

MAP - Ratepayer Protection Act - FAV.pdf

Uploaded by: Abby Snyder, Co-Chair

Position: FAV



Member Agencies:

211 Maryland

Baltimore Jewish Council

Behavioral Health System Baltimore

CASH Campaign of Maryland

Energy Advocates

Episcopal Diocese of Maryland

Family League of Baltimore

Fuel Fund of Maryland

Jewish Community Relations Council
of Greater Washington

Job Opportunities Task Force

Laurel Advocacy & Referral Services,
Inc.

League of Women Voters of Maryland

Loyola University Maryland

Maryland Center on Economic Policy

Maryland Community Action
Partnership

Maryland Family Network

Maryland Food Bank

Maryland Hunger Solutions

Paul's Place

St. Vincent de Paul of Baltimore

Welfare Advocates

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TESTIMONY IN SUPPORT OF SB998

Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

Senate Education, Energy, and the Environment Committee

March 13, 2025

Marylanders Against Poverty (MAP) supports SB998, which alters the required contents of a certain plan that a gas company may file with the Public Service Commission for proposed eligible infrastructure replacement projects to include certain descriptions, demonstrations, analyses, and notifications; and alters the required findings of the Commission in considering whether to approve a certain infrastructure replacement plan.

BGE gas customers have seen their delivery rates triple since 2010, due in large part to STRIDE. At the same time, BGE's profits tripled from \$147 million in 2010 to \$527 million in 2024. There's still time to protect Washington Gas customers from these massive rate hikes. But without intervention, all Maryland gas customers' rates will continue to rise, making home heating increasingly unaffordable. A pipe replacement program that properly prioritizes leaks would cost less, meaning smaller bill increases, while actually making us safer. The Ratepayer Protection Act gives the Maryland Public Service Commission new tools to ensure that ratepayer dollars are spent responsibly by codifying requirements on safety and cost effectiveness.

The lower the amount of income a Marylander's household brings in a month, the larger the amount of that income that is required to go toward their utility bill – otherwise they will not be able to live comfortably. Maryland households with incomes below 50% of the Federal Poverty Level had to spend an average of 37% of their household income to pay home energy bills in 2022 – before any of the recent rate hikes took place. It is understood that these statistics have skyrocketed since the recent BGE rate hikes across the State. The Ratepayer Protection Act contains important protections that will help keep low-income consumers connected to essential home heating utilities during the transition to greater electrification of home heating.

Without intervention, Maryland gas customers are projected to pay \$40 billion for the STRIDE program over the next twenty years, driven in large part by utility profits. This is an impossible ask, especially for our Marylanders living in poverty. It is imperative that action be taken, and MAP believes that this bill is the proper vehicle to address many of the concerns. **MAP appreciates your consideration and requests the committee provide a favorable report on SB998.**

***Marylanders Against Poverty (MAP)** is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.*

SB0998_FAV_Action in Montgomery.pdf

Uploaded by: AIM Admin

Position: FAV



Support the Ratepayer Protection Act (SB0998)

Dear Members of the Senate Education, Energy, and the Environment Committee,

We are [Action in Montgomery](#) (AIM), a nonpartisan, interfaith community organization representing thousands of Montgomery County residents. We organize with people in congregations, schools, and neighborhoods to build power for policies that make our communities more fair and livable for everyone. We are asking you to support the Ratepayer Protection Act (SB0998) when it is considered by the Education, Energy, and the Environment Committee.

Gas bills for Baltimore and Anne Arundel County (Baltimore Gas & Electric and Columbia Gas) have tripled in the last 10 years because under the current STRIDE law, these companies are replacing all the pipes in their networks with new high-pressure pipes, then charging households the cost over time with interest. The Ratepayer Protection Act will instead require gas utilities to prioritize safety and be cost-effective in making infrastructure upgrades, such as by repairing pipes instead of unnecessarily replacing them. This would prevent such severe utility cost increases from being placed on residents of Montgomery and other counties as we have seen in Baltimore.

By limiting wasteful expansion of gas infrastructure, this bill also will incentivize the electrification of homes, which will improve our communities' health and our climate. As part of the Beyond Gas coalition with Interfaith Power and Light and the Sierra Club, AIM's team of tenant leaders has conducted hundreds of tests of NO₂ gas levels emitted from residents' gas stoves, and published a study showing that over 50% of the 394 homes tested in Maryland had unhealthy levels of NO₂ gas. These numbers are based on the EPA's standards for outdoor air quality. NO₂ causes asthma and other respiratory illnesses, and affects brain development in children.

We are counting on you to pass the Ratepayer Protection Act to prevent our utility bills from unnecessarily rising and to support the transition from dirty to clean energy in our homes. Thank you for your consideration.

Testimony_SB998_CCAN_Baker.pdf

Uploaded by: Brittany Baker

Position: FAV



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

**TESTIMONY OF BRITTANY BAKER, MARYLAND POLICY DIRECTOR AT THE
CHESAPEAKE CLIMATE ACTION NETWORK**

Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy and Environment Committee,

SB998 seeks to make important amendments to the language of the 2013 Strategic Infrastructure Development and Enhancement Act, also known as STRIDE. Originally intended to assist utility companies in upgrading their equipment by allowing for a customer surcharge, STRIDE has been wasting ratepayer money on excessive and unnecessary new gas pipes. The result is a current delivery rate that is triple the 2010 amount without any significant benefit to ratepayers. In fact, Maryland gas customers are expected to have to pay billions in STRIDE charges over the next twenty years. This price hike has already made it difficult for Marylanders to afford heating their homes and this burden will only grow.

The Climate Solutions Now Act codified the state's commitment to moving away from fossil fuels. Although it is important to maintain the safety of our current gas system, the excessive build out of gas infrastructure is a sunk cost that captive utility customers will be shouldering for years to come.

In order to lower utility bills, move forward in the clean energy transition, and prevent the sunk costs of unnecessary gas infrastructure expansion, the STRIDE program must be reformed.

I respectfully request a favorable report on SB998.

SB 998 Natural Gas - Strategic Infrastructure Deve

Uploaded by: Cait Kerr

Position: FAV

Thursday, March 13, 2025

TO: Brian Feldman, Chair of the Senate Education, Energy, and the Environment Committee; and Committee Members

FROM: Cait Kerr, The Nature Conservancy, State Policy Manager; Michelle Dietz, The Nature Conservancy, Director of Government Relations

POSITION: Support SB 998 Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

The Nature Conservancy (TNC) supports SB 998 sponsored by Senator Washington. SB 998 aims to require gas utilities to prioritize safety through using modern leak detection technology when cost effective, reduce costs, and provide 2 years notice to customers of work in their home. The bill seeks to add critical guardrails on infrastructure spending in order to prevent overinvestment that would fall on ratepayers' pockets. It updates the STRIDE law passed in 2013 by requiring gas utilities to ensure cost effective gas infrastructure and consider non-pipeline alternatives to gas.

The 2013 STRIDE law was passed with the intent of incentivizing gas utilities to more proactively fix their aging gas infrastructure; however, it lacked critical safeguards on spending. As a result, it has exacerbated an existing incentive to overinvest in new infrastructure; furthermore, the law also lacks language requiring spending to prioritize safety. We support adding safeguards to the law as laid out in SB 998 to control costs and to focus on fixing leaks through pipe repair or replacement. These reforms are an important step in ensuring customer dollars are spent prudently. Current gas utility bill increase rates are making it increasingly unaffordable for customers and businesses to heat their homes and buildings, and these bill increases are due in large part to increased capital spending on new pipes and equipment.

Infrastructure repairs and improvements should prioritize safety and cost-effectiveness. Gas utilities have a legal obligation to maintain pipes' safety. Leaks from gas pipes put our communities at risk and emit toxic pollution that harms human and environmental health. As it stands, STRIDE has not delivered on promises of increased safety - nothing in the current STRIDE law specifies that utilities must target leaks, and leaks can often be repaired at much lower costs to customers than that of replacement.

According to the US Energy Information Administration, in 2023, natural gas surpassed nuclear as the main source of in-state electricity for the first time. Natural gas accounted for about 41% of our electricity generation and natural gas-fired generation has more than tripled in Maryland since 2015. About 2,640 megawatts of new natural gas-fired generating capacity has come online since then. While the Climate Solutions Now Act has set Maryland on a path away from fossil fuels in the coming years, we need to be thoughtful about our existing infrastructure and investments. Safety is an obligation, cost-effectiveness should be a priority, and purchasing decisions ought to be sustainable and future-minded. Our approach to spending on costly new pipelines and equipment not only disregards the state's commitments to economy-wide emissions reductions, but also passes the financial burden off to consumers.

Utilities need to fulfill their obligation to provide safe and affordable energy to Maryland homes. We support adding safeguards to the law as laid out in the Ratepayer Protection Act to control costs and to focus on fixing leaks through pipe repair or replacement. TNC commends Senator Washington for her leadership on this bill.

Therefore, we urge a favorable report on SB 998.

SB0998_Ratepayer_Protection_Act_MLC_FAV.pdf

Uploaded by: Cecilia Plante

Position: FAV



TESTIMONY FOR SB0998
Natural Gas - Strategic Infrastructure Development and Enhancement
(Ratepayer Protection Act)

Bill Sponsor: Senator Washington

Committee: Education, Energy, and the Environment

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in strong support of SB0998 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

This bill, if enacted, would update the Strategic Infrastructure Development and Enhancement Plan (STRIDE) statute to require gas utilities to utilize the monies from the program to do what was originally intended – fix old, leaky gas pipes. What has been happening in the decade since STRIDE was passed is that the utilities have been using the surcharge that customers were paying to expand their gas infrastructure, instead of repairing the existing infrastructure, as intended.

This is a breach of faith with the public, and has cost the public billions of dollars that the utilities have funneled into their own profits. The utilities will now be limited to invest in the replacement of aging pipes with the highest risk of failure, and to utilize less costly alternatives than replacement where appropriate.

Our members are horrified that we have to once again try to rein in the utilities from gouging the public for their own gain. We would not be opposed to having the utilities offer rebates to their customers (particularly to their low-income customers) for the monies they have mis-appropriated. We feel that this change to STRIDE is the least we can do for the people of Maryland.

We support this bill and recommend a **FAVORABLE** report in committee.

SB998 Natural Gas - Strategic Infrastructure Devel

Uploaded by: Dave Arndt

Position: FAV

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

OPC Testimony SB0998 and STRIDE Fact Sheet.pdf

Uploaded by: David Lapp

Position: FAV

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BILL NO.: Senate Bill 0998 – Natural Gas - Strategic Infrastructure
Development and Enhancement (Ratepayer Protection Act)

COMMITTEE: Education, Energy, and the Environment

HEARING DATE: March 13, 2025

SPONSOR: Senator M. Washington

POSITION: Favorable

The Office of People's Counsel ("OPC") respectfully requests a favorable Committee report on Senate Bill 998, the Ratepayer Protection Act. SB 998 seeks to enact modest but important changes to the Strategic Infrastructure Development and Enhancement ("STRIDE") law to ensure that STRIDE spending plans focus on the riskiest gas infrastructure, evaluate less costly alternatives to pipeline replacement, and are consistent with Maryland policy. SB 998 has the potential to lower gas bills by billions of dollars in the decades ahead. Enacting the bill is the single most important action the General Assembly can take this session to mitigate rising energy costs in Maryland.

Background

The General Assembly enacted the STRIDE law in 2013 and has not substantively amended it since then,¹ despite major changes in technology and state energy policy. The law encourages gas utilities to replace older gas infrastructure by allowing them to recover their replacement spending on an accelerated basis. Prior to STRIDE, gas utilities

¹ 2013 Md. Laws Ch. 161 (S.B. 8) (codified at Md. Code Ann. Pub. Util. ("PUA") § 4-210). Senate Bill 162 of 2016 amended the STRIDE law to change the Public Service Commission's review period for proposed STRIDE plans from 120 days to 150 days.

generally could not bill customers for infrastructure replacement projects until after the projects were in service and had been reviewed by the Public Service Commission (“PSC”). Under STRIDE, however, gas utilities charge customers for the estimated costs of projects while the company is carrying them out. The STRIDE law gives the utilities an easier and faster method of recovering the costs of gas infrastructure spending from customers—and this incentivizes gas infrastructure spending.

Since the STRIDE law was enacted more than ten years ago, advances in technology and changes to energy policy have begun driving the shift toward electrification and away from natural gas consumption.

Yet, Maryland’s gas utilities continue to spend more than \$2 million each day—hundreds of millions a year—on gas infrastructure. For the last three years, OPC has been monitoring this spending closely—and working to align it with the public interest. In 2022, OPC released a report documenting how much the State’s three largest gas utilities—Baltimore Gas and Electric Company (“BGE”), Washington Gas Light (“WGL”), and Columbia Gas of Maryland (“Columbia”)—had spent on capital investments since 2014, both under STRIDE spending plans and outside of them.² The report also made conservative projections of how much the utilities would spend in the future, based on their own stated plans and filings with the PSC.

We recently released the [latest update](#) of our report on gas utility infrastructure spending. It shows that through 2023, Maryland’s gas utilities spent just under \$2.1 billion on new gas infrastructure under the STRIDE program, and they are on track to spend another \$7.2 billion by 2043, to complete their programs. At that point, ratepayers will have paid over \$11.3 billion in STRIDE costs—including utility profits—on their gas utility bills. If STRIDE spending is allowed to continue unchecked, ratepayers can be expected to pay a total of more than \$31 billion by 2100. The table below summarizes these impacts.

² *Maryland Gas Utility Spending: Projections and Analysis of Future Capital Investments* (initially released in Jan. 2022, most recently updated in Feb. 2025), available at <https://opc.maryland.gov/Gas-Utility-Spending-Report>.

\$ Millions	STRIDE Investments		Costs to Ratepayers	
	2014-2023	2024-2043	2014-2043	2014-2100
Columbia	\$171.02	\$0.00	\$449.33	\$389.04
WGL	\$598.66	\$4,239.89	\$4,547.39	\$17,718.39
BGE	\$1,304.64	\$2,991.29	\$6,314.74	\$13,229.40
Total	\$2,074.33	\$7,231.18	\$11,311.47	\$31,336.83

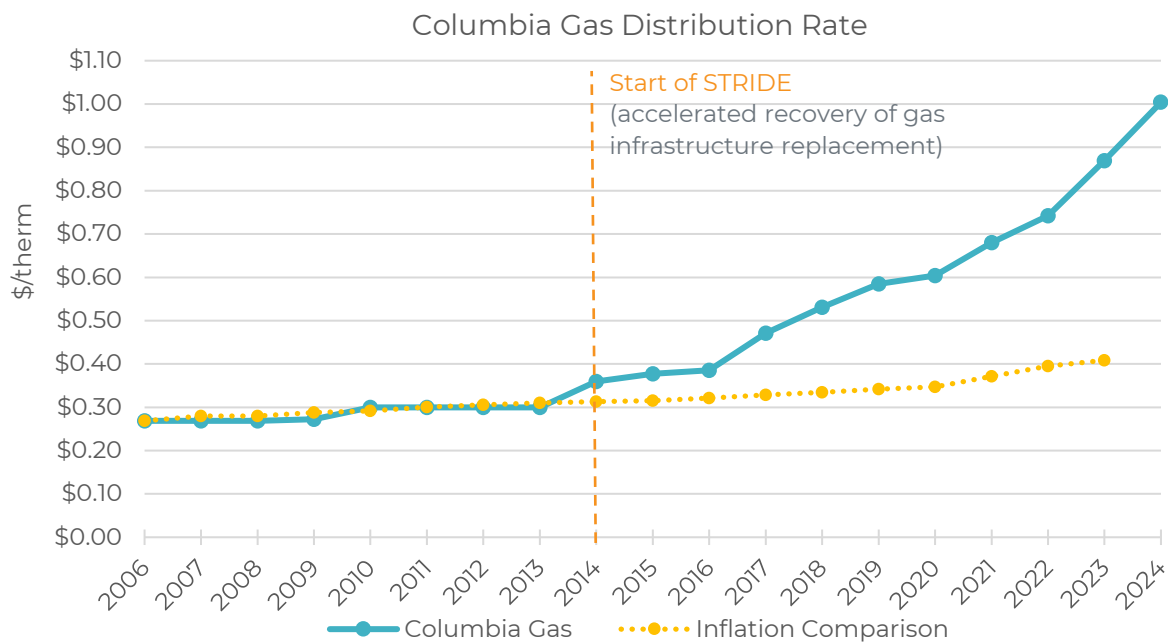
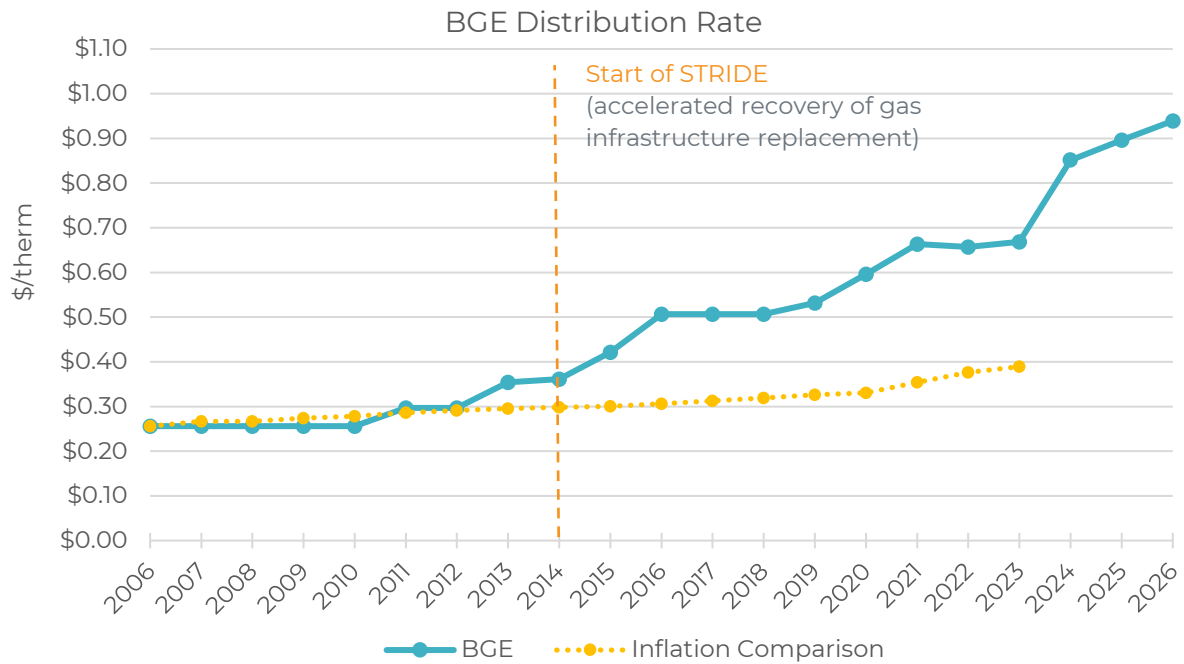
The report shows if the utilities continue these plans and maintain their levels of non-STRIDE infrastructure spending, the distribution rates of the gas utilities will nearly double in about ten years from today’s rates and could increase much more with declines in gas consumption.

