1000 Maine Avenue, SW | Suite 700 | Washington, DC 20024 | www.washingtongas.com

COMMITTEE: EDUCATION, ENERGY, AND THE ENVIRONMENT

TESTIMONY ON: SB0998 NATURAL GAS - STRATEGIC INFRASTRUCTURE DEVELOPMENT AND ENHANCEMENT (RATEPAYER PROTECTION ACT)

POSITION: OPPOSE

HEARING DATE: THURSDAY, MARCH 13, 2025, at 1:00 p.m.

On behalf of Washington Gas, Kevin Murphy, Vice President of Engineering, Asset Management and Gas Supply Operations, respectfully submits this statement in **OPPOSITION** to **Senate Bill 998 -Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)**

Washington Gas was founded in 1848 by a Congressional Charter and for the past 176 years has provided affordable, safe, and reliable natural gas service. I began my career at Washington Gas in 1994, and I have worked continuously at this Company for 31 years, supporting Washington Gas in its efforts to ensure that its more than 500,000 customers in Maryland, and its 1.2 million customers across the Capital Region, have safe and reliable service. I have held many roles at Washington Gas, but one of my primary responsibilities has always been ensuring the integrity of our facilities and the continuity of service. I manage a team of more than 200 dedicated employees who consider public safety and public service as a core value that we focus on every day. In addition, my team directly and indirectly supports thousands of workers across the region, and tens of millions of dollars of safety-focused capital projects each year. I am a native of this area, and a Washington Gas customer. I have a vested interest in the safe and reliable delivery of gas service as an employee, as a customer, and as a member of a community that relies on natural gas.

STRIDE has allowed Washington Gas to make significant improvements in safety, as described by Mr. Jacas in his testimony. However, Senate Bill 998 ("SB 998") seeks to fundamentally alter the STRIDE program in ways that would undermine the ability of gas utilities in Maryland to effectively replace vintage materials as quickly as possible. As Ms. Quarterman describes in her testimony, these materials pose a safety risk that the Pipeline Hazardous Materials Safety Administration ("PHMSA") has identified should be addressed through proactive retirement. Instead, SB 998 would modify the structure of STRIDE in three key respects. First, SB 998 proposes to include a repair versus replace evaluation that is, at best, a waste of time and money, and at worst could encourage actions that are directly contrary to federal safety standards. I will describe these implications later in my testimony. Second, SB 998 proposes to add an onerous requirement to evaluate electrification alternatives prior to replacement of leak-prone facilities that would slow replacement activities, and based on existing industry experience, would not save

ratepayers money. Again, I will describe the evidence supporting my statement later in my testimony. Finally, SB 998 proposes that utilities should notify customers at least two years in advance of planned STRIDE activities, which is operationally inefficient, costly, and unlikely to produce any direct customer benefits. This third issue is discussed in the testimony of Mr. Jacas.

Finally, SB 998 is framed as an effort to align with Maryland's climate goals. However, this is in error for two reasons. First, reducing the direct use of natural gas will not serve Maryland's climate goals, because the current use of electricity is not less impactful from an emissions perspective compared to natural gas, and any progress on the emissions associated with the grid are decades away. And second, the expeditious replacement of leak-prone assets with modern materials is a proven method for directly reducing emissions associated with Maryland's energy needs. Simply put, the continued accelerated replacement of leak prone pipe will produce substantial and immediate emissions benefits to consumers, without the many extensive and expensive hurdles associated with electrification.

Since its passage in 2013, STRIDE has been highly successful at, and solely focused on, improving the safety and reliability of Maryland's natural gas infrastructure while delivering good paying jobs and emission reductions benefits to the State. SB 998 would slow the significant progress that Maryland has made and must continue to make in removing leak-prone pipes from service. STRIDE must continue to serve its original purpose: enabling gas utilities to eliminate higher-risk piping faster while satisfying federal safety standards that require the proactive replacement of infrastructure to enhance public safety.

