**Committee: Education, Energy, and the Environment**
**Testimony on: SB998 - Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)**
**Submitting: Dave Arndt**
**Position: Favorable**
**Hearing Date: March 13, 2025**

Dear Chair and Committee Members:

Thank you for reading my testimony today in support of SB998. I urge you to vote favorably on SB998.

SB998 amends the current Strategic Infrastructure Development and Enhancement Plan (STRIDE) law passed in 2013 to prioritize 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 for a safe gas system. More than a decade of experience has revealed that gas utilities prioritized investment in gas system expansion and replacement, and the associated profits, over fixing the riskiest pipes.

Gas utilities make their highest profits off of capital investments, including installing new pipes and equipment like external regulators. Increased capital spending increases customers rates and is reflected in ratepayer delivery costs. As written, STRIDE effectively increases the incentive to overinvest - driving up our rates and utility profits, but without measurably improving utility service. For example, BGE delivery rates have nearly tripled since 2010 allowing their profits to jump from $147 million in 2010 to $485 million in 2023. While gas utilities may try to blame increased rates on the Empower surcharges, this is misleading. Currently, the fixed delivery charge for BGE is $14.24/therm and the Empower surcharge is only $.047/therm. In addition, the recent Empower increase is a short-term fix as the unamortized balance of Empower debt will be paid off in 2026, and ratepayers will actually save money in future years.

Furthermore, gas utility profits and rate hikes have not translated to greater safety. In fact, according to federal data, BGE's hazardous leaks per year have increased in the last decade, escalating from 2,400 in 2011 to over 4,000 in 2023. Columbia Gas has followed a similar trajectory of increased spending, profits and rates, and without intervention, Washington Gas will likely follow suit.

The Maryland Office of the People's Counsel found that since 2014, gas utilities have spent more than two billion dollars under the STRIDE law on new gas infrastructure, and will spend a total of nearly 10 billion to complete the program. Maryland ratepayers are on the hook to cover these costs, as well as additional return on investment profits for utilities, amounting to 40 billion over the life of the program.

SB998 puts safeguards in place that require utilities to prioritize safety and cost effectiveness over capital expenditure profits. These safeguards include: requiring gas utilities to use modern leak detection technology to identify aging pipes with the greatest risk of failure, requiring gas utilities to use less costly alternatives than replacement where appropriate, requiring 2 years notice to gas customers before work in their home so they have time to plan; and, generally ensuring gas infrastructure spending is cost effective.

SB998 is a largely consumer protection and safety bill aimed at curbing escalating burdensome costs imposed on ratepayers by monopoly utilities. I urge a FAVORABLE report in Committee.

Dave Arndt
CoChair – Maryland Legislative Coalition -Climate Justice Wing