Importantly, the statutory “fixed annual surcharge” of \$2 per month per residential customer³ does not establish a meaningful limitation on the overall costs of the STRIDE program over time. The fixed surcharge simply limits the amount that a utility can recover on an accelerated basis before the utility’s next rate case. In a rate case, the remaining STRIDE investments that the utility has yet to recover from customers are rolled into base rates—making the rates higher than they otherwise would be—and the surcharge is reset to \$0. The full costs of a utility’s STRIDE program is, therefore, not even primarily in the surcharge, but in base rates.

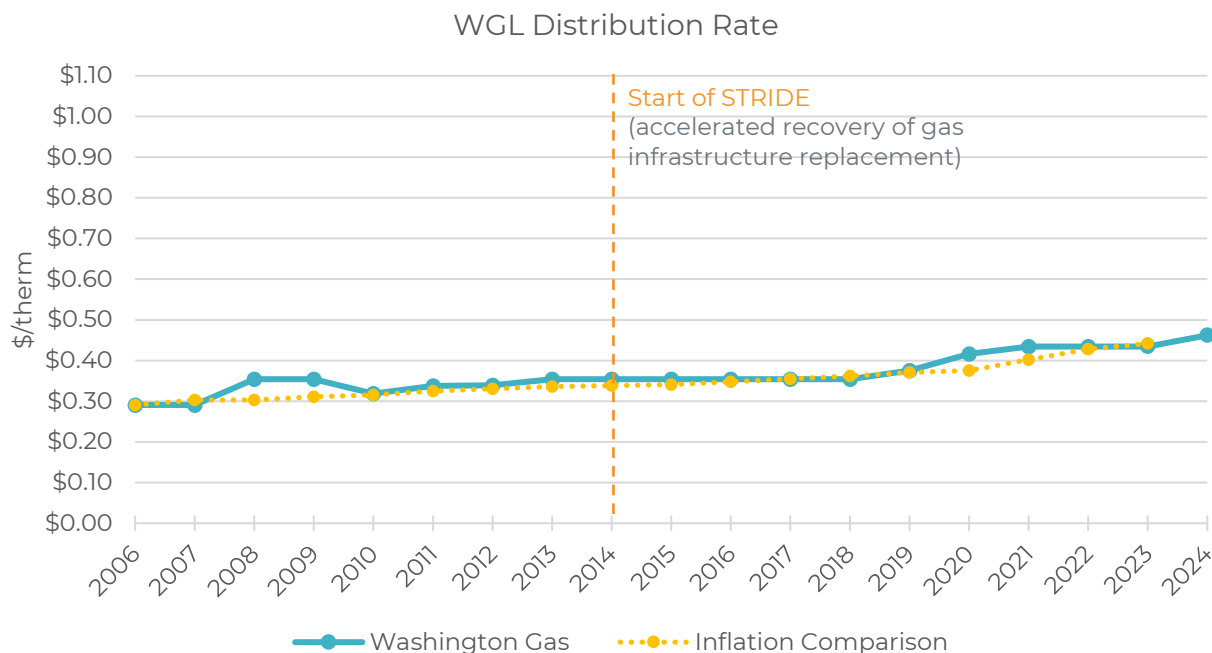
Following years of rapidly rising gas utility bills and increasing customer distress, in 2024, [OPC released a report on utility rates](#) that examined how utility rates in Maryland (both gas and electric) have changed over the last 10-15 years.⁴ Using a variety of figures and tables, this report shows that most Maryland utility customers have seen their gas and electricity rates increase significantly during this period, with some rates increasing by multiples of two or three. Most of these increases are due to utility capital spending and are unrelated to the commodity costs of gas and electricity. The report also highlights the effect of STRIDE spending on BGE and Columbia rates as shown in the following graphs:

³ PUA § 4-210(d)(4)(i).

⁴ *Maryland Utility Rates and Charges* (June 2024), available at <https://opc.maryland.gov/Consumer-Learning/Utility-Rates-and-Basics>.



WGL’s rates increased less than BGE’s and Columbia’s rates during STRIDE’s first decade—essentially at the rate of inflation, as measured by the federal Consumer Price Index. On a per-customer basis, WGL has spent about 64 percent of what BGE has spent on STRIDE-eligible infrastructure.



Comments

The General Assembly should pass SB 998 both to lower STRIDE costs for gas utility customers and to better align the STRIDE law with technological and economic realities and State policy, both of which show a clear trend toward electrification. Electric heat pumps and water heaters have made significant advances technologically cost-wise, making them highly competitive alternatives to gas appliances for space heating and water heating.⁵ Recent data shows these trends playing out in the market, with heat

⁵ For example, a 2021 study from the Lawrence Berkeley National Laboratory found that, on average nationally, a new gas furnace and AC have a combined installed cost of almost \$11,000 for residential retrofits. In contrast, the installed cost of heat pumps is substantially less, at just over \$8,000. Less, B. D., et al. 2021. *The Cost of Decarbonization and Energy Upgrade Retrofits for US Homes*, Lawrence Berkeley National Laboratory, available at <https://escholarship.org/uc/item/0818n68p>. In addition to cheaper up-front costs, heat pumps serve as both the heating and cooling device for a home, requiring a household to only maintain one system. As the Maryland Department of the Environment’s recent Climate Pollution Reduction Plan confirmed, there is no need for a backup home heating source: “Modern heat pumps are more than capable of meeting 100% of the heating demand of Maryland buildings.” *Maryland’s Climate Pollution Reduction Plan* (Dec. 28, 2023), at p. 39.

pumps outselling gas furnaces.⁶ Moreover, customer concerns about health issues with in-home gas use⁷, safety, and the environment appear likely to reduce gas consumption over time. In sum, as a witness for one of Maryland’s gas utilities stated this month, “gas utilities in the State are definitely going to face more competition from electric utilities going forward.”⁸

Additionally, for Maryland to achieve the greenhouse gas reduction targets that the General Assembly established in the Climate Solutions Now Act, the State must eliminate most of the emissions from buildings—currently about 16 percent of total State emissions.⁹ Even if these emissions reduction goals are only partially met, they will require a sharp reduction in gas consumption that will cause rates to rise even further than under business-as-usual. Both the Maryland Commission on Climate Change and the Building Energy Transition Implementation Task Force have recommended that the General Assembly make modest modifications to the law to reduce ratepayer costs and facilitate electrification.¹⁰

As explained below and in the attached fact sheet, SB 998 seeks to enact these recommendations by making three modest changes to the STRIDE statute. These changes would require gas utilities to:

1. prioritize the replacement of aging pipes based on their risk to the public;
2. use alternatives to replacement, including leak detection and repair and targeted retirement in conjunction with electrification, where less costly;

⁶ Rocky Mountain Institute, *Tracking the Heat Pump & Water Heater Market in the United States*, <https://rmi.org/insight/tracking-the-heat-pump-water-heater-market-in-the-united-states>.

⁷ See, e.g., *Gas Stove Pollution Risk Is Greatest in Smaller Homes, Study Finds* (May 3, 2024), NY Times, <https://www.nytimes.com/2024/05/03/climate/gas-stove-indoor-pollution.html>.

⁸ PSC Case No. 9754, *In the Matter of Columbia Gas of Maryland, Inc.’s Application for Authority to Increase Rates and Charges for Natural Gas Services*, Hearing Tr. at 26:18-27:7 (Jan. 22, 2025) (statement of Columbia Gas witness Vincent Rea).

⁹ See Maryland Department of the Environment, *Priority Climate Action Plan: State of Maryland* (Mar. 1, 2024) at p. 26 available at <https://www.epa.gov/system/files/documents/2024-03/mde-state-of-maryland-cprg-priority-climate-action-plan.pdf>. The 16 percent figure is based on Maryland’s 2020 emissions inventory. OPC understands that the results of the 2023 inventory will be released this year.

¹⁰ Md. Comm’n on Climate Change, *2023 Annual Report*, Mitigation Working Group Recommendation #14, at p. 14, available at <https://mde.maryland.gov/programs/Air/ClimateChange/MCCC/Pages/MCCCReports.aspx>; *The Building Energy Transition Implementation Task Force Final Report* (Jan. 24, 2024) at p. 15, available at <https://mde.maryland.gov/programs/air/ClimateChange/Pages/BETITF.aspx>.

and

3. provide sufficient notice to customers affected by proposed gas infrastructure replacement projects to allow them the opportunity to electrify.

1. Prioritizing replacement based on risk

The intent of the STRIDE program is to accelerate the replacement of aging gas infrastructure to improve public safety and reliability. But as currently written, the STRIDE statute does not add any safety requirements to the gas utilities' core obligation to provide safe and reliable service.¹¹ Although the statute requires that an eligible project be "designed to improve public safety or infrastructure reliability," it includes no requirement for the utilities to target replacement of those pipes that pose the greatest safety risk. Under the existing law, gas utilities can determine which work to complete through STRIDE based on non-risk related factors, including annual mileage goals, paving density, location, and government coordination. This allows gas utilities to prioritize broader goals of system replacement over maximizing system risk reduction.

The Ratepayer Protection Act seeks to fulfill the statute's intent by requiring that a gas utility "select[] and give[] priority to projects based on risk to the public and cost-effectiveness."¹²

2. Using alternatives to replacement where less costly

As currently written, the STRIDE statute does not require gas utilities to evaluate reasonable alternatives to replacing gas pipelines. In recent cases before the PSC, OPC and others have unsuccessfully argued that such evaluation should be part of any prudence determination.¹³ While noting the concern that replacement may not be aligned with the likelihood of diminished gas throughput as the State moves toward greater reliance on renewable energy and away from GHG-generating fuel sources," the PSC has declined to require any robust alternatives analysis in the absence of further legislative action, stating in a recent decision: "Until the General Assembly enacts changes to the STRIDE statute to further refine the allowable investments in the natural gas

¹¹ PUA § 5-303. This obligation is part of the extensive regulation companies are subject to in exchange for the government's grant of an exclusive franchise to provide service in a particular area.

¹² See §§ 4-210(d)(2)(v) & 4-210(e)(3)(iii).

¹³ See e.g., PSC Case No. 9708, OPC Initial Brief at p. 14, maillog # 305654 (Oct. 16, 2023). All PSC filings are available by searching the PSC's website by maillog #, <https://webpsc.psc.state.md.us/DMS/>.

infrastructure in light of the potential for diminished gas service, the [PSC] is limited in available options regarding proposed plans.”¹⁴

Not only does the existing STRIDE law fail to explicitly require utilities to consider less-costly alternatives to replacement, it also incentivizes replacement without consideration of repair. The STRIDE statute allows gas utilities to receive accelerated cost recovery for spending on capital assets such as pipes and other gas infrastructure, but not for spending on operation and maintenance (“O&M”) such as routine leak detection and repair.¹⁵ This perverse incentive is exacerbated by the fact that utility profits are directly tied to spending on capital assets. Utilities finance capital spending and collect the costs—plus profit—from customers over many decades. The more money the utilities spend on capital assets, the more profit they stand to earn, which incentivizes full pipe replacement, even if there is a more cost-effective alternative, such as leak detection and repair.

The Ratepayer Protection Act would require gas utilities to evaluate alternatives to replacement by requiring that a gas utility include in its STRIDE plan “an analysis that compares the costs of proposed replacement projects with alternatives to replacement,” and providing that to approve a plan, the PSC must find that the projects are “required to improve the safety of the gas system *after consideration of alternatives to replacement*.”¹⁶

3. Providing notice to customers

At present, the STRIDE statute includes no requirement for a gas utility to provide notice to affected customers before proceeding with costly infrastructure replacements. Given Maryland’s policy goals and the numerous incentives for customers to electrify—not to mention the disruption that gas infrastructure brings to people’s daily lives and impacts it has on their property—a gas utility should be required to notify customers far enough in advance to allow customers time to consider electrifying their appliances and prevent stranded costs. It can take many months for customers to investigate incentive

¹⁴ PSC Case No. 9708, PSC Order No. 90941, Full Commission Memorandum on Decision on Stride Appeals, maillog # 307037 (Jan. 10, 2024), at p. 12.

¹⁵ Maryland gas companies classify leak repair work as capital investment or O&M expense, depending on whether the repair work involves the replacement of infrastructure. Leak detection work is always classified as O&M.

¹⁶ See Bill text at § 4-210(d)(2), (f)(3).

programs, contact and select contractors, apply for loans, and wait for the contractor to do the work.

The lack of sufficient advance notice creates further risk of stranded assets. For example, imagine a current gas customer who is planning to electrify but has not yet started the process and receives only 30 days' notice of a service upgrade. The customer still needs gas now, so they have to go through with the service upgrade. But the customer electrifies two years later, rendering the service, meter, regulator, and other associated equipment useless, which makes them stranded assets.

To provide customers with ample prior notice to electrify and turn down the service upgrade, rather than wasting resources on replacing a soon-to-be unused service, the Ratepayer Protection Act would require that a gas utility include in its STRIDE plan “a plan for notifying customers affected by proposed projects” to allow customers the opportunity to convert to electric appliances.

What the Ratepayer Protection Act does NOT do

SB 998 does not repeal the STRIDE statute. It does not deny customers the choice to continue using gas. And it does not prevent gas utilities from making necessary capital investments to ensure safety and reliability. Gas utilities have always had a duty to keep their systems safe and reliable, and that duty would continue even if the STRIDE statute were repealed altogether.

The bill also fully supports federal requirements set forth by the Pipeline and Hazardous Materials Safety Administration (“PHMSA”). PHMSA regulations require pipeline operators, like the State’s gas utilities, to confirm the maximum allowable operating pressure (“MAOP”) of its pipelines, but replacement is *not* required for compliance.¹⁷ Replacement is merely one option among a list of approved methods the utility could use to confirm the MAOP of its pipelines.¹⁸ Other options include conducting a pressure test, reducing the pressure to a level somewhat below recent operating pressure, conducting an engineering critical assessment such as in-line inspection, or using an alternative technology that the utility must submit to PHMSA for advanced approval.¹⁹ Similarly, PHMSA’s “call to action” in the wake of several fatal

¹⁷ 49 C.F.R. § 192.624

¹⁸ *Id.*

¹⁹ *Id.*

pipeline accidents in 2011 directed pipeline owners and operators “to identify areas of high risk and accelerate critical *repair and replacement* work.”²⁰ Despite representations to the contrary, nothing in the call to action prevents owners and operators from rehabilitating or repairing rather than replacing aging gas pipelines.

Finally, the bill does not prohibit gas utilities from receiving accelerated cost recovery for qualifying investments. SB 998 simply requires gas utilities, and the PSC, to take common-sense steps to ensure that these costly investments target the greatest safety risks and align with State policy.

Recommendation

OPC appreciates the opportunity to work with the PSC and the bill’s sponsors on amendments to strengthen the bill. With these amendments, OPC continues to strongly support the bill.

Recommendation: OPC requests a favorable Committee report on SB 998, as amended by the sponsors.

²⁰ U.S. Department of Transportation Call to Action to Improve the Safety of the Nation’s Energy Pipeline System, available at <https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/Action%20Plan%20Executive%20Version%201%20NOV%2011.pdf>; DOT News Release, *US Transportation Secretary Ray LaHood Announces Pipeline Safety Action Plan*, <https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/dot4111.pdf>.