Federal Program Design and State Commission Approval

STRIDE provides gas utilities with the opportunity to achieve some amount of timely cost recovery where the utility presents a plan that improves public safety, and the Commission approves that plan. Specifically, in order for this timely cost recovery to be granted, the Commission must find that the investments in eligible infrastructure are reasonable and prudent and designed to improve public safety or infrastructure reliability over the short term and long term, pursuant to PUA § 4-210(e)(3). The eligible infrastructure includes pipe materials that are considered high risk by PHMSA, and for which PHMSA has encouraged expedited removal. These include: cast iron main, bare and unprotected wrapped steel mains and services, vintage mechanical coupled wrapped steel mains and services, copper services, and pre-1975 plastic services, low-pressure mains and services, as well as high-risk meter sets and gauge line remediations. Washington Gas uses a robust, data-driven process to develop its STRIDE plans. Specifically, Washington Gas utilizes its Distribution Integrity Management Plan (DIMP)[1] to evaluate the performance of distribution assets and support the identification of higher-risk infrastructure that Washington Gas then presents to the Commission for their approval as part of the STRIDE program. Eligible materials are analyzed annually with the risk model used by the

[1] Federal pipeline safety and integrity management (IM) regulations require pipeline operators to use risk assessments. PHMSA's integrity management regulations (49 CFR part 192, subpart O and subpart P; 49 CFR 195.452) require the continual evaluation of threats to pipelines, and evaluation of methods to minimize the likelihood of a release as well as address the consequences of potential releases. Risk models are a primary tool pipeline operators use as part of this evaluation process and are generally referred to as a "risk analysis" or "risk assessment."

Company, which follows PHMSA's best practice in the gas industry, to identify the most risk that can be removed given the annual expenditures approved by the Commission. The Company's prioritization methodology is included in its STRIDE Plan proposal to show the reasonableness and prudency of the work proposed, and ultimately approved, by the Commission as part of the STRIDE Program. Washington Gas's use of its risk model was accepted by the Commission in the Company's most recent STRIDE 3 Application.[2]This process ensures the Commission has reviewed and approved the appropriateness of the higher risk assets targeted for replacement by the Company.

Leak Detection and Repair is not a Safe Option for STRIDE Eligible Materials

SB 998 proposes to add a repair versus replace analysis that is both inappropriate for the nature of the pipe materials addressed by STRIDE, inconsistent with federal safety obligations, and does not provide any safety or cost-effectiveness benefits. As described by Ms. Quarterman, federal safety standards require two separate and distinct programmatic approaches to pipeline system safety. The first is leak detection and repair, which is a reactive approach to managing issues on the system. PHMSA safety regulations and industry guidance[3] provide for classification of active leaks based on how hazardous those leaks are to public safety and provide guidelines on leak repair and monitoring practices to manage risk posed by existing leaks. Through its leak detection and repair program, the utility uses system surveys and other methods to identify active leaks, and repairs those leaks consistent with safety and federal timing requirements.

The second programmatic approach to ensuring a safe and reliable system is proactive Integrity Management. PHMSA specifically requires gas utilities to use a proactive method for identifying pipes that pose a greater risk to the system, due to material type, condition, and other criteria. Gas utilities must act on this risk assessment and identify a schedule to replace these assets in order to ensure the continued safe and reliable nature of the system. This requirement is separate and distinct from the leak management program that I just described.

Both of these elements are required in order for a gas utility to have a PHMSA compliant Integrity Management program. One is proactive (i.e., aiming to minimize the likelihood of a release and consequences of potential releases) and one is reactive (i.e., responding to leaks that have already occurred). PHMSA requires both a leak management program and an Integrity Management program.

It is critical to understand that leak repairs do not reduce the future risk of the repaired pipe. Leak repairs are merely addressing an existing event – an active leak. When the active leak is on a new pipe that has a known source of damage, for example modern plastic pipe that has been hit by a third party, leak repair is an effective way to address the concern and to restore the pipe to its prior operating condition. In that instance, the modern plastic pipe could continue to safely operate for decades after leak repair is completed, because the pipe is unlikely to leak again based on age and

[2] CN 9708, Proposed.Order.of.Public.Utility.Law.Judge?at 46 (October 25, 2023).

