

Chair C. T. Wilson
Vice Chair Brian M. Crosby
Economic Matters Committee
Maryland General Assembly
230 Taylor House Office Building
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Annapolis, Maryland 21401

Re: Testimony of Miller Pipeline Regarding H.B. 419, An Act Concerning Natural Gas — Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

My name is Frank Bracht, and I appreciate the opportunity to provide testimony regarding H.B. 419.

I serve as Regional Vice President of Operations for Miller Pipeline, overseeing our operations throughout the Northeast and Mid-Atlantic regions. I've dedicated my entire 40-year career to this industry, starting as an inventory clerk in 1985 and working my way through various operational roles to my current leadership position with a union contractor.

I write today for Miller Pipeline, which is pleased to share this testimony regarding House Bill 419, An Act Concerning Natural Gas — Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act) ("the Bill"). Harrison Anthony, General Counsel & Chief Compliance Officer of our parent company, Artera Services, also contributed to this testimony.

We submit this testimony to supplement the oral testimony of Christopher Klein, who intends to speak during the Economic Matters Committee's hearing scheduled for February 6, 2025, also regarding the Bill. We ask the Committee to consider Miller Pipeline's written and oral testimony in tandem. Our testimony aims to help this Committee understand the practical, on-the-ground implications that are likely to follow if the Bill becomes law.

A. Miller Pipeline Brings Four Decades of Experience to Maryland's Gas Infrastructure.

For decades, Miller Pipeline has been a trusted partner in maintaining and upgrading natural gas infrastructure in Maryland. We currently employ around 90 dedicated professionals in Maryland, working daily to ensure the safety and reliability of the state's gas distribution system. Seventy percent of our workforce in Baltimore are Black and Hispanic, reflecting our deep commitment to building a workforce that represents the communities we serve. Our team includes proud members of 20 different unions, skilled professionals who bring expertise and dedication to their work every day. Beyond direct employment, we maintain a strong commitment to diversity in our contracting, with nearly \$10 million in total diversity contracting spent with Baltimore Gas in 2023.

It is public knowledge that the natural gas system in Maryland goes back over 200 years and has significant deferred maintenance needs. To address this concern, a bipartisan consensus

recognized that Maryland’s natural gas infrastructure needed rapid investment outside the standard cycle of rate cases. As a result, in 2013, the Strategic Infrastructure Development and Enhancement Plan (STRIDE) law was enacted with overwhelming support — a vote of 137 to 2 in the House of Delegates. Since then, STRIDE has been enormously successful. In just three years, from 2019 to 2022, the program reduced gas leaks by 40%.¹ Over 151 miles of leak-prone pipe have been replaced.² All of this has occurred at a pace that would have been impossible if STRIDE were not in place. The program is also one of Maryland’s most important tools to combat climate change since the repairs greatly reduce the dangerous emissions that result from deteriorating infrastructure.

Despite STRIDE’s progress, hundreds of miles of leaky pipes remain underneath Maryland’s neighborhoods. And the pipes that have not yet been replaced are not getting any younger. Ending or severely curtailing the program prematurely would cause further degradation of this critical infrastructure, resulting in a less stable energy grid and more leaks and greenhouse gas emissions.

B. STRIDE Has Delivered Measurable Safety and Environmental Benefits Since Its Implementation.

The improvements in the system supported by STRIDE create numerous benefits. Reducing methane leaks makes an appreciable difference in combatting climate change. Methane’s global warming potential is around 80x greater than carbon dioxide over a 20-year period. And outdoor methane leaks contribute to ground-level ozone, which aggravates respiratory conditions. Add to these the obvious safety benefits of replacing old, crumbling, leak-prone pipes with new, resilient pipes, and anybody looking forward from STRIDE’s passage date would deem the program a success.

At the time it passed, STRIDE was expected to last for decades. The General Assembly understood the scope of the work ahead of us, and the safety and environmental benefits were manifest. Nobody wants their children to grow up on a street with leaky pipes beneath them. And nobody wants an out-of-date natural gas delivery system to fail from lack of maintenance, leaving their families without heat or power — especially in the winter.