Ratepayer Protection Act (HB 419)

Enacted in 2013, the Strategic Infrastructure Development and Enhancement Plan (STRIDE) law allows gas utilities accelerated financial recovery when they spend on gas infrastructure replacement projects. Through a surcharge on customer bills, gas utilities recover the estimated costs of projects while the company is carrying them out. This gives the utility an easier and faster method of recovering the costs of gas infrastructure spending from customers than conventional utility cost recovery does.

To date, Maryland's gas utilities have spent more than **\$2.1 billion** on new gas infrastructure—including the large gas pipelines known as “mains,” customer service pipes, meters, and regulators, and other infrastructure—under STRIDE. By 2043, they are projected to spend another **\$7.2 billion**, and ratepayers will have paid about **\$11.3 billion**—including the utilities' return. As of today, customers have paid only about three percent of what STRIDE will ultimately cost them. If the spending continues unchecked, ratepayers will be expected to pay more than **\$31.3 billion** by 2100 for STRIDE alone.

Utility profits are directly tied to their spending on capital assets such as pipes and other gas infrastructure. Utilities finance the spending and collect the costs—plus profit—from customers over many decades. The more money the utilities spend on capital assets, the more profit they stand to earn. Because utilities profit by spending more, the gas companies have a powerful profit motive to maintain the status quo of accelerated spending on gas

The modest changes in the **Ratepayer Protection Act**—recommended by both the Maryland Commission on Climate Change and the Building Energy Transition Implementation Task Force—seek to modernize STRIDE, reduce customer costs, and align STRIDE with technological advances and state climate policy.

	CURRENT STRIDE LAW	MODIFIED STRIDE LAW
 Cost recovery	Gives utilities accelerated cost recovery for qualifying gas infrastructure replacement investments	Continues to allow utilities to receive accelerated cost recovery for qualifying investments
 Safety	Adds nothing to the utilities' core obligation to provide safe and reliable service	Requires utilities to prioritize replacement of aging pipes based on their risk to the public
 Alternatives to replacement	Fails to require utilities to consider less-costly alternatives to replacement and incentivizes replacement over repair	Requires evaluation of alternatives to replacement, including leak detection and non-pipeline alternatives
 Climate policy	Requires only that a qualifying project has the “potential” to reduce GHG emissions	Aligns long-term gas infrastructure management with federal and State climate policy
 Ratepayer costs	Drives spending that causes excessive rate increases and risks stranding billions of dollars on obsolete infrastructure	Reduces customer rates by requiring less-costly alternatives; lowers the risk of spending on assets likely to become uneconomic

5 Myths about STRIDE Reform

1 **MYTH:** Modifying the STRIDE statute will compromise safety.

TRUTH: The Ratepayer Protection Act would *enhance* safety requirements by prioritizing replacement of aging pipes most at risk to the public. **The current STRIDE law does NOT add any safety requirements.** Utility services are provided by companies that enjoy an exclusive, government-granted franchise to provide service in a particular area, which comes with extensive regulation, including a core obligation to provide safe and reliable service.

2 **MYTH:** STRIDE “leverages” the existing gas system to meet State climate goals.

TRUTH: Under STRIDE, the utilities are not “leveraging” their existing gas systems but rather *completely replacing* them, and overall, they still have about two-thirds of the replacement work to go. **They won’t finish that work until 2043, when fossil fuel use in Maryland needs to decrease substantially**—by some estimates more than 90 percent.

3 **MYTH:** Pipes installed under STRIDE can be repurposed for lower carbon fuels.

TRUTH: Hydrogen, biomethane, and other forms of non-fossil gas are **scarce, much more expensive than fossil gas, and have significant challenges related to emissions, safety, and compatibility with existing pipes and appliances.**

4 **MYTH:** The gas system must be maintained as a backup for electric heat pumps.

TRUTH: Heat pump technology has vastly improved in recent years, with more improvements on the way. As the Maryland Department of the Environment’s recent Climate Pollution Reduction Plan confirmed, “[m]odern heat pumps are more than capable of meeting 100% of the heating demand of Maryland buildings.” No backup is needed.

5 **MYTH:** Gas is needed because electrification will break the distribution grid.

TRUTH: Without gas, electric reliability can be comfortably maintained with competent performance by Maryland’s **electric utilities.** According to the data—including data in the electrification study recently published by the Public Service Commission—even with high electrification, peak energy demand will grow gradually, and growth will be less than Maryland electric systems have seen in past decades.

DAC STRIDE Reform Testimony SB 998 Final.pdf

Uploaded by: Debbie Cohn

Position: FAV

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.

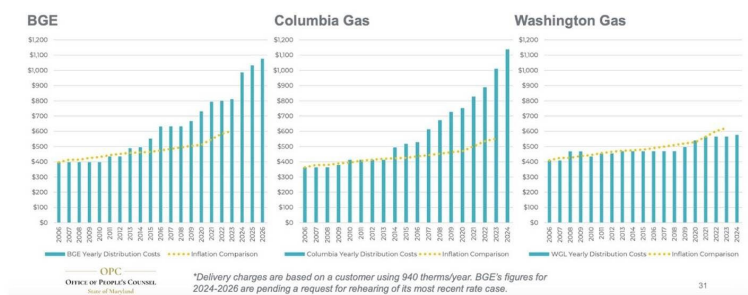
STRIDE, however, lacks adequate guardrails, leading gas utilities to replace all of the pipelines and other infrastructure in a community rather than undertake targeted repair of infrastructure as needed to ensure safety and reliability.

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.

SB998_RatepayerProtectionAct_MDPIRG_FAV_3.13.pdf

Uploaded by: Emily Scarr

Position: FAV

Maryland PIRG

SB998: Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act) Education, Energy, and the Environment Committee

March 13, 2025

Emily Scarr, Maryland PIRG

FAVORABLE

Maryland PIRG is a state based, small donor funded public interest advocacy organization with grassroots members across the state. We work to find common ground around common sense solutions that will help ensure a healthier, safer, more secure future.

Maryland PIRG, along with twenty organizations, supports the Ratepayer Protection Act (SB998) which is our top priority for 2025. We thank Sen. Washington for her leadership on the issue, as well as Committee members Sen. Brooks and Sen. Attar for cosponsoring the legislation.

While the STRIDE law was passed with the intent of incentivising gas utilities to more proactively fix their aging gas infrastructure, it lacked critical safeguards on spending, exacerbating an existing incentive to overinvest in new infrastructure. To make matters worse, the law also lacks language requiring spending to prioritize safety. And thus, STRIDE has not delivered on promises of increased safety. For example, according to [federal data](#), BGE's hazardous leaks per year have increased in the last decade, escalating from 3,000 in 2014 to over 4,000 in 2023. despite having spent \$1.4 billion on their pipeline replacement project.

A gas pipeline program that properly prioritizes gas leaks will cost less, meaning smaller bill increases, while also making our communities safer. Our gas utilities need to fulfill their obligation to provide safe and affordable energy to Maryland homes, without expecting additional financial incentives from customers.

Gas utilities are legally required to maintain the safety of the system, so fundamentally, we think the STRIDE law of 2013 should be repealed in its entirety. **Short of that, we strongly support adding safeguards to the law as laid out in the Ratepayer Protection Act to control costs and to focus on fixing leaks through pipe repair or replacement.**

The bill requires gas utilities to:

- Prioritize safety: Use modern leak detection technology when cost effective;
- Reduce costs: Generally ensure gas infrastructure spending is cost effective and use a "fix it first" approach to gas infrastructure instead of replacement when cost effective; and,
- Provide notice: Give gas customers notice before work in their home so they have time to plan.

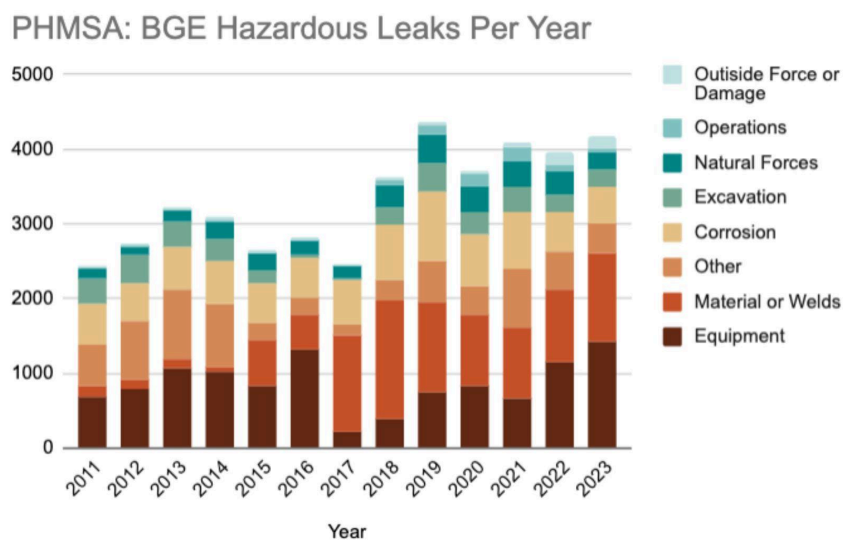
This commonsense reform is an important step in ensuring customer dollars are spent prudently and will enable the PSC to more effectively reign in excessive gas capital spending that is driving up heating bills.

GAS PIPELINE SAFETY

Maryland has hundreds of miles of iron pipes running through our neighborhoods. Gas utilities have a legal obligation to maintain the safety of these pipes. Leaks from gas pipes put our communities at risk and emit toxic pollution that harms our health and planet.

The gas utilities should be doing everything they can to identify and fix gas leaks. Old iron pipes can be fixed or repaired, with options including re-lining and replacement.

While fixing leaks should be a priority, STRIDE has not delivered on promises of increased safety. 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. The 1.4 billion BGE has spent on the program has largely gone to system expansion, not identifying and fixing hazardous leaks.



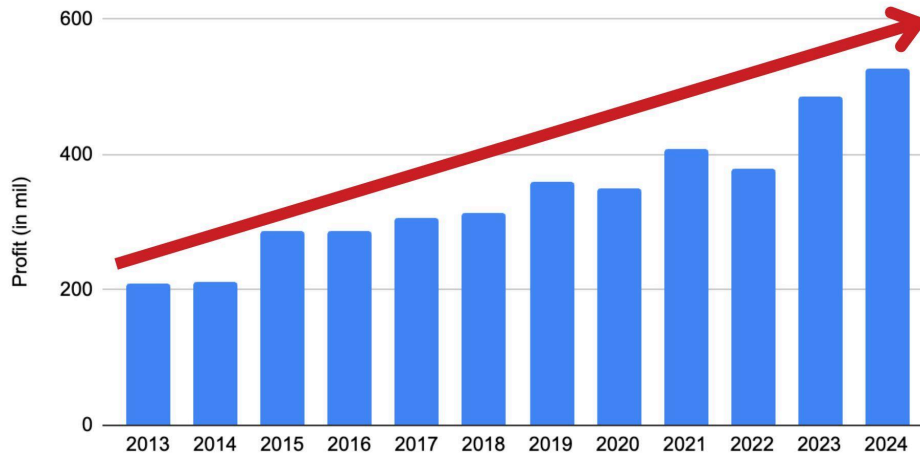
STRIDE AND UTILITY PROFITS

Gas utilities make their highest profits off of capital investments, including installing new pipes and equipment. Increased capital spending also leads to increases in customer delivery rates.

This leads to risk of overspending, often referred to as "gold plating," where utilities invest in ways that boost their profits and customer rates but do not deliver proportional benefit to their customers. Traditional utility regulation has checks in place to counteract the incentive to overinvest, including but not limited to oversight by the PSC. STRIDE weakens these checks.

As written, STRIDE effectively increases the incentive to overinvest - driving up our rates and utility profits, but without improving utility service in any proportion. **And this is obviously what is going on: spending, rates, and profits are all climbing.**

BGE Annual Profits 2013-2024



The legislature should repeal STRIDE to remove this unnecessary extra incentive. Short of that, the very least the legislature should do is to implement some basic consumer safeguards.

To be clear, these safeguards will not entirely fix the problem, but they create more of an opportunity for regulators to rein in the wasteful gas utility spending that is driving up rates for your constituents.

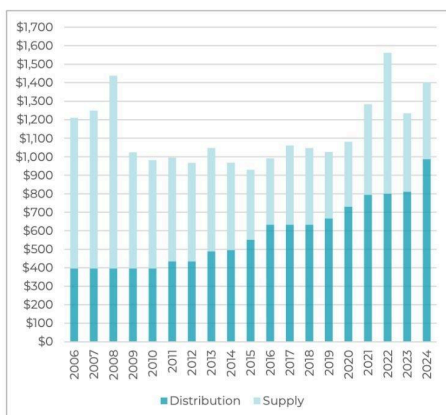
UNAFFORDABLE GAS BILLS

Gas utility bill increases are making it increasingly unaffordable for customers and businesses to heat their homes and buildings.

BGE gas customers have seen their gas delivery rates increase by 50% since 2020. Rates have tripled since 2010, along with BGE profits which have jumped from \$147 million in 2010 to \$527 million in 2024. Columbia Gas customers have seen similar increases. With quick intervention, you have an opportunity to prevent Washington Gas customers from experiencing the worst of this rate pain.

BGE gas delivery and commodity costs 2010-2024

BGE



BGE gas delivery rates have more than tripled since 2010, but were masked by lower commodity prices. Since 2021, however, rising commodity rates combined with escalating gas delivery rates are making it increasingly unaffordable for Marylanders to heat their homes.

Calculations are based on gas usage of 940 therms per year.

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

“Operation Pipeline”

Utility bill increases are due in large part to increased capital spending by BGE over the last decade to fund their multi-billion dollar “Operation Pipeline” pipe-replacement program. Columbia Gas and Washington Gas have since launched similar programs.

While the STRIDE law specifically outlines the manner and maximum size of a monthly surcharge, the real customer costs come due later. The surcharge serves as a downpayment on the overall cost of the program, which customers pay back for the projected usable life of the equipment, plus interest and utility profits. Here’s how it works:

- The utilities install new pipes and equipment, and customers pay for all that spending plus a hefty return of about 9% after taxes for the lifetime of the equipment.
- Functionally, these projects are like taking out mortgages with high interest rates that gas customers have no choice but to pay for.
- The \$2 surcharge is just a small fraction of the costs that are locked into charges for decades to come.

For example, according to the Office of the People’s Counsel, the up front work to upgrade one home with new pipes, meters, and regulators is about \$24,000 in Washington Gas territory, but after accounting for the payback and utility profits it will cost customers \$75,000 to pay off.

Multiply this across the entire gas customer base and we’re looking at charging customers upwards of \$40 billion for a new gas pipeline system if we don’t intervene now.

We respectfully request a favorable report.

350.org
350 Montgomery County
Advance Maryland
Baltimore Jewish Council
Environment Maryland
Indivisible HoCoMD
Cedar Lane Unitarian Universalist Environmental Justice Ministry
Center for Progressive Reform
Chesapeake Climate Action Network
Economic Action Maryland Fund
Elders Climate Action Maryland
Indivisible HoCoMD Environmental Action
League of Women Voters of Maryland
Maryland League of Conservation Voters
Maryland Legislation Coalition
Maryland Legislative Coalition – Climate Justice Wing
Maryland PIRG
Progressive Maryland
Sierra Club Maryland Chapter
Third Act Maryland
Unitarian Universalist Legislative Ministry of Maryland

Appendix

	BGE Hazardous Leaks as reported to PHMSA								
	Cause								
Year	Corrosion	Natural Forces	Excavation	Outside Force or Damage	Material or Welds	Equipment	Operations	Other	Total Hazardous Leaks
2011	537	125	346	15	140	692	20	554	2429
2012	504	103	394	27	135	783	19	780	2745
2013	575	155	327	37	114	1070	11	942	3231
2014	576	236	300	38	74	1021	11	830	3086
2015	517	231	180	34	606	836	6	238	2648
2016	514	178	57	46	471	1320	1	235	2822
2017	595	152	21	24	1299	219	10	145	2465
2018	727	294	233	35	1591	390	77	276	3623
2019	939	386	376	42	1202	748	122	554	4369
2020	693	338	315	45	955	836	154	368	3704
2021	773	340	326	52	954	670	201	764	4080
2022	537	332	224	159	975	1150	80	497	3954
2023	477	228	244	160	1175	1427	51	411	4173

WhyIsMyBGEBillSoHigh2025.pdf

Uploaded by: Emily Scarr

Position: FAV



BGE GAS DELIVERY RATES ARE RISING

January bills are particularly alarming because BGE has substantially increased its delivery rates.

Your BGE bill combines the costs of gas and electricity, plus charges for the delivery costs for each. **BGE delivery rates are directly tied to increased spending by BGE which increases your bills and its profits.**

Gas delivery rate increases hurt us most in winter, when we use gas for heating our homes, but that's no excuse for outrageous rates.

BGE has an obligation to provide safe, affordable, and reliable energy to all its customers.

- Since 2010 gas delivery rates increased by 246%, about triple the inflation rate.
- Since 2010 BGE profits have tripled from \$147million to \$527 million in 2024.