[3] 49 CFR § 192.703 and Gas Piping Technology Committee, Guide for Gas Transmission, Distribution, and Gathering Piping Systems, ANSI/GPTC Z380.1 Appendix G-192-11 ("GPTC Appendix G-192-11").

material. This is true so long as the remainder of the asset is in good condition and no further events occur. However, where the active leak is on a pipe made of leak-prone material, leak repair does not fix the overall condition of the pipe. For leak prone assets like cast iron and bare steel, leaks are often not due to a specific event, but rather degradation of the material through corrosion. The leak detected is likely only impacting a small, local segment of the pipe, and therefore only that local segment of the pipe will be repaired, while the rest of the equally aged and leak-prone material is not improved. Even worse, for certain materials, such as cast iron, the mere act of exposing the pipe to repair the leak can cause additional damage that results in additional leak events in the near term. Therefore, leak repair activity does not mitigate risk or the likelihood of future leaks on leak-prone pipe. The bulk of the pipeline remains in the same condition – i.e., vintage materials that require removal pursuant to the Call to Action. In that instance, replacement of the leak prone pipe is the only option that removes the potential for further future failures, addressing both the risk and potential methane emissions, over the lifetime of the replacement pipe.

A simple way to think about the distinction between leak repair on modern versus vintage pipe materials is to think about a tire on your car. If you have a brand-new tire on your car, and a nail punctures it, you can likely patch the tire, continue to drive on it, and get many more miles of good use. However, if you experience a leak on a tire because you've driven it so many miles that the tire has been worn bald in a spot, the prudent thing to do is to replace that tire – not to repair it. Repairing the bald spot on that tire and continuing to drive it could cause a blow out, with potentially serious safety consequences.

Finding and repairing leaks more quickly will, of course, reduce the immediate risk from those active leaks that are repaired. It does not, however, meet the PHMSA requirements to "minimize the likelihood of a release as well as address the consequences of potential releases"[4] as part of an overall Integrity Management program, nor does it address the PHMSA Call to Action regarding the need to address the risk in leak prone assets. As stated above, leak management is separate and distinct from proactive Integrity Management, with both forming essential components of prudent, compliant risk management as required by PHMSA. Only pipe replacement can lower the risk of future leaks and lower the overall system risk associated with vintage materials.

In conclusion, natural gas utilities in Maryland already have repair programs in place and modifying SB 998 to require a repair evaluation for assets whose useful life cannot and should not be extended by repair does not improve safety or lower costs to consumers. It simply creates more administrative complexity, when speed and effectiveness are of the essence.

Alternatives Analyses Do Not Serve the Public Interest

Turning to the second modification proposed in SB 998, the evaluation of alternatives, this amendment again does not increase safety or lower costs, and existing evidence on the effectiveness of alternatives has shown these to be time consuming, costly, and ineffective.

New York is often cited as the leading example for the use of an alternatives analysis to evaluate whether pipe replacement is necessary. However, the evidence from New York shows that this

[4] Docket No. PHMSA-2024-0043

approach adds significant overhead, delay, and has had limited success. For example, Con Edison, which has a dense urban service territory, has evaluated approximately 300 potential alternatives opportunities over the past two and a half years as part of their electrification program seeking to avoid main replacements. To date, they have only been able to complete three (3) projects which have resulted in the abandonment of a total of 354 feet of gas main, while a fourth project where all impacted customers have electrified will enable them to abandon another 47 feet of main.[5] Con Edison also reported five (5) other in-flight projects where only some of the impacted customers have electrified, which will either delay or impair the utility's ability to retire the targeted sections of gas main. In total, Con Edison reports that over 2.5 years only 14 customers have converted to all electric use and given up their gas service at a total cost of $742,830 or $53,059 per customer, which is higher than the cost of main replacement.[6]

Another New York utility, Central Hudson Gas and Electric Corporation ("Central Hudson"), which has a more rural service territory, reports evaluating 38 separate potential projects, of which five (5) have resulted in completed projects with an additional 2 reported "In Progress." The five completed projects involved converting only 10 gas customers to all electric equipment and moving the gas services for two (2) other customers to connect to other nearby gas mains,[7] resulting in the abandonment of 2,139 feet of leak-prone gas mains.[8] Central Hudson also reports "[p]er home conversion costs were approximately $46,000, and, at sites where offered, on average, a $4,000 bonus incentive in addition to the full cost of the electrification equipment, installation, and panel upgrades was needed."[9]

Finally, National Grid, another New York utility, reported that while they have not been able to use alternatives to successfully abandon any gas mains, they have used similar efforts to retire individual service connections totaling 586 feet of gas pipe and associated regulators for 3 homes. However, another 16 homes declined to abandon their gas service, despite National Grid offering to cover the full costs of converting.[10] I would note that all three of these New York utilities are gas/electric combination utilities – unlike Washington Gas. As a gas only utility, Washington Gas lacks access to data and infrastructure options that a combo utility has in assessing electric-side feasibility issues that would need to be part of any alternatives analysis. To the extent a gas utility could get this information, it would cause further delays in safety work.