It’s important for the Committee to understand that STRIDE *already* tasks the PSC with determining whether infrastructure improvements are “reasonable and prudent.” The PSC applies strict standards for work to be eligible for STRIDE. Nor is STRIDE designed to expand natural gas infrastructure. It is purely a replacement program.³ In fact, the PSC maintains the authority to review previously approved plans and can reduce future rates or alter approval if it determines that a project no longer meets the statutory requirements.⁴ This creates an ongoing obligation for the PSC to ensure that reimbursed work serves its intended purpose. Under STRIDE, the PSC

¹ Kevin Murphy and Jim Steffes, *Commentary: Why STRIDE Matters for Securing MD’s Energy Future*. *Maryland Matters*, Mar. 8, 2024, <https://marylandmatters.org/2024/03/08/commentary-why-stride-matters-for-securing-md-s-energy-future/>.

² *Ibid.*

³ Md. Code Ann., Pub. Util. § 4-210.

⁴ *Ibid.*

already serves as a gatekeeper for both initial project approval and ongoing cost recovery, with specific criteria that must be met at each review stage.

So, what has changed? The answer cannot just be the Climate Solutions Now Act (CSNA). The legislature that passed it two years ago knew full well about STRIDE and yet did not incorporate further limitations in CSNA. And given the benefits plugging gas leaks has on total greenhouse gas emissions, STRIDE is consistent with the state's climate goals. And the PSC already has ample discretion to apply CSNA's goals to managing STRIDE projects.⁵

The answer also cannot be that the state is ready to wholesale and immediately transition the entire natural gas system to electrification. We have paid close attention to the debate in Maryland over the past few years. And we have yet to see a responsible commentator suggest that the natural gas distribution network in Maryland is ready for immediate, wholesale decommissioning. The natural gas system, which roughly four out of ten households continue to rely on, is here to stay for the foreseeable future, and we have an obligation to keep it safe and well-maintained.⁶

C. Program Uncertainty Will Increase Costs and Harm Our Skilled Maryland Workforce.

If uncertainty about program continuation develops, we will have to consider whether to maintain our workforce and equipment investments or begin scaling back. Increasing levels of uncertainty necessarily lead to higher fixed costs in supervision, equipment, and facilities, ultimately increasing the overall cost of infrastructure maintenance and replacement. STRIDE makes resources available and allows for planning stability to overcome these operational inefficiencies. Sufficient resources are necessary to fund the training programs and certifications required for the specialized and highly technical work that we perform.

The investment that our employees make into developing their skills can pay off so long as funding remains stable. It can take years to fully train a worker in legacy infrastructure maintenance and replacement. Our crews must master complex safety protocols and understand decades-old infrastructure configurations while developing expertise in modern replacement techniques.

An experienced worker at Miller Pipeline can earn \$90,000 to \$100,000 plus benefits per year, as things stand. For many of our workers, these positions have provided opportunities for career advancement and economic mobility. The implications of curtailing STRIDE thus extend far beyond infrastructure — they directly threaten good-paying union jobs and workforce development programs that have created career pathways in Maryland communities.

We urge the Committee to consider the importance of STRIDE providing a stable, predictable framework for infrastructure maintenance and replacement. STRIDE allows companies like Miller Pipeline to plan effectively, maintain a skilled workforce, and continue providing safe,

⁵ See § 4-210(a)(3)(iv), (d)(2)(iv), (e)(3), (j).

⁶ U.S. Energy Info. Admin., *Maryland: State Profile and Energy Estimates*, <https://www.eia.gov/state/analysis.php?sid=MD>.

reliable service to Maryland’s residents without undermining broader energy goals. A predictable planning environment allows us to operate more efficiently, ultimately reducing costs for ratepayers while maintaining the highest standards of safety and reliability, while also providing good-paying union jobs to Marylanders. Disrupting STRIDE would force us to reduce our workforce and training investments, potentially eliminating these career opportunities for future generations of Maryland workers.