BGE SPENDING AND PROFITS ARE RISING

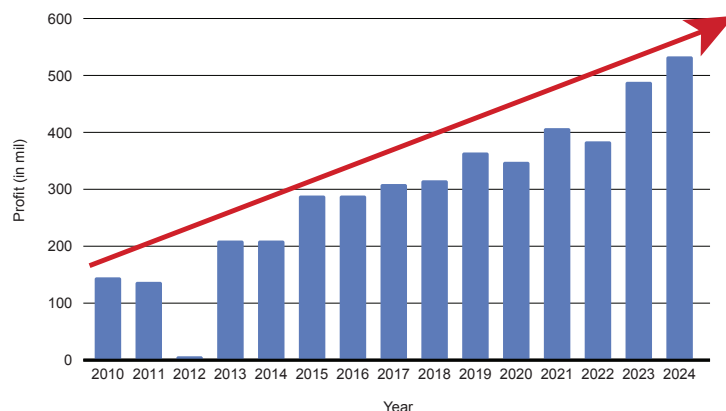
The more BGE spends, the larger its opportunity to profit. This creates a powerful incentive for wasteful spending and it's up to our legislators and utility regulators to keep a careful watch.

BGE has spent \$1.4 billion on its gas pipeline replacement program in the last decade. Customers pay for all of that spending in our rates, plus utility profits.

This spending has not improved safety. BGE's hazardous leaks per year have increased from 3,000 in 2014 to over 4,000 in 2023.

Washington Gas' rates have grown at about the rate of inflation since 2010, and today its customers pay 46 cents/therm — less than half of BGE's rates (90 cents/therm) — for essentially the same service.

BGE ANNUAL PROFITS 2010-2024



A FEW MORE NOTES

1. Not in BGE territory? You should still be concerned. BGE and Columbia Gas have been the most aggressive in their spending and have seen rates triple. **And if legislators don't intervene, Washington Gas and their customers will likely be next.**
2. The EmPOWER surcharge has increased this year. The EmPOWER program funds energy efficiency programs that help lower energy use and bills. BGE customers can access EmPOWER rebates and incentives for home weatherization and efficient appliances.
3. Since 2010, electric delivery rates have increased by 92% - about twice the inflation rate. There are similar concerns about BGE overspending driving those increases and we need our state leaders to intervene.
4. Gas supply costs have gone up 24% since last winter, but are still far less than delivery, and fluctuation is common. Electric supply rates have stayed the same, but will rise this summer.



Take Action



More Info



Energy
Assistance
Guide

Maryland PIRG

testimony2025sb998.pdf

Uploaded by: Franz Schneiderman

Position: FAV



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

**Testimony to the Senate Education, Energy and the Environment Committee
SB 998 – Natural Gas – Strategic Infrastructure Development and Enhancement
(Ratepayer Protection Act)
Position: Favorable**

The Honorable Brian Feldman
Senate Education, Energy, and the Environment Committee
3 West, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

March 13, 2025

Honorable Chair Feldman and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works to secure safety, transparency, and fair treatment for Maryland drivers and consumers.

We support **SB 998** because it makes important revisions to Maryland's STRIDE Act that should protect Maryland consumers against getting stuck with exorbitant increases in the distribution charges for natural gas from some of Maryland's major utilities – charges that are now driving the dramatic run-up in home utility costs that is creating an affordability crisis for many Marylanders.

The Office of the People's Counsel's June 2024 report on "Maryland Utility Rates and Charges" shows that gas distribution charges have more than tripled since 2010 at some of the state's major utilities (BGE and Columbia Gas).¹ Distribution charges now account for fully half of an average household's energy bill – and their rapid expansion has pushed energy bills up sharply, even as underlying energy supply costs have actually declined in recent years.

Unlike energy supply costs (which fluctuate sharply with the world energy market), these distribution charges are largely under the control of BGE and other local utilities – and regulated by the state.² The explosion in those costs, the OPC found, is chiefly driven by state regulators allowing BGE and other local utilities to recover and profit from large scale (and not always necessary) capital investment in "repairing, modernizing and replacing utility infrastructure across the state – particularly natural gas infrastructure that could tether consumers to gas energy" even as the state strives to move away from fossil fuel-based energy.³

The broad-brush character of our existing STRIDE law is central to the problem here. The law is intended to encourage reinvestment in our aging gas infrastructure by accelerating cost recovery for

¹ <https://opc.maryland.gov/Portals/0/Files/Publications/Reports/Utility%20Rates%20Report%20from%20OPC%206-24-24.pdf?ver=U9sComXeJkKSt6TlexiwFA%3D%3D>

²² <https://www.baltimoresun.com/2025/01/25/peoples-counsel-bges-utility-rate-increases-are-behind-high-bills-guest-commentary/>

³ <https://marylandmatters.org/2024/06/25/report-blames-utility-infrastructure-costs-for-spike-in-consumers-monthly-gas-electric-bills/>



such investments. But the existing law doesn't do nearly enough to focus those investments on projects that are cost-effective, genuinely needed to protect public safety, and consistent with the need to move away from fossil fuel use to address the climate change crisis.

As a result, it works to encourage large and perhaps unnecessary gas infrastructure investments – and leaves ratepayers very quickly paying more to compensate our regulated utilities for their costs. The three-year, \$408 million rate hike the Public Service Commission approved for BGE in December 2023 – which largely goes to cover the costs of BGE's accelerated gas infrastructure investments -- is a troubling example.⁴

SB 998 makes important changes to the law to focus gas infrastructure investments more wisely. It requires a project plan submitted to the PSC to show that the company has given priority to projects that address genuine safety risks and that its cost compares favorably to other ways of solving the problem. It mandates, among other amendments to our existing law, that the PSC only approve such a project if it finds it is:

- Required to improve the safety of the gas system.
- Consistent with the need to reduce the use of natural gas to achieve our climate goals.
- Cost-effective in light of alternatives to natural gas use.

These changes still allow accelerated costs recovery for projects genuinely needed to protect the safety of our gas delivery system. But should also discourage unnecessary investments likely to become expensive millstones for ratepayers and reduce costs by requiring utilities to use less costly approaches than pipe replacement when those alternatives are appropriate.

Those reforms should help protect ratepayers against the kind of runaway distribution charge increases now driving our energy affordability upheavals. At the same time, they will encourage our much-needed transition to alternative, cleaner energy sources and to help move Maryland toward meeting our critical climate goals.

We support SB 998 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

⁴ <https://www.cbsnews.com/baltimore/news/maryland-public-service-commission-authorizes-bges-multi-year-rate-plan/>

SB 998 - MoCo DEP - Fitzgerald_FAV (GA 25).pdf

Uploaded by: Garrett Fitzgerald

Position: FAV



Montgomery County

Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550

ANNAPOLIS: 240-777-8270

SB 998

DATE: March 13, 2025

SPONSOR: Senator M. Washington

ASSIGNED TO: Education, Energy, and the Environment Committee

CONTACT PERSON: Garrett Fitzgerald (garrett.fitzgerald@montgomerycountymd.gov)

POSITION: Favorable (Department of Environmental Protection)

Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

As energy costs continue to rise, it is critically important that future investments in our energy infrastructure are made as cost-effectively as possible while balancing State priorities. This legislation represents an important step in ensuring that future utility infrastructure investments in Maryland are made in the public interest from the standpoint of public safety, cost, and alignment with State climate policy.

This bill would require natural gas utilities filing infrastructure investment and cost-recovery plans with the Maryland Public Service Commission to demonstrate that they are prioritizing projects based on public safety risk and cost-effectiveness. Those plans would also be required to include an analysis comparing the costs of gas line replacement with alternatives such as leak repair or the targeted retirement of portions of the gas system in conjunction with the installation of electric equipment. High efficiency electric appliances such as heat pumps and heat pump water heaters are now widely available on the market, and it is possible to meet building energy needs without the continued use of gas. Analyzing these alternatives would be a prudent step in the public interest.

This bill would also require the Public Service Commission, in approving plans filed by the gas utilities, to consider whether the proposed investments are: required to improve the safety of the gas system after considering alternatives to line replacement; consistent with the need to reduce the use of natural gas in light of State climate policy; and consistent with the availability and cost-effectiveness of natural gas alternatives.

These are small and reasonable requirements that will aid the Public Service Commission in ensuring that future ratepayer-funded investments in natural gas infrastructure are made with appropriate consideration of alternatives to costly gas line replacement.

We respectfully request that the Education, Energy, and the Environment Committee give Senate Bill 998 a favorable report.

SB998 Ratepayer protection Act.pdf

Uploaded by: Gwen DuBois

Position: FAV



Committee: Education, Energy, and the Environment

Testimony: SB0998 Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

Position: Favorable

Hearing: March 13, 2025

Chesapeake Physicians for Social Responsibility (CPSR) strongly supports SB998 which would require the utilities to file with the Public Service Commission plans for work that reflects what is necessary for the safety of the gas system and consider alternates to replacement because every step from extraction to ending up in our homes, natural gas: methane leaks.¹

CPSR is a statewide evidence-based organization of over 900 physicians and other health professionals and supporters that addresses existential public health threats: nuclear weapons, the climate crisis, and the issues of pollution and toxic effects on health, as seen through the intersectional lens of environmental, racial, and social justice

Maryland needs to reduce the use of natural gas for climate and cost reasons. I would also add for health reasons. A study in Boston found that these hazardous chemicals also entered our: benzene, heptane, toluene, hexane collected from gas stoves and outdoor appliance lines.² Gas in the home is associated with an increased risk of children having asthma, possibly related to the nitrogen dioxide created with the indoor combustion of methane.³ With the leaking gas, over 20 years, the methane would trap about 80 times as much heat as the CO₂.⁴

So for climate and health reasons, gas is not the best choice for the fuel that we use and now add that with the green light the Stride program has given to the gas utilities, instead of moving

¹ <https://www.nrdc.org/bio/sheryl-carter/gas-leaks-and-its-worse-we-thought>.

² <https://pubs.acs.org/doi/10.1021/acs.est.1c08298>

³ <https://doi.org/10.1093/ije/dyt150>

⁴ <https://climate.mit.edu/ask-mit/why-do-we-compare-methane-carbon-dioxide-over-100-year-timeframe-are-we-underrating>

toward a safer source of energy for our future, it has allowed an expansion of gas infrastructure at a high cost to ratepayers who pay with our wallets and our health.

The Ratepayer Protection Act will stop wasteful spending on gas infrastructure that is driving up our bills by requiring spending to prioritize safety and be cost effective.

Chesapeake Physicians for Social Responsibility urges a favorable vote on SB0998 that will reduce costs for ratepayers, help reduce greenhouse gases and have health benefits as well.

Gwen L. DuBois MD, MPH

Chesapeake Physicians for Social Responsibility

gdubois@jhsph.edu

Ceres Testimony SB998 - Ratepayer Protection Act .

Uploaded by: Jeff Mauk

Position: FAV



SB 998 – SUPPORT

Jeff Mauk

Ceres

jmauk@ceres.org

**SB 998: Natural Gas - Strategic Infrastructure Development and Enhancement
(Ratepayer Protection Act)**

Education, Energy, and the Environment Committee

March 13th, 2025

Dear Chair Feldman, Vice Chair Kagan, and members of the Education, Energy, and the Environment Committee,

I am writing on behalf of Ceres to express strong support for SB0998, the Ratepayer Protection Act. Ceres works with investors, companies, and financial leaders to promote sustainability solutions. Through our Business for Innovative Climate and Energy Policy Network ([BICEP](#)), we mobilize over 85 major employers, including several companies with operations and business interests in Maryland, to advocate for more effective climate and clean energy policies.

SB0998 introduces critical reforms to Maryland's STRIDE program to ensure gas infrastructure investments are made prudently while protecting consumers and businesses from unnecessary costs. Maryland gas utilities have already spent over \$2 billion on new gas infrastructure under STRIDE, with projected total spending approaching \$10 billion. Over the lifetime of these assets, customers could pay more than \$40 billion in costs for this infrastructure. For businesses throughout Maryland, these mounting utility costs directly impact competitiveness and operational expenses.

This legislation ensures that dollars are spent wisely by requiring utilities to:

- Prioritize projects based on risk assessment and cost-effectiveness rather than replacement for replacement's sake
- Consider alternatives to full pipeline replacement, including modern leak detection and targeted repairs
- Provide two-year advance notice of projects, allowing businesses to plan for potential disruptions and consider their own energy transition options

- Demonstrate proposed investments are consistent with state climate policy and economically prudent

These proposed reforms represent sound fiscal management. The current structure incentivizes overbuilding infrastructure that provides attractive returns for utilities but burdens ratepayers with decades of unnecessary costs. A Maryland business currently pays three times more for gas delivery than it did in 2010, and much of this increase is driven by infrastructure surcharges.

By requiring rigorous analysis of alternatives and prioritizing safety over system expansion, SB0998 introduces a true "fix it first" approach that businesses apply in their own operations. No prudent business would replace functioning assets prematurely without analyzing alternatives, and utilities should be held to the same standard.

The Ratepayer Protection Act aligns our infrastructure investments with business fundamentals: ensuring safety while minimizing unnecessary spending. This legislation will help contain energy costs for Maryland businesses, improve regulatory oversight, and enable more strategic decision-making about our energy future.

I respectfully request a favorable report on SB0998.

Sincerely,

Jeff Mauk

Director, State Policy, Eastern Region, Ceres

Ratepayer Protection Act - SB998 - HB419 from Jen

Uploaded by: Jennifer Mizrahi

Position: FAV



TESTIMONY OF JENNIFER LASZLO MIZRAHI

Maryland Climate Commissioner

EEE March 13, 1:00 PM

IN SUPPORT OF SB998 /HB419

**Education, Energy, and the Environment Committee - Bill Hearing
3/13 at 1:00 PM - West Miller Senate Building, Room 2, Annapolis, MD**

THE RATEPAYER PROTECTION ACT

Dear Chair Feldman, Vice Chair Kagan, and Members of the Committee,

Thank you for the opportunity to testify today in strong support of the Ratepayer Protection Act. My name is **Jennifer Laszlo Mizrahi**, and I serve as a **Maryland Climate Commissioner**. I am here on behalf of Maryland families, businesses, and communities struggling with rising energy costs, calling for responsible reform to protect our ratepayers and our climate future.

Maryland's **STRIDE program**, designed to update gas infrastructure, has instead fueled excessive spending and rising bills, leaving families to bear the costs while utilities reap the rewards. Without intervention, Maryland ratepayers could face a **\$40 billion burden** over the next two decades, all while our state must transition to cleaner, more affordable energy.

I could lay out more facts and figures—but today, I want to make the case in a different way.

A Ratepayer's Plea

A promise made, yet profits soared,
The cost passed down, the pain ignored.
We toil, we budget, we stretch each dime,
Yet bills climb higher, time after time.

A pipe replaced—a needed task,
Yet hidden fees still swell the ask.
For every dollar that they spend,
Four more are charged—it does not end.

They tell us, “This is for your good,”
Yet struggle grips the neighborhood.
Our elders shiver, homes go cold,
As stockholders see profits fold.

Maryland stands at a crucial gate,
To fix what's wrong, before too late.
Let fairness guide the path ahead,
Or leave more families deep in dread.

The time is now, we must be wise,
To stop the burden, halt the rise.
Pass this bill—restore what's fair,
So all can breathe unburdened air.

I urge this committee to pass the **Ratepayer Protection Act**. This bill will ensure **utility accountability**, prioritize **affordability**, and align Maryland's policies with our **clean energy future**.

Let's stand together **for Maryland ratepayers**—for fairness, for responsibility, and for the future we all deserve.

Thank you for your time and consideration.

GHHI SB998 final testimony_signed.pdf

Uploaded by: Justin Barry

Position: FAV



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March 11, 2025

Delegate Brian J. Feldman, Chair
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, Maryland 21401

Re: **FAVORABLE** – SB998 – Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

Dear Chairman Wilson and Members of the Committee:

On behalf of the Green & Healthy Homes Initiative (GHHI), I submit for the record our testimony in support of SB998. GHHI is a 501(c)(3) national nonprofit organization headquartered in Baltimore, Maryland. Our mission is to address the social determinants of health, opportunity and racial and health equity through the creation of healthy, safe and climate resilient homes.

GHHI is the nation's lead authority on the benefits of a whole-house approach that aligns, braids and coordinates energy efficiency, health and safety to create an integrated home repair and retrofit delivery model to improve health, economic and social outcomes in line with the state's climate goals. The GHHI model has been supported by the US Department of Energy (DOE) and the US Department of Housing and Urban Development (HUD) as well as numerous states, cities and counties throughout the US. By delivering a standard of excellence, GHHI's work aims to eradicate the negative impact of historic disinvestment, the legacy of ill-conceived and unjust housing by creating holistically healthy housing for children, seniors and families in Maryland's low wealth communities. GHHI's work has been recognized through national best practice awards from the US Environmental Protection Agency (EPA) and HUD. In 2023, GHHI was awarded the Buildings Upgrade Prize award from the DOE in recognition of its proposed initiative to complete electrification of low-income households in East Baltimore through a community-driven, whole home initiative with health and safety, workforce, and efficiency benefits.

GHHI supports the passing of SB 998 because it will help ensure that Maryland families can live in healthy, safe, and affordable housing by taking a more thoughtful approach to utility planning.

GHHI's "10 Elements of a Green and Healthy Home" champions principles of a whole-house that include energy efficiency, thermal control and electrification—helping families consume less energy while creating a home free of health and safety hazards. Currently the STRIDE program and state utility planning pose a risk to these three elements for low-income households.