To put these New York numbers in the context of Washington Gas's annual operations, for its Maryland STRIDE activities in 2025, Washington Gas has identified more than 2,600 services that

---

[5] Con Edison 2024 NPA Annual Report, https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={20D54093-0000-C81F-915A-784A4EDDB2E5}.
[6] *Id.*, at p. 39, Table 3: Electric Advantage Installed Projects Overview.
[7] Central Hudson Gas and Electric Corporation's Non-Pipeline Alternatives Annual Report, https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={B0278993-0000-C639-A1F1-D695C2EDAACB}, at pp. 5-13.
[8] Central Hudson's Non-Pipeline Alternatives presentation at the NGA 2024 Conference PowerPoint Presentation, https://northeastgas.org/files/galleries/Day_1,_Session_3_Non-Pipe_Alternatives_Marwa_Chowdhury.pdf, at p. 2.
[9] Central Hudson Final Gas System: Long Term Plan, https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={D0BD4B93-0000-C73C-B10D-4BF08ADB2B39}, at p. 48.
[10] Non-Pipeline Alternatives Non-Pipeline Alternatives: Emerging Opportunities in Planning for U.S. Gas System Decarbonization (May 2024), https://www.nationalgridus.com/media/pdfs/other/CM9904-RMI_NG-May-2024.pdf.

will be replaced and more than 19,000 feet of main (i.e., 3.6 miles). Assuming similar results as those in New York – which spanned more than two years of operating experience, alternatives would, at best, address only a tiny portion of the work identified for 2025, while consuming a significant amount of time and administrative resources. Washington Gas's own recent experience suggests that there is little interest in electrification amongst its STRIDE-impacted customers. In early January, 2025, the Company sent notices to the 2,600 identified customers that would be impacted by STRIDE service replacements in 2025, providing them with notice that (1) their service line was scheduled for replacement, and (2) they should notify the Company within 30 days if they planned to abandon gas service because they plan to electrify their homes so the Company could skip replacing their services. As of the date of the submission of this testimony, which is 28 days into the 30-day period, the Company has received no notifications of Maryland gas customers planning to electrify in 2025.

Further, industry experience indicates that alternatives are either not attractive to customers or require utility-funded incentives that ultimately make them less cost-effective than standard pipe replacement activities. From a practical perspective, any cost-effectiveness analysis undertaken by the PSC would have complicated timing, given that alternatives require the buy-in and full conversion of customer homes before a project can move forward. At what point would the PSC approve the project as more cost-effective than the replacement of the identified at-risk and leak-prone gas pipe? Would that evaluation delay the replacement of at-risk assets?

Natural gas continues to be a popular choice for residential, small business, and industrial users in Maryland. Washington Gas and other Maryland gas utilities continue to see thousands of new customers added to our systems each year, because natural gas is affordable and reliable. All evidence in Maryland currently shows that there are serious challenges around electrification, and any transition will not be fast, easy, or cost-effective. And yet SB 998 is willing to stake the safety of the public on the unfounded belief that widespread electrification will alleviate the need to replace leak-prone pipes. I share Ms. Quarterman's serious concern with this approach to energy safety and reliability – we must take every reasonable step to quickly and effectively ensure the existing system is safe and reliable, because doing so will benefit Maryland now and into the future.

Conclusion

STRIDE has been a tremendously effective tool in improving safety and reliability, while reducing greenhouse gas emissions. In considering whether to modify this important mechanism to deliver public safety improvements, Maryland must consider whether the specific proposals in SB 998 expedite or delay improvements in public safety, whether they achieve efficiencies and lower costs to consumers, and whether they are in the best interests of consumers, citizens, employees and the economy of Maryland. Unless there is a clear and resounding answer that these modifications will improve public safety and benefit the public, they should not be adopted.

The safe and reliable delivery of energy is vital to public safety and Maryland's economy. As described in my testimony, amending the STRIDE program in the manner proposed in SB 998 undermines the General Assembly's stated goal of enhancing the safety of Maryland's natural gas

system by changing the focus of the program away from its intended purpose and slowing critical safety work. Infrastructure that presents a high risk to Marylanders must continue to be replaced at an accelerated pace. The continued investment effectuated by STRIDE will position Maryland for a strong energy future for decades to come.

