB548/HB731 Senator Sydnor and Delegate Embry

The STRIDE law does not require utilities to prioritize gas pipe replacement based on the severity of safety risks.

What is S.T.R.I.D.E?

Thousands of miles of underground gas pipelines, some of which are more than 100 years old in places like Baltimore City, provide heat and power to just under half of Maryland homes.

Worried about the need to maintain this aging system, the state legislature enacted the [Strategic Infrastructure Development and Enhancement Plan (STRIDE) law in 2013]. The law allows the gas utilities to charge customers more every month so they can ensure the safety of our gas system.

The cost of STRIDE

According to the Office of the People's Counsel, Maryland gas utilities have spent more than two billion dollars on new gas infrastructure under the STRIDE program since 2014, and will spend nearly 10 billion total to complete the program.

The utilities expect ratepayers to pay for this spending and profits for utilities over many decades, adding more than 40 billion dollars to utility bills over the life of the program.

STRIDE's impact

Putting in new pipes is more profitable for the utilities than making repairs.

Under STRIDE, gas utilities are allowed to add an additional $2 surcharge on top of monthly utility bills to go towards infrastructure spending.

The existence of the STRIDE law has made it hard for regulators to rein in this spending, and it is driving up gas bills short and long term.

Customers pay for these gas pipe replacement projects like a mortgage with high interest rates:

- Our $2 is just a small fraction of the costs that are locked into charges for decades to come.
- The utilities install new pipes and related equipment, and customers pay for all that spending plus a hefty return, including profits, of about 9% after taxes for the lifetime of the equipment.

Maryland PIRG

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In 2023 BGE tried to force Baltimore homeowners to install new external gas regulators, which are more expensive and not always safer than internal regulators.

Case Study: BGE Regulators
This summer BGE threatened to turn off gas for customers who refused new external gas regulators. The work to install the external regulators is more expensive than replacing the internal regulators, and the PSC later ruled that customers should have the option of internal or external.

Environmental concerns

Marylanders need gas utilities to maintain the safety of the system while we still need it, but overspending on new infrastructure doesn't make sense for our climate goals or for ratepayers.

Maryland's Climate Solutions Now Act of 2022 directs the state to shift away from fossil fuels to power our homes. While the shift won't happen overnight, we should be thoughtful about our approach to new gas infrastructure.

Every dollar we spend on new gas infrastructure is a dollar not spent on clean, renewable energy.

What the bill does:

The Ratepayer Protection Act modifies the STRIDE program to prioritize highest risk pipes.

This bill does not repeal the STRIDE program.

The bill requires gas utilities to:
- Use modern leak detection technology when cost effective (that wasn't available a decade ago);
- Use a "fix it first" approach to gas infrastructure instead of replacement when cost effective;
- Give gas customers 2 years notice before work in their home so they have time to plan; and,
- Generally ensure gas infrastructure spending is cost effective.

This commonsense reform is an important step in ensuring ratepayer dollars are spent prudently and will enable state regulators to more effectively watchdog gas utilities' spending plans.

The Ratepayer Protection Act codifies recommendations from the Maryland Commission on Climate Change and the Building Energy Transition Implementation Task Force.