GHHI Written Testimony – House Bill 419

February 4, 2025

Page Two

Concerns about energy affordability and impacts on low-income households

We have significant concerns about unnecessary and expensive investments in the gas infrastructure negatively impact energy affordability for low-income households. We have followed the reports from the Maryland Office of People's Council and advocates that have drawn attention to how gas delivery costs have increased dramatically in recent years. Since 2020, BGE gas delivery rates have increased 43%.¹ BGE infrastructure costs from pipeline replacement threaten to continue this trend into coming decades, even while Maryland climate planning suggest most—if not all – homes will move off gas.

We know that these increases hit low-income families hardest, especially when the winter comes and heating needs increase. A February 2023 report from PSE Energy found that around 400,000 Marylanders have an energy burden of over 6%, which is the threshold researchers use to define high burden.² As utility bills rise, this is becoming an increasing concern for many residents.

GHHI completes weatherization and energy efficiency work in low-income households in Baltimore City through DHCD and MEA programs. These measures help seniors stay in their homes, kids go to school without asthma symptoms, and families save some extra money each month to spend on necessities. However, when utility rates increase, clients cannot enjoy these benefits. Instead, they need to look for energy assistance programs, sacrifice other needs, or even look to live elsewhere.

This trend is likely to intensify in coming years if utilities continue replacing gas pipes at the same rate, while the rate of new customer acquisition slows or more households transition from gas to cheaper and cleaner electric energy. This bill is a step towards ensuring that Maryland takes a thoughtful approach to energy planning with a direct impact on households being able to meet their needs to keep their homes comfortable, thermally controlled, and energy efficient.

The case for an electric future

Building decarbonization provides health, economic and climate benefits that support the move to electric buildings. GHHI expects electric buildings to be an increasingly popular option for families and businesses. As a result, the investment in replacing our gas pipe system will become increasingly expensive and unnecessary if shared by a smaller customer base.

GHHI advances decarbonization as a health measure based on research finding that gas stoves are associated with a 43% increased risk of childhood asthma and fossil fuel space and water heating equipment contributes significant nitrous oxide and particulate matter pollution to Maryland communities. In September 2023, GHH, CASA, CCAN, and RMI published the report

¹ Upgrade Maryland Coalition, "Maryland advocates lambast latest BGE rate hike, call on state leaders to intervene." <https://www.upgrademaryland.org/news-announcements/bge-rate-hike>

² Arjun Makhijani, et al, Energy Affordability in Maryland: Integrating Public Health, Equity and Climate, Executive Summary (Feb. 2023), available at https://www.psehealthyenergy.org/wp-content/uploads/2023/02/Energy-Affordability-in-Maryland-2023_-Final-Report-1.pdf.

GHHI Written Testimony – House Bill 419

February 4, 2025

Page Three

*Cutting Through the Smog*³ which highlighted that fossil fuel furnaces, HVAC systems, water heaters and other equipment emit more than three times as much health-harming nitrogen oxides as the Maryland's power plants. This disproportionately affects low-income residents and residents of color where pollution and environmental health impact issues are most likely to compound. The report highlights that outdoor pollution from fossil fuel equipment in Maryland caused an estimated 163 premature deaths in 2017 alone, driving about 3,500 cases of respiratory symptoms, 6,500 lost workdays, and \$1.3 billion in public health impacts per year. That is just based on outdoor air pollution.

Electrification eliminates these pollution sources from our homes and neighborhoods. Heat pumps and induction stoves are highly efficient, clean, and effective in Maryland. GHHI has seen these results in our Baltimore electrification program where we have delivered electrification interventions to over 20 Baltimore homes. We have also seen the state of Maryland take leadership action through the Governor's executive order from June 2024 which called on the Maryland Department of Environment to develop and Zero-Emission Heating Equipment Standard⁴. Maryland can have an electrified future that benefits all. The state does not need to make unnecessary investments in gas infrastructure to make that future more expensive.

Summary

This bill takes an important step in adding discretion to the process of replacing gas infrastructure so that the state is only making smart investments. We think the future of housing in Maryland will be (and should be) all electric for the health, economic, and climate benefits. Already utility costs are placing an undue burden on low-income households across the state. This may get worse in the future if the state does not plan thoughtfully. I urge the Committee to support the passage of SB998.

Respectfully Submitted,

DocuSigned by:

Ruth Ann Norton

6171FEFD32CD49A...

Ruth Ann Norton

President and CEO

³ CASA, Green & Healthy Homes Initiative, Chesapeake Climate Action Network, and RMI, *Cutting Through the Smog: How Air Quality Standards Help Solve the Hidden Health Toll of Air Pollution From Maryland's Homes and Businesses* (September 2023), available at <https://www.greenandhealthyhomes.org/publication/cutting-through-the-smog/>

⁴ Governor Moore Signs Executive Order to Advance Maryland's Pollution Reduction Plan.

<https://governor.maryland.gov/news/press/pages/governor-moore-signs-executive-order-to-advance-maryland%E2%80%99s-pollution-reduction-plan.aspx>

SB 998 Letter of Support.pdf

Uploaded by: Karen Straughn

Position: FAV

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Deputy Attorney General

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement



STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

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March 13, 2025

TO: The Honorable Brian J. Feldman
Chair, Education, Energy and the Environment Committee

FROM: Karen S. Straughn
Consumer Protection Division

RE: Senate Bill 998 – Natural Gas – Strategic Infrastructure Development and
Enhancement (Ratepayer Protection Act)

The Consumer Protection Division of the Office of the Attorney General supports Senate Bill 998, sponsored by Senator Mary Washington, et al. Senate Bill 998 will help protect Maryland's gas utility consumers and align gas infrastructure replacement with the state's climate goals.

Senate Bill 998 would modify the Strategic Infrastructure Development and Enhancement ("STRIDE") law to require that Maryland's gas utilities prioritize program spending based on risk to the public and to consider cost-effective alternatives to pipe replacement, including leak detection and repair and targeted abandonment in connection with electrification. The bill would also require gas companies to provide advance notice to customers so that customers who want to electrify have time to do so before costly work is done to replace the gas equipment serving their buildings. These requirements, which are not in the existing law, are modest but important improvements to the STRIDE statute that will benefit Maryland utility customers and help advance state policy.

The General Assembly enacted the STRIDE law in 2013 with the purpose of providing gas utilities financial incentives to accelerate their infrastructure replacement programs. The 2013 STRIDE law presumed that it made sense for the gas utilities to replace their entire legacy gas

distribution systems with brand new systems that would be less likely to leak, providing safer service and reducing greenhouse gas emissions. Since that time, the state's major gas utilities have completed about one-third of their STRIDE work. While the full costs of that work will be recovered over many decades through customer rates, gas customers already have seen substantial increases in the distribution portion of their gas bills in recent years, much of it driven by spending under the STRIDE program.

While maintaining safe gas service and reducing gas leaks remain priorities, it makes sense to update the STRIDE law to ensure that future STRIDE spending accomplishes the state's goals while minimizing its impact on utility customers. Roughly two-thirds of the utilities' gas distribution systems have not been replaced and replacing those distribution systems will cost billions of dollars. Accordingly, the evaluation of cost-effective alternatives could result in substantial bill savings for utility customers over the coming years. Further, evaluation of alternatives to replacement could help avoid infrastructure investments that become obsolete long before they are fully paid for. That potential for obsolescence adds additional risks for utility customers.

It also makes sense to modify the STRIDE statute to ensure its consistency with state climate goals. The Maryland Department of Environment's recently released the Climate Pollution Reduction Plan, which commits to "transition[ing] the state from the fossil fuel era of the past to a clean energy future." It recommends requiring gas utilities to "plan their gas system investments and operations for a net-zero emissions future" and calls on the state to accelerate the transition to electric appliances for heating buildings and water and for cooking. Consistent with MDE's report, the Maryland Commission on Climate Change recommended modifications to the STRIDE statute to align gas utility spending with state climate policy.

Senate Bill 998 simply codifies the modest recommendations of the climate commission. It would continue to allow gas utilities to receive accelerated cost recovery for gas replacement work when it is cost effective, while prioritizing public safety. The bill thus advances important state objectives and protects utility customers from unnecessary costs while balancing the purposes of the original STRIDE law.

For the foregoing reasons, the Consumer protection Division respectfully requests a favorable report on Senate Bill 998.

cc: The Honorable Mary Washington
The Honorable Dalya Attar
The Honorable Benjamin Brooks
The Honorable Charles E. Sydnor, III
The Honorable Shelly Hettleman

SB0998_Ratepayer Protection Act_CCMC Testimony_FAV

Uploaded by: Karl Held

Position: FAV



CLIMATE COALITION

Montgomery County, MD

Committee: Education, Energy, and Environment

Testimony on: SB098 - Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

Organization: Climate Coalition Montgomery County

Submitting: Karl Held

Position: FAVORABLE

Hearing Date: March 13, 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 SB0998.

SB0998 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 two 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.
- SB0998 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 SB0998 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

2025.03.13_SB0998_Ratepayer Protection Act_FAV_Adv

Uploaded by: Katie Mettle

Position: FAV



March 13, 2025

Education, Energy, and the Environment Committee

SB 998

**Natural Gas - Strategic Infrastructure Development and Enhancement
(Ratepayer Protection Act)**

Lead Sponsor: Senator Mary Washington

Katie Mettle

Policy Principal, Advanced Energy United

FAVORABLE

Dear Chair Feldman, Vice Chair Kagan, and esteemed members of the Education, Energy, and the Environment Committee:

Advanced Energy United (“United”) is an industry association that represents companies operating in the clean energy space. Our membership encompasses a broad range of products and services that constitute the best available technologies for meeting our energy needs today and tomorrow, including in energy efficiency, demand response, geothermal, heat pumps, and smart grid technologies. Our mission is to accelerate the transition to 100% clean energy and electrified transportation.

SB 998 adds guardrails to the existing STRIDE program, to ensure that the gas infrastructure improvements which benefit from the program are “necessary and appropriate to ensure the safety of the gas system and to provide consistency with State climate policy.” United believes these guardrails are reasonable and necessary to support Maryland’s transition to affordable, clean and efficient buildings.

The existing STRIDE program allows gas companies to accelerate their financial recovery from ratepayers when they spend money on gas infrastructure improvements without project-by-project scrutiny by regulators and stakeholders. Over the last decade, we have seen the cost of gas delivery increase rapidly and dramatically. In this new era of load growth, affordability pressures, resilience and reliability challenges, and clean energy transition, Marylanders cannot afford excess spending by their utilities.

SB 998 will not remove a gas company's obligation, nor its ability, to make critical safety and reliability improvements to gas infrastructure. Gas companies will still have the ability to recover their spending through the rate case process. In addition, they will still have the ability to take advantage of the STRIDE program if they can demonstrate their planned upgrades are necessary, in accordance with the stipulations of the bill.

We support this bill because it will lower gas delivery costs for ratepayers, continue to allow necessary infrastructure improvements for safety, and will avoid utility overspending on gas infrastructure assets that are at higher risk of becoming stranded as our state progresses towards meeting our climate goals. Avoiding stranded assets will protect ratepayers in the long term, especially the most vulnerable (e.g. low-income households, fixed-income seniors, and renters).

We respectfully request the Committee issue a favorable report. Thank you for your time.

Best Regards,

Katie Mettle, Policy Principal
Advanced Energy United
kmettle@advancedenergyunited.org
202.380.1950 x3197

SB0998 (HB0419) - FAV - Natural Gas - Strategic In

Uploaded by: Landon Fahrig

Position: FAV



Maryland

Energy Administration

TO: Chair Felman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee

FROM: MEA

SUBJECT: SB 998 - Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

DATE: March 13, 2025

MEA Position: FAVORABLE

The bill is a modest approach to the problem of accelerated gas infrastructure cost recovery under Maryland's decade-old Strategic Infrastructure Development and Enhancement (STRIDE) law. STRIDE has contributed to significant increases in ratepayer bills that have exceeded the cost of inflation, but has not required utilities to demonstrate that they can keep Marylanders safe with effective, least costly alternatives.

STRIDE allows utilities to benefit from accelerated cost recovery for methodically replacing or rehabilitating potentially leak-prone pipes. STRIDE programs are largely about prevention, not cure. **The Maryland Energy Administration (MEA) supports cost-reducing strategies for natural gas infrastructure safety.** And while there are viable, proven, safe and cost-effective alternatives to full-scale pipe replacement, Maryland utilities have used them very little—in large part because there is no explicit requirement for them to even consider them.

Non-pipelines alternatives include, for example: a joint encapsulation robot that can seal joints in cast iron pipe—where future leaks are most likely to occur—and may avoid or delay the need to replace an entire section of pipe; a cured in place pipe liner that can rehabilitate “leak-prone” pipe such as cast iron or bare steel, lasts up to 70-90 years, causes minimal disruption to businesses, traffic, and homes, and costs half as much as replacement; and targeted electrification, where gas utilities coordinate their pipe replacement plans with an electric utility to assess whether customers in a certain neighborhood have already electrified their homes and businesses, or plan to do so imminently.

This bill simply asks utilities to demonstrate that they have fully analyzed viable non-pipeline alternatives before they are permitted to benefit from STRIDE's up-front cost recovery. As utility rates continue to rise, it is more imperative than ever to ensure careful consideration of these less costly options for the benefit of ratepayers.

MEA urges the committee to issue a **favorable report**. Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Joyce Lombardi, Energy Policy Manager, at Joyce.Lombardi1@maryland.gov, or at (443) 401-1081.

SB998_AARP MD_FAVORABLE.pdf

Uploaded by: Laurel Peltier

Position: FAV



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SB 998 - Natural Gas: Strategic Infrastructure Development and Enhancement

(Ratepayer Protection Act)

Education, Energy, and the Environment Committee Hearing Date: March 13, 2025

FAVORABLE

Good afternoon, Chair Feldman and Members of the Senate Education, Energy, and the Environment Committee. I am Laurel Peltier, a volunteer at AARP Maryland, representing over 850,000 members, and I appreciate the opportunity to provide testimony in **support of SB 998 Natural Gas: Strategic Infrastructure Development and Enhancement - the Ratepayer Protection Act**. This legislation is crucial in ensuring fairness and accountability in the process of upgrading Maryland's natural gas infrastructure, particularly for older Marylanders living on fixed or limited incomes. We thank Senator Washington for sponsoring this legislation.

The Importance of Ratepayer Protections for Older Marylanders

Older Marylanders are uniquely vulnerable to the rising costs of utility services, as many live on fixed incomes that do not adjust quickly or sufficiently to accommodate utility rate hikes. The existing process for approving a Strategic Infrastructure Development and Enhancement also known as STRIDE surcharges—which are additional fees added to utility bills for gas infrastructure replacement—has placed a significant burden on this demographic. As utility rates continue to rise, many older adults find themselves making difficult trade-offs between paying their bills and meeting essential needs, such as food, healthcare, or medication.

SB 998 provides critical protections by:

1. Requiring Greater Transparency and Accountability

Gas companies would need to provide comprehensive and detailed plans when requesting infrastructure project approval, allowing the Public Service Commission (PSC) to fully evaluate whether the proposed projects are necessary for cost-effective, and in the public's best interest. This protects ratepayers, including older adults, from unnecessary or inflated costs.

2. Mandating Justification for Rate Increases

The bill ensures that gas companies must demonstrate clear evidence of safety improvements and infrastructure need before receiving approval for surcharge increases. This provision benefits older residents by prioritizing affordability and preventing unwarranted utility expenses that could disproportionately harm those on limited budgets.

3. Adding Additional Criteria for Approval

By requiring PSC to evaluate broader criteria, including cost-effectiveness, necessity, and long-term impact, SB 998 safeguards older Marylanders from being forced to shoulder the financial burden of projects that provide minimal public benefit or could be deferred without compromising safety.

Ensuring Equitable Treatment for Vulnerable Populations

Many older Marylanders live in homes that rely on natural gas for heating, cooking, and other essential services. Ensuring that infrastructure investments are well-planned and fiscally responsible is critical to preventing sudden and unaffordable rate increases that could push them into financial hardship. Without these safeguards, older adults are at risk of falling behind on payments or having to seek assistance from public programs already facing high demand.

Conclusion

AARP Maryland supports SB 998 because it introduces much-needed reforms that protect ratepayers from unchecked gas rate hikes while ensuring that any approved gas infrastructure upgrades are necessary and beneficial. This bill strikes a balance between safety and affordability, making it an essential step toward supporting Maryland's aging population and ensuring that natural gas services remain within reach for all.

We respectfully urge a **favorable report** on SB 998 and thank the committee for considering this important legislation. If you need follow up or questions, please email tbresnahan@aarp.org or by calling 410-302-8451.

SB998 Ratepayer Protection Act_EEE_CJW FAV.pdf

Uploaded by: Laurie McGilvray

Position: FAV



Committee: Education, Energy and the Environment
Testimony on: SB998 - Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Monica O'Connor, Co-Chair
Position: Favorable
Hearing Date: March 13, 2025

Dear Chair and Committee Members:

Thank you for allowing our testimony today in support of SB998. The Maryland Legislative Coalition (MLC) Climate Justice Wing, a statewide coalition of nearly 30 grassroots and professional organizations, urges 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 largely a consumer protection and safety bill aimed at curbing escalating burdensome costs imposed on ratepayers by monopoly utilities. The MLC Climate Justice Wing sees SB998 as a modest legislative fix to the unintended consequences of STRIDE, and urges a **FAVORABLE** report in Committee.