For the above reasons Washington Gas respectfully requests an unfavorable vote on Senate Bill 0998. Thank you for your consideration of this information.

COMMITTEE: EDUCATION, ENERGY, AND THE ENVIRONMENT

TESTIMONY ON: SB 998 NATURAL GAS - STRATEGIC INFRASTRUCTURE DEVELOPMENT AND ENHANCEMENT (RATEPAYER PROTECTION ACT)

POSITION: OPPOSE

HEARING DATE: MARCH 13, 2025

On behalf of Washington Gas, Wayne Jacas, Director of Construction Program Strategy & Management, respectfully submits this statement in **OPPOSITION** to **Senate Bill 998 -Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)**

Washington Gas has provided safe, affordable and reliable natural gas service for 176 years. We currently serve more than 500,000 Maryland customers in Montgomery, Prince George's, Charles, St. Mary's, Frederick, and Calvert Counties and 1.2 million customers across our entire service area, with those numbers growing every single day. Washington Gas employs over 400 people in Maryland, including contractors, plumbers, union workers, and other skilled tradespeople. The Company, together with other natural gas distribution utilities, works every day to ensure the safe delivery of natural gas to our customers. This work ensures that our customers can count on Washington Gas to reliably deliver natural gas when they need it. I am a Marylander and a gas customer. For me, my team, and my colleagues at Washington Gas, the safety of our communities is at the top of our minds every day – we are part of the communities we serve; it is where we live and work.

In 2013, the Maryland General Assembly enacted SB 8/HB 89 Strategic Infrastructure Development and Enhancement Plan ("STRIDE Legislation" or "STRIDE") in response to increasing concerns about threats to public safety due to aging gas infrastructure throughout Maryland. Ms. Quarterman describes the history leading up to the adoption of the Call to Action and STRIDE.

STRIDE has directly supported significant safety improvements on the Washington Gas system. Through 2024, STRIDE has allowed the Company to replace more than 157 miles of pipe and 31,000 service lines (i.e., the lines directly connected to customers' homes and businesses). This has directly enhanced the safety of the system that serves thousands of customers. But we still have work to do. Specifically, Washington Gas still needs to replace over 530 miles of main, and

41,000 services made of vintage and leak-prone materials, such as cast iron and bare steel. The average cast iron main located in Maryland is 93 years old. These must be replaced on an accelerated timeline to ensure the safety of our communities, and to maintain reliable service to existing customers.

Natural gas is a cornerstone of our community that ensures we have comfortable homes on cold nights, hot showers, hot home cooked dinners, backup power in an emergency, and more – and STRIDE ensures we have energy security through modern, resilient infrastructure – directly reducing risk to the public and protecting Maryland's future, while still supporting Maryland's climate and economic goals through lower GHG emissions and good paying jobs.

Since its passage in 2013, STRIDE has been highly successful at, and solely focused on, improving the safety and reliability of Maryland's natural gas infrastructure, as well as providing economic and climate benefits to the State. However, Senate Bill 998 ("SB 998") would change the STRIDE program by burdening the program with administrative bloat that will slow the pace of safety improvements, and waste customer money. This is done in the name of climate policy, but the provisions included in SB 998 will not actually serve Maryland's climate policy. These modifications will compromise the intended safety goal of STRIDE, will slow the pace of emissions reductions by delaying the replacement of leaking pipe, and will only increase the cost of this critical safety work. There are no benefits to the public in SB 998.

Even as Maryland works to meet its climate goals, including changes in how it uses energy, the highest risk pipes on the Company's distribution system cannot be ignored. The primary focus of these investments is to enhance the safety and reliability of the gas system infrastructure; this should continue to be the purpose of the STRIDE program, because high-risk pipes remain a part of the Maryland gas distribution systems. STRIDE has, and should continue, to serve Maryland's "all of the above" approach to meeting Marylanders' energy needs while addressing climate concerns.

STRIDE Has Significantly Improved Safety in Maryland

STRIDE's primary mission is to enhance safety and improve the reliability of the gas system by removing aging gas infrastructure. Maintaining the safety and reliability of the system, in compliance with the Company's federal safety obligations, requires proactive replacement of old, leak-prone pipe made of high-risk materials. As Ms. Quarterman states, it should be done as quickly as possible.

