

Committee: Education, Energy, and the Environment
Testimony on: SB978 Natural Gas--Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)
Submitting: Deborah A. Cohn
Position: Favorable
Hearing Date: March 13, 2025

Dear Chair Feldman and Committee Members:

Thank you for allowing my testimony today in support of SB978. I have resided in Maryland since 1986. My children and grandchildren also reside in Maryland. I am concerned about wasteful spending by our gas utility company that contributes to higher utility bills.

The Strategic Infrastructure Development and Enhancement Act (STRIDE) was enacted in 2013 in response to a destructive gas explosion in California. STRIDE is an accelerated cost recovery program that authorizes gas utilities to recover infrastructure replacement costs in advance through monthly surcharges on customers' bills rather than wait to recover these costs through periodic Public Service Commission rate case proceedings.

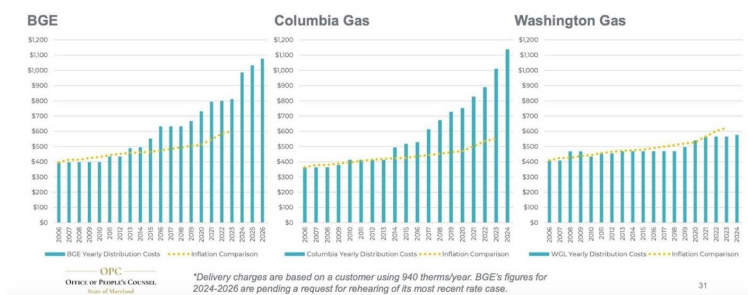
STRIDE, however, lacks adequate guardrails, leading gas utilities to replace all of the pipelines and other infrastructure in a community rather than undertake targeted repair of infrastructure as needed to ensure safety and reliability.

The Problem

Consumers are rightly concerned about rapidly increasing utility rates. The graphs below show the steep increase in BGE and Columbia Gas rates their gas customers (including school systems which could better apply those costs toward implementing the Blueprint for Maryland) have been experiencing as a result of aggressive programs to replace large swaths of infrastructure. WGL recently accelerated its STRIDE replacement program which will soon result in higher rates in its service area as well.

Gas deliver charges at BGE and Columbia gas have increased well above the rate of inflation, Washington Gas could be next

Gas Utilities: Total Delivery Charges 2010-2024



Charts from the Office of the People's Counsel 2024 report "[Maryland Utilities Rates and Charges](#)."

The Answer

SB978 can curtail these rate increases. The bill requires gas utilities to (1) use modern leak detection technology, not available when STRIDE was first enacted, to identify targeted areas needing repair, (2)

repair (*i.e.*, “fix it first”) rather than replace infrastructure where repair provides safety and is cost effective, and (3) provide 2 years’ notice before commencing work, giving customers reasonable time to electrify their residence and switch off of gas.

Wholesale Repair of Infrastructure Not Needed

Utilities, of course, are required to ensure that their systems are safe and reliable. But achieving that result does not necessarily entail wholesale replacement of all older infrastructure in a neighborhood. Most gas explosions are not caused by aging infrastructure. Most are caused by human error. [National data](#) show that between 2005 and 2021 fewer than 15 percent of gas incidents were caused by defective welding and corrosion, and that includes defective workmanship during more recent work on the system.

Details on Costs

Utilities may inform customers whose infrastructure will be replaced that the cost will be limited to a small amount each month. The Office of People’s Counsel estimates, however, that the cost to upgrade one home with new pipes, meters, and regulators is about \$24,000, but after accounting for the interest and profits on this investment through the long useful life of different components of gas infrastructure, that initial cost balloons to \$75,000.

That’s just for a single home. But when infrastructure in entire neighborhoods is replaced, and costs are socialized throughout the utility service area, the impact multiplies. Plus, as more customers leave the gas system through all-electric new construction or retrofits, these costs are shouldered by fewer and fewer customers, or ultimately become stranded assets with taxpayers, most likely, having to pick up the tab.

Request

Maryland residents and businesses need common sense modifications to STRIDE that would require gas utilities to prioritize highest risk segments of infrastructure and to consider less costly alternatives to replacement. For these reasons I urge this Committee to issue a **FAVORABLE** report on SB978.

Thank you.