350MoCo

Adat Shalom Climate Action

Cedar Lane Unitarian Universalist Church Environmental Justice Ministry

Chesapeake Earth Holders

Chesapeake Physicians for Social Responsibility

Climate Parents of Prince George's

Climate Reality Project

ClimateXChange – Rebuild Maryland Coalition

Coming Clean Network, Union of Concerned Scientists

DoTheMostGood Montgomery County

Echotopia

Elders Climate Action

Fix Maryland Rail

Glen Echo Heights Mobilization

Greenbelt Climate Action Network

HoCoClimateAction

IndivisibleHoCoMD

Maryland Legislative Coalition

Mobilize Frederick

Montgomery County Faith Alliance for Climate Solutions

Montgomery Countryside Alliance

Mountain Maryland Movement

Nuclear Information & Resource Service

Progressive Maryland

Safe & Healthy Playing Fields

Takoma Park Mobilization Environment Committee

The Climate Mobilization MoCo Chapter

Unitarian Universalist Legislative Ministry of Maryland

WISE

sb998 strategic infrastructure alterations EEE 3-1

Uploaded by: Lee Hudson

Position: FAV



Delaware-Maryland Synod
Evangelical Lutheran Church in America
God's work. Our hands.

Testimony prepared for the
Education, Energy, and the Environment Committee
on
Senate Bill 998
March 13, 2025
Position: Favorable

Mr. Chairman and members of the Committee, thank you for this opportunity to urge a public commitment to addressing climate disaster and its companion, environmental justice. I am Lee Hudson, assistant to the bishop for public policy in the Delaware-Maryland Synod, Evangelical Lutheran Church in America. We are a faith community of three ELCA judicatories in every part of our State.

In solidarity with all things now living, our community advocates policies that care for creation. We have recognized greenhouse gases as an environmental threat since 1993. We support public action for a greener future to mitigate climate catastrophe. We regularly join other interests in the United States that call for decarbonizing the commercial energy sector.

We stated opposition to a request from Baltimore Gas and Electric to the Maryland PSC in 2023 for a consumer rate increase facilitating and expanding natural gas infrastructure. Our position was based on our support for iterations of the Climate Solutions Act. The intent of the Act is a Maryland energy regime transition toward carbon neutrality as rapidly as possible.

A publicly developed plan to achieve decarbonized energy production, articulated as regulatory coherence, is a better procedural choice for policy than *per se* debate about this or that commercial advantage. Utilities, previously understood to be public, provide a public good to which all communities are obligated.

Our support for **Senate Bill 998** leans on previous Maryland Office of People's Counsel testimony before the PSC. Advancing public financing for natural gas infrastructure is a prescription for increasing, not decreasing, greenhouse gas emissions, and for accumulating private asset eligible for further public financing as stranded costs resulting from decarbonization.

Our community supports a developed regulatory protocol to implement goals for carbon reduction. We understand **Senate Bill 998** to be facilitating that. We hold that decarbonization goals are in the interest of the public good and safety. We, therefore, urge your favorable report for this bill.

Lee Hudson

ECA testimony SB0998 ratepayer protection 2025.pdf

Uploaded by: Leslie Wharton

Position: FAV



SB0998 - SUPPORT
Frances Stewart, MD
Elders Climate Action Maryland
frances.stewart6@gmail.com
301-718-0446

SB0998, the Ratepayer Protection Act

Meeting of the Education, Energy, and the Environment Committee

February 13, 2025

Dear Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee,

Thank you for allowing our testimony today in support of SB0998, the Ratepayer Protection Act. Elders Climate Action is a nationwide organization devoted to ensuring that our children, grandchildren, and future generations have a world in which they can thrive. The Maryland Chapter has members across the state.

On behalf of Elders Climate Action Maryland, I urge a favorable report on SB0998. The bill SB0998 amends, the current Strategic Infrastructure Development and Enhancement Plan (STRIDE) law, was passed in 2013 to allow gas utilities to add a surcharge to customers' monthly bills to ensure accelerated cost recovery for a safe gas system. It was intended to prioritize safety and cost-effectiveness. More than a decade of experience has shown that gas utilities prioritize 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. STRIDE 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.

Rising energy costs are a serious problem for low-income households and people with fixed incomes, many of whom are elders. In 2023, approximately [400,000 Maryland households](#) were paying more than six percent of their income for energy bills, and those numbers are increasing.

Gas utility spending and rate hikes have not translated to greater safety. 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. 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.

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.

SB0998 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 begins so they have time to plan and to consider electrification
- ensuring gas infrastructure spending is cost effective.

SB0998 is a consumer protection and safety bill aimed at curbing escalating burdensome costs imposed on ratepayers by monopoly utilities. Elders Climate Action Maryland sees SB0998 as a small but badly needed change to the STRIDE program to remedy unintended consequences. We strongly urge a FAVORABLE report in Committee.

SB998_IndivisibleHoCo_FAV_Peter Alexander.pdf

Uploaded by: Peter Alexander

Position: FAV



SB0998

Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

Testimony before the Education, Energy, and the Environment Committee

Hearing March 13, 2025

Position: Favorable

Dear Chair Feldman and Vice-Chair Kagan, and members of the committee, my name is Peter Alexander, and I represent the 900+ members of Indivisible Howard County. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members). We are providing written testimony today **in support of SB0998**. We appreciate the leadership of Senator Washington and her colleagues in sponsoring this legislation.

The STRIDE Act of 2013 allows gas utility companies to charge customers a small fee to ensure gas utility safety. However, it lacked critical safeguards on spending, exacerbating an existing incentive to overinvest in new infrastructure with the unintended consequence of encouraging gas utilities to make massive investments in new gas infrastructure, without taking steps to ensure safety, cost effectiveness, and locking in large charges for captive customers both short and long term, well beyond the original \$2 fee. A gas pipeline program that properly prioritizes gas leaks will cost less, meaning smaller bill increases, while also making our communities safer. Our gas utilities need to fulfill their obligation to provide safe and affordable energy to Maryland homes, without expecting additional financial incentives from customers.

The 2022 Climate Solutions Now Act mandates Maryland to shift away from fossil fuels, but spending on new gas infrastructure diverts much-needed investment in clean, renewable energy programs.

SB0998, which would implement the recommendations of the **Maryland Commission on Climate Change** and the **Building Energy Transition Implementation Task Force**, does not repeal the STRIDE Act. Rather, it requires gas utilities to implement new gas leak detection technologies when cost effective, and to apply a "fix it first" approach rather than installing new infrastructure. It also requires the utilities to give customers 2 years' notice before the work begins in their community.

SB0998 is commonsense reform that helps to ensure that ratepayers are receiving cost-effective solutions to gas leak problems while allowing state regulators to monitor gas utility spending more effectively.

Thank you for your consideration of this important legislation.

We respectfully urge a favorable report.

Peter Alexander, PhD
District 9A
Woodbine, MD 21797

Testimony - SB 998 - RatePayer Protection Act-Supp

Uploaded by: Phil Webster

Position: FAV



Unitarian Universalist Legislative Ministry of Maryland

Testimony in Support of SB 998- Natural Gas- Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

TO: Chair Watson and members of the Economic Matters Committee
FROM: Phil Webster, PhD, Lead Advocate, Climate Change
Unitarian Universalist Legislative Ministry of Maryland.
DATE: March 13, 2025

The Unitarian Universalist Legislative Ministry of Maryland strongly supports **SB 998- The RatePayer Protection Act**.

The STRIDE law created a financial incentive for gas utilities to install new gas pipelines and equipment. However, the law lacks sufficient guardrails, which has led to wasteful spending, massive utility profits, and dramatic rate hikes—without delivering meaningful benefits to communities. Without reform, Maryland gas customers are projected to pay **\$40 BILLION for the flawed pipeline replacement program** over the next twenty years.

In 2022, Maryland enacted the Climate Solutions Now Act, directing the state to shift away from fossil fuels to power our homes. The STRIDE law is at cross purposes with the Climate Solutions Now Act and is, in effect, creating a “pipeline to nowhere” at the expense of Maryland ratepayers!

The UULM-MD is a faith-based advocacy organization based on Unitarian Universalist (UU) Values, including Interdependence (honoring the interdependent web of all existence) and Justice (where all feel welcome and can thrive). Working to mitigate, adapt to, and build resilience for climate change is central to our beliefs.

The UU belief in justice for all, especially low and moderate income Marylanders who are at greater risk due to continuing rate hikes, requires us to support **SB 998**. The UU belief in the interdependence of life, requires that we support **SB 998** aligning STRIDE with the Climate Solutions Now Act.

We urge a FAVORABLE report on **SB 998** in committee.

Phil Webster, PhD

Lead Advocate, Climate Change UULM-MD

UULM-MD c/o UU Church of Annapolis 333 Dubois Road Annapolis, MD 21401 410-266-8044,

www.uulmmd.org info@uulmmd.org www.facebook.com/uulmmd www.Twitter.com/uulmmd

SB 998 - Ratepayer Protection Act_ MDLCV Support.p

Uploaded by: Rebecca Rehr

Position: FAV



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March 13, 2025

SUPPORT: SB 998 - Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

Chair Feldman and Members of the Committee:

Maryland LCV supports SB 998 - Ratepayer Protection Act, and we thank Senator Washington for introducing this important bill and commitment to protecting ratepayers. Maryland LCV supports the Ratepayer Protection Act as an essential reform to the STRIDE (Strategic Infrastructure Development and Enhancement) program.

The Ratepayer Protection Act would make critical modifications to the STRIDE program to help alleviate high utility cost burdens on Maryland families—especially those with low wealth—and to help the program achieve its intent of focusing on and prioritizing repairs to aging gas infrastructure for safety reasons. This reform ensures that gas infrastructure spending is cost effective, giving the Public Service Commission (PSC) better tools to review gas utility spending, determine what is in the best interest of ratepayers, and align spending with Maryland's clean energy and decarbonization goals. The [Maryland Commission on Climate Change](#) and the [Building Energy Transition Task Force](#) recommended the modification of STRIDE to reduce ratepayer costs and greenhouse gas (GHG) emissions, and the [Maryland Energy Administration](#) supported this bill last session.

Maryland's gas infrastructure spending under STRIDE is financially unsustainable and has fueled utility profits with rising utility bills for families. A [brief](#) from the Office of People's Counsel highlighted that in 2023 alone, BGE spent \$160 million on STRIDE, costing customers \$576 million when factoring in profits and interest. Without the changes proposed in the Ratepayer Protection Act, gas customers are projected to pay [\\$40 billion](#) for this program over the next 20 years.

Likewise, gas delivery rates have [tripled](#) since 2010, and projections show they will continue to rise steeply. A typical BGE customer could see their winter heating bill climb to \$450 by 2035, and up to \$575 by 2050. These increases are driven largely by unnecessary gas infrastructure spending, with profits funneled to utility shareholders instead of benefiting the community.

The Ratepayer Protection Act also improves STRIDE safety provisions. An Abell Foundation [report](#) found that in the nine years before STRIDE, natural gas incidents resulted in no deaths and 4 serious injuries, while 9 deaths and 58 serious injuries occurred in the nine years after it was enacted—far from the safety benefits STRIDE was intended to achieve. In one incident in 2024, a natural gas [explosion](#) killed 2 people and injured 3 more.

The way it is currently administered, STRIDE is not supporting Maryland in achieving greenhouse gas emission reduction targets. Both the 2021 [law](#) requiring the PSC to account for climate change in its decisions and the 2022 [Climate Solutions Now Act](#) mandating a 60% reduction in emissions by 2031 and net-zero emissions by 2045 did not repeal or amend STRIDE. The Ratepayer Protection Act will therefore help redirect resources toward the safe, cost-effective management of gas infrastructure while accelerating the clean energy transition. It will also importantly provide customers at least two years' notice before undertaking work in their homes to allow customers the opportunity to electrify. The Office of People's Counsel (OPC) [projected](#) that current STRIDE investments will lead to \$206 billion in stranded costs from 2024 to 2100. With more effective management of the STRIDE program through the provisions in the Ratepayer Protection Act, we can avoid some of these costs, which are disproportionately borne by low-income Maryland households.

Maryland's major regulated gas suppliers are spending a lot of money on gas infrastructure that does not support Maryland's climate goals and cost ratepayers billions. The Ratepayer Protection Act reforms STRIDE to help promote more cost-effective spending of ratepayer dollars, prioritize safety, protect consumers from rising heating costs, and accelerate Maryland's clean energy transition. Maryland LCV urges a favorable report on this critical bill.

SB 998_Baltimore City CP_FAV.pdf

Uploaded by: Shamoyia Gardiner

Position: FAV



Zeke Cohen

President

Baltimore City Council

400 City Hall • Baltimore, Maryland 21202 410-
396-4804 • Fax 410-539-0647

To: Chair Feldman, Vice Chair Kagan, and members of the Senate Education, Energy, and the Environment Committee
Re: Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)
Position: Favorable
Date: March 13, 2025

As President of the Baltimore City Council, I support SB 998 because it puts cost controls on utility spending, ensures that spending prioritizes safety, and aligns utility investments with state climate goals.

Our public utility, Baltimore Gas and Electric (BGE), has received approval from the Public Service Commission (PSC) for gas distribution increases that are nearly three times the rate of inflation since 2010. The PSC has approved two-multi year rate increases for Baltimore Gas and Electric (BGE) since 2020, which have already increased gas distribution rates by 50% and electric distribution rates by 30%.

As currently structured, state law encourages irresponsible capital investment because it is profitable for utilities to replace gas infrastructure rather than consider more cost-effective alternatives. This not only raises rates for residents, who are [some of the most cost-burdened in the country](#), but also locks in dependence on fossil fuels in a moment where we need to be transitioning away from them, in line with the State's ambitious climate goals.

I am grateful for this legislation, which addresses these issues directly by adjusting the standards which the PSC uses to consider rate increases. It addresses head-on the primary issues that drive up costs for ratepayers and harm the environment.

I ask that the committee report favorably on this bill.

Sincerely,

Zeke Cohen

For more information, contact shamoyia.gardiner@baltimorecity.gov

Earthjustice SB 998 Support Comments STRIDE legisl

Uploaded by: Susan Miller

Position: FAV



March 13, 2025

Chair Brian J. Feldman
Members of the Senate Education, Energy, and the Environment Committee

Re: Earthjustice **support** of SB 998:
Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

Earthjustice¹ strongly supports the passage of SB 998, the Ratepayer Protection Act. The Ratepayer Protection Act modifies and improves Maryland's gas pipeline infrastructure replacement program (referred to as Strategic Infrastructure Development and Enhancement or "STRIDE") to better reflect the State's changing energy landscape and Maryland's climate mandates.

In 2013, the Maryland General Assembly enacted the STRIDE statute which authorizes Maryland gas utility companies to file and the Public Service Commission to approve infrastructure investment plans and corresponding cost-recovery schedules. It is important for the Committee to understand that STRIDE is not a safety program, it is a financing mechanism which allows gas utilities to recover a substantial portion of their gas pipeline replacement expenditures through a monthly surcharge rather than wait for a rate proceeding. The STRIDE law did not establish any new or different safety requirements. STRIDE did not change the utility's obligation to provide safe service, the law simply enables gas utilities to recover funds spent on gas pipeline replacement from ratepayers more quickly.

The Ratepayer Protection Act recognizes that while some spending on gas on infrastructure replacement is certainly necessary and appropriate for safety and reliability, the utilities current wholesale approach to infrastructure replacement is largely unconnected to safety considerations but is instead apparently designed to maximize utility profits. This disconnect was clearly demonstrated in Baltimore Gas & Electric Company's ("BGE") most recent rate case.

During BGE's rate proceeding, BGE's own testimony established that the Company uses informal, undocumented processes for gas pipeline project selection. Remarkably, BGE has no written documentation regarding how specific projects are selected for inclusion in the STRIDE program. According to BGE's witness, the Company considers a variety of factors and uses engineering judgement to determine which projects are ultimately considered for replacement. The Company does not have specific documents or procedures directing employees on how to select a project. BGE provided a list of 12 *unprioritized* factors that may be considered. Thus,

¹ Earthjustice is a non-profit public interest environmental law organization that represents other non-profits free of charge. Earthjustice uses the power of law and the strength of partnerships to advance clean energy, combat climate change, protect people's health and preserve magnificent places and wildlife.

BGE concedes that replacing leaky pipes is not even a priority over other factors. Equally disconcerting, BGE does not identify specific assets for replacement more than a year in advance. This lack of process means that there is no transparency regarding how the selections were made and whether better choices could have and should have been made.

Moreover, BGE seeks to replace all its gas infrastructure assets under the scope of the program, regardless of relative risk and cost comparisons. The goal of the STRIDE program should be to maximize safety, reliability, and environmental benefits for the ratepayer dollars spent. Instead, BGE plans to spend as much on pipeline replacement as it can, regardless of the excessive cost or lack of safety and reliability benefits of the projects.

Finally, since pipeline replacement is the only action considered by the gas utilities, the companies apparently never seriously contemplate any alternatives to pipeline replacement, such as pipeline repair and non-pipeline alternatives. These alternatives would be more cost-effective and engender less risk of stranded costs. Gas pipeline replacement programs are expensive, install long-lived assets, and are built on the assumption that the gas system's future needs will be the same or very similar to the system's present needs, an assumption that is clearly at odds with the State's changing energy landscape and Maryland's climate mandates.