Washington Gas's STRIDE plans from 2014-2024 have materially enhanced the safety and reliability of our Maryland transmission and distribution systems, consistent with the objectives of the STRIDE statute, by enabling the accelerated replacement of high-risk facilities identified and approved by the Maryland Public Service Commission through annual project lists. The Washington Gas STRIDE programs are developed to mitigate risks identified by the Company's Distribution Integrity Management Plan ("DIMP") and Transmission Integrity Management Plan

("TIMP") plans.[11] The Company's DIMP plan identified bare steel, cast iron, vintage mechanical coupled wrapped steel,[12] copper, and pre-1975 plastic to be high risk materials that should be targeted for accelerated replacement. As of 2022, these materials accounted for approximately 61% of all service leaks but make up only 11% of the services on the system. For mains, these materials account for approximately 57% of main leaks, but make up only 7% of the total main pipe.[13] As a result of these replacements, between 2014, when STRIDE began, and 2023, Washington Gas experienced a 31% reduction in the total leaks in Maryland. In fact, the Company has seen a **57%** reduction in Corrosion Leaks, which is a type of leak the STRIDE program focuses on. Less leaks directly reduces GHG emissions associated with the Company's operations.

Not only have the Company's replacements in STRIDE reduced leaks and risk associated with vintage materials, STRIDE has also allowed Washington Gas to install additional features that further enhance safety and improve reliability of the Company's distribution system. Additional safety enhancements include the installation of Excess Flow Valves,[14] Thermal Safety Valves,[15] new marking technology, updated as-builts, moving inside meters outside when feasible, and other activities that make customers and our communities safer. One significant reliability improvement made possible through STRIDE is the uprating of low-pressure systems, which reduces water infiltration into pipelines that can cause outages.

Thanks to STRIDE, Washington Gas currently maintains full compliance with all federal, state, and local regulations. STRIDE provides the Company the financial and regulatory certainty necessary to make significant investments each year to replace high-risk pipe more quickly than those facilities could be replaced if the Company was limited to funding these critical safety activities through base rate cases. Funding for STRIDE goes directly back into communities in the form of good paying jobs, including many union jobs. STRIDE allows Washington Gas to be more proactive and provide the safest gas distribution system for Maryland consumers.

Reduction in GHG Emissions

There is no tension between STRIDE and Maryland's climate goals. STRIDE has directly, and significantly, reduced GHG emissions associated with Washington Gas' operations. These reductions are consistent with the State's policy objectives and support the achievement of Maryland's 2031 and 2045 GHG emissions reduction targets. From the beginning of STRIDE through December 31, 2024, Washington Gas has reduced GHG emissions associated with the

[11] The U.S. DOT Code of Federal Regulations 49 Part 192 ("DOT 192"), Subpart P (Gas Distribution Pipeline Integrity Management) requires gas companies to have a DIMP plan. A DIMP Plan is performance-based, using metrics to drive overall performance improvement.

[12] Wrapped steel pipe 2" in diameter and smaller, installed between 1952 – 1956 and 1962 – 1965.

[13] STRIDE 3 Amendment, Exhibit WAJ-1, at 8-9.

[14] Excess Flow Valves are designed to automatically limit the flow of gas when gas flow exceeds the design capacity of the valve as often occurs when a service line is broken. EFVs will have a trip limit (rating) less than the service line capacity. EFVs will trip when the service line is severed but not during maximum connected equipment demand.

[15] Thermal Safety Valves (TSVs) are designed to automatically close when subjected to intense heat. When temperatures reach about 200 °F (see manufacturer's data sheet(s)), internal valve restraints melt. When melting occurs, the valve closes. The purpose of a valve closure is to prevent natural gas from contributing additional fuel to fire(s) in the vicinity of gas piping.

operation of the distribution system by an estimated total of more than 150,000 metric tons of GHG emissions, or the equivalent of removing over 32,000 cars from the road. Said differently, the accelerated and expedited replacement of vintage and leak-prone pipe not only improves safety, but it also produces meaningful emissions reductions in furtherance of Maryland's climate goals. No amendment to STRIDE is needed to make these objectives align.

STRIDE Project Selection Ensures Cost-Effective Removal of Risk

One of the proposed amendments to SB 998 requires "a demonstration that the gas company has selected and given priority to projects based on risk to the public and cost-effectiveness." This modification is not needed and does not produce any benefits that are not already being realized by customers.