D. Complex and Critical Infrastructure Work Requires Specialized Expertise and Long-Term Planning and Should Continue.

We have seen commentators suggest that Maryland can essentially “have its cake and eat it too.” That is, STRIDE can be severely curtailed or ended altogether without losing any of its benefits. In fact, the Office of People’s Counsel (OPC) poses the question to itself in its 2022 FAQ.⁷ OPC asks, “Would repeal of the STRIDE law affect gas safety?” It then answers its own question, “No.”

Is OPC’s suggestion that the legislators who overwhelmingly approved STRIDE were tricked? And what about the PSC’s review of STRIDE in the years since its enactment? Was the wool pulled over their eyes, too?⁸ Remember, under STRIDE, only “reasonable and prudent” work can be approved.

STRIDE represents a practical solution to the complex problem of repairing existing, leaky natural gas infrastructure. We should not pretend that there is a simple answer. The world may look very different in ten or even five years. It is unserious to look at the risks an aged natural gas system poses and insist that the solution is limiting or ending STRIDE. The legislature enacted STRIDE precisely *because* the usual rate recovery schedule was underserving ratepayers at best and risking lives at worst. Without identifying a stark shift in the on-the-ground fundamentals, STRIDE’s detractors must make the case that its benefits were never worth the costs associated with implementing it.

We can confidently say that much of the important work repairing hundreds of miles of leaking, deteriorating pipe will grind to a halt without STRIDE. Without diving deeply into the specific changes envisioned by H.B. 419, its creation of barriers to addressing infrastructure needs — for instance, the two-year advance notice requirement — will delay urgent safety improvements.

The infrastructure we maintain presents unique challenges that require specialized expertise and careful planning. As we stated above, some of the gas mains we work with, especially in

⁷ Md. Gen. Assembly, *OPC Testimony Before the Economic Matters Committee* (Feb. 2022), https://mgaleg.maryland.gov/cmte_testimony/2022/ecm/1DcKhkHevfsqUAbhjxmt1dlzlFC18XqQe.pdf.

⁸ *Maryland Legislators Approve Pipes Repair Surcharge*, Natural Gas Intelligence, Feb. 8, 2013, <https://naturalgasintel.com/news/maryland-legislators-approve-pipes-repair-surcharge/> (“Following several high profile pipeline explosions with fatalities in different parts of the country, the federal government turned the spotlight on pipeline safety issues. U.S. Secretary of Transportation Ray LaHood’s 2011 Pipeline Safety Action Plan encouraged state regulators to enable the timely recovery of costs associated with maintenance projects by utilizing alternative financing methods if necessary.”); *Gas Leak Forces Evacuation in Annapolis*, WBAL Baltimore News, Sept. 1, 2014, <https://www.wbal.com/gas-leak-forces-evacuation-in-annapolis>.

Baltimore, date back to the 1800s. This aging infrastructure requires constant attention and maintenance. Significant resources are required to repair leaking infrastructure.

The complexity of this work is compounded in areas — especially urban areas — where the dense network of existing underground utilities requires careful coordination and precision. The accuracy and timeliness of utility locates can also be problematic, adding another layer of complexity to our work and often resulting in costly delays. This means that the most challenging, costly work to fix leaks is often in urban, environmental justice communities — does the General Assembly intend to abandon them?⁹

Given the complexity of our work, long-term planning is crucial for our business and workforce development. It enables us to invest in specialized equipment and training programs that improve efficiency and safety. When we have certainty about future work, we can justify investments in new technologies and techniques that ultimately reduce costs and minimize community disruption. Predictable workflows allow us to maintain consistent crews, reducing the high costs associated with employee turnover and ensuring that institutional knowledge about unique infrastructure is preserved. The Bill's desire to limit STRIDE will have immediate, lasting adverse effects on our ability to approach safety-related investments and maintenance schedules.

Thank you for considering this testimony.

Sincerely,

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⁹ Weller, Zachary D., et al. *Environmental Injustices of Leaks from Urban Natural Gas Distribution Systems: Patterns among and within 13 U.S. Metro Areas*. *Environmental Science & Technology* 56, no. 12 (2022): 8599–8609.