Cost-effective alternatives can meet safety and reliability needs of ratepayers while reducing stranded cost risk. However, in PSC proceedings gas companies fail to even identify those alternatives—let alone consider pursuing them. This failure means that ratepayers will pay more for improvements in safety and reliability than they would have had the utilities considered options other than replacing pipes. The utilities failure to consider any alternatives to pipeline replacements, which locks in place costly and long-lasting infrastructure, is not in the public interest.

For example, fixing pipes can often be a lower-cost alternative to replacement. But fixing pipes is not profitable for the utilities because fixes are operational costs, not capital investments on which utilities earn a profit. Because STRIDE only allows accelerated cost recovery for replacement projects that earn a return, the law has inadvertently disincentivized utilities from repairing pipes rather than replacing the pipes.

Without significant changes to the STRIDE program, Maryland gas utilities are on track to spend tens of billions of dollars **replacing their entire local distribution systems** and expanding pipeline capacity. BGE is approximately eight years into its gas pipeline replacement plan, which is expected to be completed around 2039. In 2018, BGE received the PSC's approval to spend more than **\$720 million** in infrastructure replacement over the five years from 2019-2023. The failure to interpret the STRIDE program as a method to incentivize the replacement of the leakiest, riskiest gas pipes will saddle Maryland ratepayers with millions of dollars in stranded costs that would take decades to repay.

Adoption of the Ratepayer Protection Act will return the STRIDE program to what it was originally intended to achieve, ensuring the safety of the gas system. Moreover, requiring the utilities to compare the costs of proposed replacement projects with alternatives to replacement

will ensure that safety and reliability is achieved in the most cost-effective manner and will ensure that the program's operation is consistent with Maryland's climate mandates.

Finally, Earthjustice thanks Senators M. Washington, Attar, Brooks, Sydnor, and Hettleman for their leadership on this important issue.

Earthjustice strongly urges a favorable report for SB 998.

Thank you in advance for your support. Should you have any questions, please contact me at smiller@earthjustice.org.

Respectfully submitted,



Susan Stevens Miller
Senior Attorney, Clean Energy Program
Earthjustice

approve.pdf

Uploaded by: William Mauer

Position: FAV

I approve of this bill.

SB998 STRIDE FAV 2025.docx.pdf

Uploaded by: Zoe Gallagher

Position: FAV



Testimony to the Education, Energy, and the Environment Committee
SB998 Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)
Position: Favorable

3/11/2025

The Honorable Senator Feldman, Chair
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

Chair Feldman and Honorable Members of the Committee:

Economic Action Maryland Fund (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

I am writing today to urge your favorable report on SB998, which reforms the Strategic Infrastructure Development and Enhancement (STRIDE) program and codifies recommendations from the Maryland Commission on Climate Change and the Building Energy Transition Implementation Task Force.¹

Despite requirements for new buildings to reduce reliance on natural gas, Maryland's utility companies continue to develop new and expensive natural gas infrastructure on the consumer's dime. This is due to the multi-billion dollar funding utility companies receive from customers through the STRIDE program. As this committee has worked to establish mandated climate goals, it only makes sense to ensure that policies pre-dating this legislation are updated so that they continue to align with the current climate priorities of our state. Consumers should not be unknowingly funding infrastructure development that is antithetical to Maryland's climate goals, especially when three in four Marylanders support local and state governments taking action against climate change.²

Outside of environmental factors, SB998 would require utility providers to use a "fix it first" approach to faulty gas lines, rather than building costly new infrastructure. SB998 would also end the reckless overspending of consumer dollars by requiring utility providers to prioritize cost effectiveness. Energy companies under STRIDE are currently held to no standards when it comes to spending, which is a problem considering consumers are the main funders of these projects. As STRIDE raises gas bills both in the short term and long, while 18% of Marylanders are burdened by high energy bills,³ it is imperative that these companies are held accountable for prudent spending.

For these reasons, we urge your favorable report on SB998.

Sincerely,
Zoe Gallagher, Policy Associate

¹ <https://pirg.org/maryland/articles/end-the-gas-utility-blank-check/>

² <https://mde.maryland.gov/programs/pressroom/Pages/ClimateChangeishappening.aspx>

³ <https://www.psehealthyenergy.org/over-18-percent-of-maryland-households-are-burdened-by-high-energy-bills/>

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SB 998_FAVWAMEND_PSC.pdf

Uploaded by: Frederick Hoover

Position: FWA

FREDERICK H. HOOVER, JR.
CHAIR

MICHAEL T. RICHARD
KUMAR P. BARVE
BONNIE A. SUCHMAN



PUBLIC SERVICE COMMISSION

Chair Brian Feldman
Education, Energy and the Environment Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 998 – Favorable with Amendments - Natural Gas - Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)

Dear Chair Feldman and Committee Members:

The Public Service Commission (the Commission) requests a favorable report for bill Senate Bill 998 (SB 998) with amendments to better align the ability of gas utilities to be permitted cost recovery treatment by requiring a more explicit demonstration that the utilities have considered alternatives to gas infrastructure investments while supporting climate goals and improving safety and reliability. The Commission proposed amendments will align the proposed legislation with recent Commission orders while retaining flexibility for certain policy determinations to be made outside of STRIDE proceedings. The Commission looks forward to the opportunity to work with the Legislature on the proposed legislation.

Strategic Infrastructure Development and Enhancement (STRIDE) is a financial instrument that provides an incentive to gas utilities to replace pipes subject to certain goals. The current goal of STRIDE is to accelerate replacement of infrastructure that is considered risky from a safety/reliability and leak perspective. SB 998 amends the goal of STRIDE to align both improving safety/reliability and meeting the State's climate goals. In addition to safety and State climate policy, the Commission must also consider the availability of natural gas alternatives when approving a STRIDE plan. SB 998 also requires additional analysis within a proposed STRIDE plan, such as consideration of alternatives to replacement of pipe and retirement/abandonment of the gas system in conjunction with electrification. Taken together, these modifications may reduce the infrastructure eligible for the STRIDE financial incentive. If a gas utility views implementation of a STRIDE program under this law as burdensome, they can choose not to use the STRIDE mechanism and do the work without the financial incentive afforded by STRIDE. In recent Orders, the Commission has stated that gas companies should consider contraction in gas consumption and cost-effective non-pipeline alternatives when planning infrastructure work.

The first amendment the Commission offers is to either reduce or allow for Commission discretion in determining the length of advanced customer notification for a customer to electrify if they choose (PUA 4-210 (d)(2)(VII)). The proposed two-year notice period for customers to consider electrification may be inefficient for utilities. The Commission has in recent STRIDE cases required such notifications from utilities, but only 180 days in advance. The legislature should consider whether a shorter period would still afford customers an appropriate amount of time to consider and implement electrification measures while also allowing the utilities to conduct their work efficiently.

The Commission suggests the legislature consider if it is appropriate to incorporate the following policies as explicit requirements into STRIDE at this time. These are related to electrification (PUA 4-210 (d)(2)(VI)) and alternative fuels (PUA 4-210(e)(3)(v)).

The legislature should consider if STRIDE is the appropriate venue to obligate the gas utility to actively assist with electrification. SB 998 requires a utility STRIDE plan to provide analysis that considers retirement or replacement of portions of the gas system in conjunction with electrification, which may not be in the business interest of the company. Additionally, it is unclear how a gas only utility would have the appropriate information to develop and estimate the cost of an electrification plan with accuracy. This may require the coordination of information between the utilities by the Commission or for the electric company to volunteer this information.

Finally, SB 998 adds a new requirement for the Commission to find that the STRIDE plan is consistent with the availability and cost-effectiveness of natural gas alternatives. STRIDE is an infrastructure program, not a gas supply program. If customers continue to use natural gas, regardless of alternatives, then some form of the gas system will still have to exist. Also, making this determination within a time limited STRIDE case may be challenging and better suited for a broader consideration of alternative fuels to meet gas demand for all gas utility planning and associated infrastructure. Also, this requirement may be duplicative since the Commission already must consider the State's climate policy when approving a STRIDE plan.

The Commission has an active docket, Case No. 9707, where the above concepts and others will be explored regarding the future of natural gas utilities. It is the intent of the Commission to look at these concepts holistically in this proceeding.

The Commission appreciate the opportunity to provide testimony on SB 998 and requests a favorable report with consideration of the amendments detailed above. Please contact the Commission's Director of Legislative Affairs, Christina M. Ochoa, christina.ochoa1@maryland.gov, if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Frederick H. Hoover".

Frederick H. Hoover, Chair
Maryland Public Service Commission

SB0998_WGL_Todd_UNF.pdf

Uploaded by: Brandon Todd

Position: UNF



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 prudence 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 guidance³ 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/public/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 participation 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.

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

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Position: UNF

OPPOSE
Education, Energy, and Environment Committee
3/13/2025

**Senate Bill 998- Natural Gas – Strategic Infrastructure Development and Enhancement
(Ratepayer Protection Act)**

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill 998 – Natural Gas – Strategic Infrastructure Development and Enhancement (Ratepayer Protection Act)*. *Senate Bill 998* modifies the requirements for gas companies to include additional project information in their plans for eligible infrastructure replacement projects and mandates that the selected projects are based on public risk and cost-effectiveness and requires that customers affected by the projects be notified at least 2 years in advance of construction to allow time for electrification.

Safety is Paramount

Safety is and will always be BGE's top priority for its customers, employees, and contractors. In addition to the environmental benefits, the Strategic Infrastructure Development and Enhancement (STRIDE) program indisputably strengthens public safety for not only customers receiving natural gas, but for the general public. The Pipeline and Hazardous Materials Safety Administration (PHMSA), a United States Department of Transportation agency, has been *very clear* through the years that aging infrastructure, specifically cast iron and bare steel pipe, needs to be eliminated from the nation's gas systems. PHMSA has issued a "call to action", various bulletins, comments, and even rulemakings that urge natural gas energy providers and states to address these outdated materials. This has been further evidenced in Natural Gas Distribution Infrastructure Safety and Modernization grant program, as part of the IIJA, signed by Biden on November 21, 2021, which earmarked \$1 billion in grants for addressing infrastructure. PHMSA's data confirms that more than 75% of all gas leaks on the nation's gas distribution systems are from cast iron and bare steel piping – for BGE specifically, over 80% of gas main leaks are on cast iron alone. In fact, according to a PHMSA study, despite only representing only 2% of the nation's gas distribution infrastructure, cast iron mains are involved in 36% of gas incidents resulting in a fatality.

Maryland Lags Behind National Average

While STRIDE has helped BGE accelerate the modernization of its gas delivery system, it's critical to note that Maryland still significantly lags behind other states in removing cast iron and bare steel. Over the past five years, Maryland has replaced less than 20% of its cast iron, while nationally the rate is 50% higher, at 30%. Maryland has one of the ten highest cast iron mileages in the US, but is in *last place* in terms of replacement rates over the last five years, with states such as New York, New Jersey, and Michigan (all with established climate goals), outperforming Maryland. Changes to the STRIDE bill could make replacement and elimination of this outmoded infrastructure more difficult and more time-consuming, resulting in Maryland to continue to lag behind in safety improvements that the PHMSA is urging utilities to perform. It is noteworthy, however, that despite being behind the national average, STRIDE has benefited public safety by decreasing gas leaks by 31% since 2014, with 54% of those leaks being the most hazardous. BGE strongly urges the General Assembly to not deviate from its commitment in prioritizing safety by mitigating risks for catastrophic events that are preventable.



AN EXELON COMPANY

Position Statement

Robust Analysis and Program Guardrails Already Exist

Senate Bill 998 insinuates that extensive analysis is not currently performed when developing plans to replace gas piping. This is utterly false. BGE already conducts significant planning and analysis to develop asset replacement projects that address and/or review the riskiest assets on the gas system, while managing costs and customer impact from construction. **BGE would need to replace 70 miles of piping per year over five years to be comparable to neighboring states that also have aggressive climate policies, but recognize the importance of gas system upgrades, including New Jersey and New York. BGE is currently approved by the PSC to proactively replace only 42 miles per year.** Additionally, BGE already performs leak detection and repair work regularly, but must replace outmoded and poor-performing infrastructure to prevent future leaks. As stated by PHMSA in a 2024 report to Congress, replacement of this infrastructure continues to be the most effective method of mitigating risk of these assets.

The PSC also has pricing caps in place in accordance with existing law that states the surcharge cannot exceed \$2 per month on customers' bills. The notion that STRIDE is the chief culprit of surging energy costs is simply not true. *Senate Bill 998* also places an unrealistic requirement of notifying customers at least 2-years in advance before beginning a project so that customers can electrify their homes if they choose. Only 2 customers of the 13,000+ who have experienced gas infrastructure replacement work decided to electrify their homes. Nothing in the law prevents customers from electrifying today and we remain committed to working with those customers.

Resource Adequacy and Affordability

Capacity market pricing for electricity is increasing by 8% in June 2025 due to a significant drop in generation resources coupled with dramatic projected increases in electricity demand. Maryland has a constrained transmission grid that makes it more expensive to import electricity into the State. The expansion of electrification must be done in a measured way, understanding the impacts to the most vulnerable Marylanders, while the State's electric resource adequacy concerns are considered. BGE has approximately 700,000 existing gas customers who depend on this service each day and it is our responsibility to provide a safe delivery system. *Senate Bill 998* aims to reduce use of natural gas by promoting electrification. The reality is most customers cannot afford to make this transition and the State's current electric capacity market could not support it. The Integrated Decarbonization Strategy, completed by consulting firm E3, examined various scenarios that all achieve the State's decarbonization goals and found that the lowest cumulative cost is using an integrated energy system of both high levels of electrification as well as the existing gas system.

Reduction of Greenhouse Gas Emissions

Senate Bill 998 references the need to remain consistent with the State's climate policy but fails to recognize the substantial greenhouse gas emissions reductions that have been achieved thanks to STRIDE. STRIDE enables the accelerated replacement of aged and leak-prone gas infrastructure, like cast iron and bare steel dating back to the 1800s, to increase public safety and to improve the environment. BGE has reduced annual greenhouse gas emissions by 84,000 metric tons of CO₂e since the STRIDE program began in 2014 by retiring leak prone piping and replacing it with modern materials. In BGE's experience, new plastic gas mains leak at a rate 100 times less than cast iron main, the predominant infrastructure being replaced. This lowers emissions by keeping methane in the pipe where it belongs.

BGE strongly urges the Committee to deliver an unfavorable report on *Senate Bill 998* and reinforce its commitment to prioritizing safety and mitigating unnecessary risk for Marylanders.

SB998_FMRPHMSA_Quarterman CV_UNF.pdf

Uploaded by: Cynthia Quarterman

Position: UNF

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PROFESSIONAL EXPERIENCE

Distinguished Fellow, Global Energy Center Atlantic Council

October 2014 - Present
Washington, DC

Advise on international energy security, the responsible development of energy resources, and energy governance issues. Provide strategic foresight to address critical energy challenges around the world.

Administrator, Pipeline & Hazardous Materials Safety Administration November 2009 - October 2014 **Department of Transportation** Washington, DC

Led 500 professional employees, including transportation specialists, engineers, lawyers, and economists, in five regions with a \$200+ million budget. Oversaw a complex mission that ensured the safe transportation of: (1) energy products by more than 2.6 million miles of pipelines; and (2) about 1 million daily hazardous materials movements by ship, train, truck, and airplane. Represented the Administration before Congress, the media, the highest levels of foreign, federal and state governments, and the pipeline and the hazardous materials industries. Coordinated with other federal and state agencies and international bodies.

Specific Accomplishments include:

Safety/Environmental

- led the response to several high-profile, low probability, high consequence pipeline incidents;
- led the Secretary's initiative to repair, rehabilitate or replace the highest risk pipeline infrastructure;
- issued a record number of pipeline safety decisions in record time;
- issued record civil penalties for safety violations;
- closed a record number of National Transportation Safety Board recommendations;
- administered \$60+ million annually in grants to states, tribes, NGO's, communities and others to improve safety;
- successfully oversaw reauthorization of two statutes;
- oversaw the lowest number of pipeline incidents with death or major incident in 30 years;
- finalized more than 45 rules on important safety issues;
- led the Secretary's initiative to improve the transportation of crude by rail;
- in 2010, oversaw the lowest number of hazmat incidents with death or major incident; and
- reengineered the special permits and approvals programs for all transportation modes;

Administrative

- issued streamlined 5-year strategic plan;
- improved low employee morale, safety culture, training, communication, management, and job satisfaction levels, leading to marked increase in employee survey results;
- reformed agency organization and ailing budget, finance, and HR administrative functions;
- cut days to hire almost in half;
- issued 90% of agency's administrative policies;
- increased budget and staffing levels; and
- increased public profile through more transparency, improved data, website, and social media use.

Partner
Steptoe & Johnson, LLP

September 1999 - November 2009
Washington, DC

Practiced transportation and natural resources law. Represented clients before the Surface Transportation Board, the Department of Transportation, the Federal Energy Regulatory Commission (FERC), the Department of the Interior, and various other agencies as well as in state and federal courts.

Presidential Transition Agency Review Team
Department of Energy

November - December 2008
Washington, DC

Prepared the Department's General Counsel's office, the Office of Hearing and Appeals, the Energy Information Agency, and the Office of Fossil Energy for transition to a new incoming Secretary of Energy.