Once the Company's DIMP has identified the eligible materials to be included in STRIDE and has been approved by the Commission, the Company ranks all projects using a risk reduced per dollar spent metric using its fully probabilistic risk model on an annual basis, in compliance with federal requirements.

Annually, the Company performs a risk analysis on all pipe segments. The Company then identifies and prioritizes projects with higher risk scores. However, because the risk scores are calculated without considering relative economics and operational considerations, the Company also targets those projects that optimize reductions in risk on a per dollar basis. The result addresses risks through a combined approach to enhance safety and improve reliability. Lastly, to take advantage of construction and operational efficiencies and related cost savings, the Company replaces certain mains and/or services notwithstanding their risk profiles. These selected pipes are replaced to realize efficiencies that produce cost savings to customers and are done in conjunction with other Plan replacement activities, Maryland Department of Transportation ("MDOT") or county roadway improvement projects and other utilities' projects. As a result, the Company will limit traffic disruptions, reduce public parking inconveniences, and lower paving restoration costs. In addition, projects are selected due to other operational considerations and field assessments. All of these methods are intended to ensure that at-risk facilities are removed quickly and cost-effectively.

The Washington Gas STRIDE program reduces risk and enhances the safety of the gas system in Maryland in a cost-effective manner.

The Commission Has Oversight of Project List Design and Approval Authority

Each November, Washington Gas files annual project lists with the Commission that provide information on the specific projects to be included in the STRIDE program for the upcoming program year. These project lists provide detailed information about each project, including: location, project scope (including main abandonment by material, main install by size, affected services, estimated EFVs, and project cost), and the estimated project dates (construction start, construction complete, paving complete). The November filing also includes the Company's progress to date for the existing program year. The Company makes a final report of each completed year's projects and costs to the PSC on an annual basis. Stated differently, the PSC

has annual advance notice of the details of all STRIDE projects and gets a final annual report each year of the projects. This provides the PSC with extensive oversight of how STRIDE is implemented.

By way of example of the direct oversight of the Maryland PSC, in 2022 the Company requested to remove one project because it was found to be of ineligible material during the records research design process. As a part of the removal request Washington Gas also requested the addition of an alternative STRIDE eligible project consisting of 860' of bare steel main and ten (10) affected services due to the poor condition of the pipe as identified by the Company's Field Operations personnel.[16] The Commission approved the Company's request to remove the ineligible project, but disallowed the inclusion of the alternative project on the STRIDE project list.[17] Therefore, the Commission has been very involved in the review and approval of all STRIDE projects.

In addition to extensive direct oversight of the PSC regarding the multi-year STRIDE plan and annual project lists, other parties have the opportunity to review, comment on, and provide recommended modifications to the STRIDE filings. This includes direct participate by the Office of People's Counsel, which is active in reviewing these proceedings. This shows that there is significant oversight of STRIDE to ensure that it is implemented in a way that strictly complies with state and federal safety requirements in a way that prioritizes cost-effective risk reduction.

Two-Year Notice Period Is Inconsistent with Current Planning Practices

Consumer behavior in Maryland does not indicate that there is a significant number of natural gas customers that wish to electrify. Further, there is absolutely nothing stopping existing customers from electrifying at any time. Individual customers whose services are due for replacement bear no direct cost and make no long-term commitment, consequently receiving notice of a service line replacement planned by the Company is not likely to impact a customer's decision-making about electrification at all. This notice requirement would add administrative expense and cause potential delays in needed safety work, without any likelihood that notice will influence behaviors or create any other customer-facing benefit.

The Company specifically opposes a two-year notification window for customers to electrify. This proposal would cause delays, disruptions, and increased costs to the Maryland customers. As discussed previously, the Company performs its risk analysis annually to account for new leaks and recent field observations. A two-year notification period would require the Company to use an old analysis that is not reflective of the current state of the system and would not reflect any knowledge gained each year. It would also disrupt any opportunities to replace corroded pipe found by the Company's Field Operations personnel or to coordinate activities with other Maryland agencies as a part of STRIDE, potentially depriving customers of key cost-reducing opportunities. Furthermore, this process would affect the construction processes of the main and service replacements.

[16] Case No. 9486, Washington.Gas.Request.to.Remove.8688.STRIDE.Project, May 6. 2022 (ML# 240584).
[17] Case No. 9486, ML# 241372 (July 6, 2022).

