



## **CLIMATE COALITION**

### **Montgomery County, MD**

**Committee: Economic Matters**

**Testimony on: HB0419 - Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)**

**Organization: Climate Coalition Montgomery County**

**Submitting: Karl Held**

**Position: FAVORABLE**

**Hearing Date: February 6, 2025**

Dear Chair and Committee Members:

Thank you for allowing our testimony today in support of the Ratepayer Protection Act. The Climate Coalition Montgomery County (CCMC), composed of 20 grassroots and professional organizations, urges you to vote favorably on HB0419. We thank Delegate Embry for her leadership on this issue.

HB0419 amends the current Strategic Infrastructure Development and Enhancement Plan (STRIDE) law passed in 2013 to focus on public risk and cost-effectiveness. The law was originally intended to allow gas utilities to add a surcharge to customers' monthly bills to ensure accelerated cost recovery to ensure a safe gas system. More than a decade of experience has revealed that gas utilities prioritized investment in gas system replacement and expansion over fixing the riskiest pipes.

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.

CCMC supports the Ratepayer Protection Act for the following reasons:

**Common sense reform:**

- Utilities make their money through earning a rate of return on infrastructure. This creates an incentive to overinvest, replacing all pipelines and other equipment in a neighborhood rather than repairing or replacing only targeted lines posing safety concerns.
- HB0419 would curtail this practice, requiring utilities to repair rather than replace infrastructure where repair can deal with identified infrastructure reliability and safety risks. This more targeted standard would enable the PSC to curtail excessive infrastructure investments that otherwise lead to significant increases in gas utility charges.
- Recent studies indicate combined gas main and home service pipeline replacement for homes initially cost an estimated \$24K per home, but with interest and profits, those costs balloon to around \$75K per home socialized among all ratepayers in the utility's service area.
- Pipeline failure is rare. Aging pipelines are responsible for only around 4% of these failures. Most failures are due to accidental breaks in portions of pipelines caused by human error.
- Thus, the economic incentives under the current STRIDE law do not make sense and lead to rates that are higher than needed to ensure safety and reliability for customers.

#### **Ratepayer impacts:**

- Baltimore Gas and Electric (BGE) has most aggressively been implementing the STRIDE law to accelerate the replacement of existing gas pipelines in its service area. As a result, BGE customers are experiencing significant increases in their monthly bills. BGE's gas delivery charges have more than tripled since 2010. Along with rising gas commodity charges since 2021, BGE higher gas bills are making it difficult for its customers to afford to heat their own homes.
- As other Maryland gas utilities continue to ramp up their STRIDE law pipeline replacement programs, customers across the state will see their gas utility bills increase as well. In Montgomery County, Washington Gas (WGL) is increasing its STRIDE Phase 3 accelerated pipeline projects that are not based on demonstrated reliability and safety needs. We need to curtail overspending before it leads to unnecessary increases in our rates.

#### **Climate Policy and Equity:**

- As customers move to electrify their homes in line with Maryland's greenhouse gas reduction goals, the long term recovery of STRIDE costs over the next 50

years will be borne by remaining gas utility ratepayers, including those least able to afford it.

- At a time when already so many ratepayers complain of high utility costs as one reason they cannot make ends meet, STRIDE must be reformed.

Please support modifications to the STRIDE program to require the gas utilities to prioritize highest risk segments of infrastructure and to consider less costly alternatives to replacement. These changes were recommended by the Maryland Climate Commission and the Building Energy Transition Implementation Task Force. We are counting on you to help ensure that gas utilities prioritize safety that is cost effective.

The Climate Coalition Montgomery County strongly supports HB0419 and urges a FAVORABLE report in committee.

### **Climate Coalition MoCo Member Organizations**

- 350 Montgomery County
- ACQ Climate (Ask the Climate Question)
- Bethesda Green
- Biodiversity for a Livable Climate
- Chesapeake Climate Action Network
- Ecosystems Study Group
- Elders Climate Action
- Environmental Justice Ministry Cedar Lane Unitarian Universalist Church
- Friends of Sligo Creek
- Green Sanctuary Committee of the Unitarian-Universalist Church of Silver Spring
- Montgomery Countryside Alliance
- Montgomery County Faith Alliance for Climate Solutions
- One Montgomery Green
- Poolesville Green
- Safe Healthy Playing Fields
- Sugarloaf Citizens' Association
- Transit Alternatives to Mid-County Highway Extended/M-83 (TAME)
- The Climate Mobilization Montgomery County
- Takoma Park Mobilization Environment Committee
- Zero Waste Montgomery County