The proposed two-year notification could result in significant construction delays or increased safety and reliability risks, where a customer is first given two years of notice, and then may still require further time to electrify. For example, if a service is scheduled to be replaced in conjunction with an associated STRIDE-eligible main line that is high risk, the old service line would be disturbed and could not be reconnected to the new main line without increasing the risk of a leak. The main line work would either need to be delayed, or the service line would need to be abandoned or replaced. The degree of risk calculation is based on a variety of safety-related factors beyond pipe material, including age, location, leak history, and population density. It would be highly inefficient and unnecessarily costly to skip over one service line, where a customer might be contemplating electrification, only to remobilize a construction crew to return to the area at a later date to replace that single customer's service line in the event the customer does not actually fully electrify their property. This modification could impact safe, reliable and affordable service to entire neighborhoods where only one customer creates delays around construction work.

There are many reasons that, even with two years of notice, consumers are unlikely to electrify their properties. These reasons include: (1) the customer could not find a contractor; (2) electrification was not affordable for the customer; (3) the hassle of home renovations dissuades the customer from converting; (4) the customer decides they want gas as a back-up fuel source; and/or (5) even if they electrify all or part of their property, the customer decides they do not want to give up the option of someday resuming gas service without having to potentially pay the full cost of installing an entirely new service line.

This proposal also carries non-construction risks and may result in other negative consequences or practical impediments. Some examples include: (1) a customer account holder who is not the property owner returns a notification form without authorization from the property owner; (2) an account holder returns the notification form without the genuine intent or ability to electrify their property timely, for the purpose of delaying work for the entire street or neighborhood; (3) a customer electrifies only a portion of their appliances, and then decides to maintain gas service; (4) after notice, the property owner sells the property to someone that chooses to continue gas service; (5) customer returns notification, and only subsequently investigates the cost impacts of electrification and the effect of electrification on service reliability; (6) customer returns the form long after the deadline or returns the form to the incorrect department; (7) at the expiration of the two year period, the customer requests additional time that would further delay safety work. These are just some of the issues that could occur in implementing the two-year notice requirement, and these are in addition to the added burden and expense of including new administrative procedures and modifying the Company's operations to accommodate long lead times and unpredictable customer behavior impacting public safety.

Finally, there is simply no evidence that STRIDE replacement activities either negatively impact any electrification activities or that electrification is negating the criticality of STRIDE replacement. On January 6, 2025, the Company mailed notice to customers affected under the 2025 STRIDE Project List that the Company planned to do replacement work. Customers were given 30 days to contact Washington Gas if they intended to electrify their properties, at which point they would be provided with 180 days to electrify. Washington Gas mailed approximately 2,500 notification letters to customers. The Company did not receive notification from any customers that intended to electrify. A two-year notification window only serves to add

administrative burden, complexity, additional costs and delay to critical safety work that needs to be completed based on the Company's risk analysis. Critically, the Maryland Public Service Commission stated that, "there is no reason to believe that a significant number of customers will choose to abandon service, even with the extended notice period."[18] The proposed amendment requiring two years of notice should not be adopted.

Conclusion

STRIDE has allowed Maryland to achieve significant safety and reliability benefits, as well as economic and emissions reduction benefits. SB 998 does not further STRIDE's focus on safety, nor does it provide any improvements in cost-effectiveness, emissions reductions, or economic benefits. Instead, it threatens to disrupt a program that has consistently delivered on its mission to modernize the natural gas distribution system in Maryland, for the benefit of the public.

Amending the STRIDE program in the manner proposed in SB 998 undermines the General Assembly's stated goal of enhancing the safety of Maryland's natural gas system by changing the focus of the program away from its intended purpose. Infrastructure that presents a high risk to Marylanders must continue to be replaced as soon as feasible. Our continued investment through STRIDE positions Washington Gas to deliver safe service to Marylanders for years to come.

For the above reasons Washington Gas respectfully requests an unfavorable vote on Senate Bill 998. Thank you for your consideration of this information.

Contact:
Brandon Todd, Vice President. Government Affairs, Policy & Advocacy, Washington Gas
M [202-744-0816] | brandon.todd@washgas.com

[18] Maryland Public Service Commission, Order No. 91416, ML# 311766 (November 15, 2024).