Director, Minerals Management Service
United States Department of the Interior

March 1995 - February 1999
Washington, DC

Led an agency (now known as the Bureau of Ocean Energy Management, Bureau of Safety and Environmental Enforcement and Office of Natural Resources Revenue) of 1800+ professional and technical employees located across the US with \$215+ million budget and two complex missions. Oversaw oil, gas and mineral leasing, exploration, development and pipeline safety on the nation's outer continental shelf, including the initial development of deepwater energy resources and strategy about offshore wind development. Collected billions in revenue from oil, gas and minerals production on Federal and Indian lands. Disbursed revenue to tribes, states, and the Treasury. Oversaw 20+ attorney appellant function as well as compliance with numerous environmental and safety laws.

Specific Accomplishments include:

- negotiated agreements to settle billion dollar claims on leases subject to moratoria offshore Alaska and Florida;
- resolved hundreds of millions of dollars in disputed royalty claims;
- assisted in passage of several federal laws;
- streamlined agency operations (decreased personnel 12% and operated without a budget increase for 4 years);
- managed 3 record-breaking Gulf of Mexico oil and gas lease sales in a row;
- modernized information systems for Year 2000 compliance and inaugurated popular, easy-to-use website;
- oversaw research into important ocean-related environmental, safety and technical matters;
- collected an additional \$1 billion in royalty compliance efforts;
- developed innovative GovWorks acquisition program; and
- won the Vice President's Hammer Award for Reinvention of Government.

Deputy Director & Acting Director, Minerals Management Service

July 1993 - March 1995

Chief Financial Officer and Chair of Internal Controls and Information Resources Management Boards.

Interim Management Team, Office of Surface Mining
United States Department of the Interior

November 1993 - March 1994
Washington, DC

Managed the daily operations of the agency during the search for, and confirmation of, a new Director. Consulted with staff and constituents to create a detailed action plan that was implemented by that Director. Received the Department of the Interior's Unit Award for Excellence of Service for contribution to that effort.

Associate
Steptoe & Johnson, LLP

July 1988 - July 1993
Washington, DC

Litigated and practiced administrative law before federal and state courts, the Interstate Commerce Commission, and FERC. Wrote briefs, took depositions, cross-examined witnesses, and argued motions.

**Attorney
Benson & McKay**

May 1987 - June 1988
Kansas City, MO

Participated in historic *Missouri v. Jenkins* school desegregation case. Second-chaired oral argument in 8th Circuit, cross-examined witnesses on busing at District Court, took depositions, and wrote briefs.

**Cost Engineer
International Business Machines Corporation**

May 1983 - August 1984 & Summer 1985
Owego, NY

Developed, analyzed and negotiated with Navy for computer systems for use in AWACS & other aircraft.

EDUCATION

**Juris Doctorate
Columbia University**

May 1987
New York, NY

Columbia Journal of Environmental Law, Executive Editor. Charles Evans Hughes Scholar.

**Bachelor of Science, Industrial Engineering
Northwestern University**

March 1983
Evanston, IL

National Achievement Scholar. National Action Council for Minorities in Engineering Scholar. Alpha Lambda Delta Honor Society. Phi Eta Sigma Honor Society. Dean's List. Resident Assistant.

PROFESSIONAL AFFILIATIONS

**Independent Chair & Member, Quality Review Board
NiSource, Inc.**

May 2019 – October 2023
Various

Assisted with the development, implementation, oversight and review of a Safety Management System after the Columbia Gas of Massachusetts pipeline incident in Merrimack Valley, Massachusetts.

**Institute of Energy Law
Executive Committee**

2002 - 2009

**Columbia University Law School Alumni Association of Washington, DC
President & Board Member**

2000 - 2009

**Natural Gas Magazine
Advisory Board**

2000 - 2009

Missouri/District of Columbia Bar Member

1987/1988 -

CIVIC AFFILIATIONS

Northwestern University 2022 - Present
Civil & Environmental Engineering, External Advisory Board Member Evanston, IL

Provide strategic advice on important Civil & Environmental Engineering department matters.

The Field School 2022 - Present
Board of Trustees Washington, DC

Provide oversight of a non-sectarian, non-profit, independent, private co-educational institution in DC.

Anacostia Watershed Society 2016 - 2022
Board Member

Provide oversight to help improve the water quality of the Anacostia River and its tributaries.

Gift of Adoption 2016-Present
Capital Region Chapter Board

Helped to inspire adoption by providing grants to qualified parents in the DC metropolitan area.

American Friends of the New Acropolis Museum 2008-2009
Founding Board Member

Supported opening and successful operation of New Acropolis Museum in Athens, Greece.

Shakespeare Theatre Company 2005-2009
National Council

Assisted the Shakespeare Theatre Company in broadening its reach nationally and internationally.

Columbia Hospital for Women 2000-2002
Board of Directors, Legal Committee

Assisted in the oversight and eventual closure of the hospital.

* * *

References & Publications Available Upon Request

CONGRESSIONAL TESTIMONY

by
Cynthia L. Quarterman

- June 3, 2014: SURFACE TRANSPORTATION REAUTHORIZATION

Senate Committee on Commerce, Science, and Transportation: Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security hearing to examine surface transportation reauthorization, focusing on examining the safety and effectiveness of transportation systems;

- May 20, 2014: REVIEW OF THE PIPELINE SAFETY, REGULATORY CERTAINTY, AND JOB CREATION ACT OF 2011

House Committee on Transportation and Infrastructure: Subcommittee on Railroads, Pipelines, and Hazardous Materials hearing entitled ``A Review of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011";

- April 3, 2014: APPROPRIATIONS--DEPARTMENT OF TRANSPORTATION MODES

Committee on Appropriations: Subcommittee on Transportation, Housing and Urban Development, and Related Agencies hearing on Oversight of Department of Transportation Modes;

- April 2, 2014: EXAMINING ISSUES FOR HAZARDOUS MATERIALS REAUTHORIZATION

House Committee on Transportation and Infrastructure: Subcommittee on Railroad, Pipelines, and Hazardous Materials hearing entitled ``Examining Issues for Hazardous Materials Reauthorization";

- March 6, 2014: RAIL SAFETY

Senate Committee on Commerce, Science, and Transportation Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security hearing to examine enhancing our rail safety, focusing on current challenges for passenger and freight rail;

- February 26, 2014: OVERSIGHT OF PASSENGER AND FREIGHT RAIL SAFETY

House Committee on Transportation and Infrastructure: Subcommittee on Railroads, Pipelines, and Hazardous Materials hearing entitled ``Oversight of Passenger and Freight Rail Safety";

- January 28, 2013: PIPELINE SAFETY

Senate Committee on Commerce, Science, and Transportation, field hearing on "An On-the-Ground Look at Safeguarding the Public" in Charleston, WV;

- October 18, 2011: PIPELINE SAFETY

Senate Committee on Commerce, Science, and Transportation: Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security concluded a hearing to examine pipeline safety since San Bruno and other recent incidents;

- July 20, 2011: YELLOWSTONE RIVER OIL SPILL

Senate Committee on Environment and Public Works: Subcommittee on Transportation and Infrastructure oversight hearing to examine the Yellowstone River oil spill;

- July 15, 2011: LEGISLATIVE MEASURES

House Committee on Energy and Commerce: Subcommittee on Energy and Power hearing entitled ``The American Energy Initiative" focused on legislation regarding the ``Pipeline Infrastructure and Community Protection Act of 2011.";

- July 14, 2011: PIPELINE SAFETY

House Committee on Transportation and Infrastructure: Subcommittee on Railroads, Pipelines, and Hazardous Materials hearing entitled ``Silvertip Pipeline Oil Spill in Yellowstone County, Montana";

- June 16, 2011: AMERICAN ENERGY INITIATIVE

House Committee on Energy and Commerce: Subcommittee on Energy and Power hearing entitled ``The American Energy Initiative." The hearing focused on pipeline safety oversight;

- June 2, 2011: DOMESTIC OIL AND NATURAL GAS

House Committee on Natural Resources: Subcommittee on Energy and Mineral Resources hearing entitled ``Domestic Oil and Natural Gas: Alaskan Resources, Access and Infrastructure." ;

- April 12, 2011: REDUCING REGULATORY BURDENS AND ENSURING SAFE TRANSPORTATION OF HAZARDOUS MATERIALS

House Committee on Transportation and Infrastructure: Subcommittee on Railroads, Pipelines, and Hazardous Materials hearing on Reducing Regulatory Burdens and Ensuring Safe Transportation of Hazardous Materials;

- September 28, 2010: PIPELINE SAFETY

Senate Committee on Commerce, Science, and Transportation: Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security hearing to examine pipeline safety, focusing on assessing the San Bruno, California explosion and other recent accidents;

- September 23, 2010: PIPELINE SAFETY OVERSIGHT/LEGISLATION

House Committee on Energy and Commerce: Subcommittee on Energy and Environment hearing entitled ``Pipeline Safety Oversight and Legislation.";

- July 21, 2010: PIPELINE SAFETY PUBLIC AWARENESS

House Committee on Transportation and Infrastructure: Subcommittee on Railroad, Pipelines, and Hazardous Materials hearing on Pipeline Safety Public Awareness and Education;

- July 15, 2010: HAZARDOUS LIQUID PIPELINES INTEGRITY MANAGEMENT

House Committee on Transportation and Infrastructure: Subcommittee on Railroads, Pipelines, and Hazardous Materials hearing on the Safety of Hazardous Liquid Pipelines (Part 2): Integrity Management;

- June 29, 2010: HAZARDOUS LIQUID PIPELINE SAFETY

House Committee on Transportation and Infrastructure: Subcommittee on Railroads, Pipelines, and Hazardous Materials hearing on the Safety of Hazardous Liquid Pipelines: Regulated vs. Unregulated Pipelines;

- June 24, 2010: PIPELINE SAFETY

Senate Committee on Commerce, Science, and Transportation: Subcommittee on Surface Transportation and Merchant Marine, Infrastructure, Safety, and Security hearing to examine ensuring the safety of our nation's pipelines;

- MAY 20, 2010: PIPELINE SAFETY

House Committee on Transportation and Infrastructure, Subcommittee on Railroads, Pipelines and Hazardous Materials hearing on "Implementation of the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006 and Reauthorization of the Pipeline Safety Program";

- April 22, 2010: HAZARDOUS MATERIALS MANAGEMENT

House Committee on Transportation and Infrastructure hearing on the Department of Transportation's Oversight and Management of Hazardous Materials Special Permits and Approvals;

- September 23, 2009: NOMINATIONS

Senate Committee on Commerce, Science, and Transportation: Committee hearing to examine the nomination of Cynthia L. Quarterman, of Georgia, to be Administrator of the Pipeline and Hazardous Materials Safety Administration, of the Department of Transportation;

- May 31, 1998: ROYALTY ENHANCEMENT ACT

House Committee on Resources: Subcommittee on Energy and Mineral Resources hearings on H.R. 3334, Royalty Enhancement Act of 1998, (Part II);

- May 14, 1998: OVERSIGHT--OUTER CONTINENTAL SHELF OIL AND GAS LEASING

House Committee on Resources: Subcommittee on Energy and Mineral Resources oversight hearing on Outer Continental Shelf Oil and Gas Leasing;

- May 3, 1998: ROYALTY ENHANCEMENT ACT

House Committee on Resources: Subcommittee on Energy and Mineral Resources hearing on H.R. 3334, Royalty Enhancement Act of 1998;

- February 26, 1998: INTERIOR DEPARTMENT--MISCELLANEOUS BUDGET REQUESTS

House Committee on Resources: Subcommittee on Energy and Mineral Resources oversight hearing on the Administration's FY 1999 budget request for three agencies within the Department of Interior: Office of Surface Mining, Minerals Management Service, and the Energy and Minerals programs of the Bureau of Land Management;

- July 31, 1997: OVERSIGHT

House Committee on Resources: Subcommittee on Energy and Mineral Resources held an oversight hearing on Royalty-In-Kind for Federal oil and gas production;

- July 25, 1996: OVERSIGHT--OUTER CONTINENTAL SHELF MORATORIA

House Committee on Resources: Subcommittee on Energy and Mineral Resources oversight hearing on Outer Continental Shelf moratoria;

- June 27, 1996: OVERSIGHT--NATURAL GAS-ROYALTY-IN-KIND PILOT PROGRAM

House Committee on Resources: Subcommittee on Energy and Mineral Resources oversight hearing on Royalty-In-Kind for natural gas (lessons learned from the Gulf of Mexico pilot program);

- June 17, 1996: CAN THE UNITED STATES INCREASE OIL ROYALTIES?

House Committee on Government Reform and Oversight: Subcommittee on Government Management, Information and Technology held a hearing on "Can the United State Increase Oil Royalties?";

- March 7, 1996: MINERAL MANAGEMENT SERVICE ORGANIC ACT

House Committee on Resources: Subcommittee on Energy and Mineral Resources hearing on H.R. 1813, Minerals Management Service Organic;

- September 14, 1995: **FEDERAL OIL AND GAS LEASING**
Senate Committee on Energy and Natural Resources: Subcommittee on Energy Production and Regulation concluded hearings on the following bills: S. 1014, to improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases;
- July 27, 1995: **OVERSIGHT**
House Committee on Resources: Subcommittee on Energy and Mineral Resources oversight hearing on the management alternatives of Outer Continental Shelf oil and gas resources, including the Administration's proposals to (1) sell the royalty stream, and (2) transfer of the Minerals Management Service to another Federal agency;
- July 9, 1995: **INTERIOR APPROPRIATIONS**
Committee on Appropriations: Subcommittee on Interior and Related Agencies held a hearing on the Minerals Management Service, the Commission of Fine Arts, the Advisory Council on Historic Preservation, and on the Woodrow Wilson International Center for Scholars;
- February 14, 1995: **OVERSIGHT**
House Committee on Resources: Subcommittee on Energy and Mineral Resources oversight hearing on the Office of Surface Mining and Minerals Management Service Fiscal Year 1996 budget request;
- July 26, 1994: **SAND AND GRAVEL**
House Committee on Merchant Marine and Fisheries, Subcommittee on Oceanography, Gulf of Mexico and other Outer Continental Shelf and House Committee on Natural Resources, Subcommittee on Energy and Mineral Resources joint hearing on H.R. 3678 to authorize negotiations for the use of outer continental shelf sand, gravel, and shell resources;
- June 28, 1994: **COASTAL ZONE MANAGEMENT ACT REAUTHORIZATION AMENDMENTS**
House Committee on Merchant Marine and Fisheries: Subcommittee on Oceanography Gulf of Mexico, and the Outer Continental Shelf and Subcommittee on Environment and Natural Resources joint hearing on implementation of the Coastal Zone Reauthorization Amendments of 1990.

2025-03-11_MP Testimony SB 998.pdf

Uploaded by: Frank Bracht

Position: UNF

Chair Brian J. Feldman
Vice Chair Cheryl C. Kagan
Education, Energy, and the Environment Committee
Maryland General Assembly
2 West Miller Senate Office Building
Annapolis, Maryland 21401

Re: Testimony of Miller Pipeline Regarding S.B. 998, 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 Senate Bill 998.

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 Senate Bill 998, 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.

This 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 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

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.*

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, 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

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>.

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 S.B. 998, 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 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

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>.

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.

MD 2025 SB 998 Columbia Gas Testimony Final.pdf

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Position: UNF

UNFAVORABLE – Senate Bill 998
Changes To The Strategic Infrastructure Development and Enhancement Act of 2013
Senate Education, Energy and the Environment Committee

Columbia Gas of Maryland, Inc. opposes Senate Bill 998, which alters what is commonly referred to as the Strategic Infrastructure Development and Enhancement Act, or STRIDE Act of 2013 for natural gas utility companies.

In 2012, in the wake of several serious pipeline incidents in the United States, the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) issued "A Call to Action" for all pipeline stakeholders, including the natural gas companies and their regulators, to identify pipeline risks and accelerate the replacement of the highest risk infrastructure. At that time, individual states like Maryland examined the need to accelerate the replacement of high-risk pipe to ensure public safety and the reliability of our critical pipeline infrastructure into the future.

In 2013, the Maryland General Assembly passed and Governor Martin J. O'Malley signed the STRIDE law to encourage gas utilities to accelerate replacement of certain aging gas infrastructure by allowing for partial recovery of infrastructure investment costs through a forward looking recovery mechanism. The STRIDE legislation is explicitly intended to spur utility investment to replace aging infrastructure to improve reliability of Maryland's gas systems and maintain safety.

PHMSA's call to action that culminated in Maryland with the STRIDE law should not be forgotten or ignored. Since the inception of the program in 2013, the gas companies have designed their STRIDE programs specifically around increasing safety and reliability, seeking to recover costs associated with replacing or improving "eligible infrastructure", which the statute defines as: infrastructure that is replaced or improved after June 1, 2013; **is designed to improve public safety or infrastructure reliability**; does not increase the revenue of a gas company by connecting an improvement directly to new customers; **reduces or has the potential to reduce greenhouse gas emissions through a reduction in natural gas system leaks**; and is not included in the current rate base of the gas company as determined in the gas company's most recent base rate proceeding.

Gas company STRIDE programs have been reviewed and approved by the Public Service Commission (PSC) and have benefited the environment by reducing the number of methane leaks due to the eligible infrastructure that has been replaced, and future STRIDE programs will likewise further reduce methane leaks to the benefit of the environment.

Any assertion that Maryland gas utilities should change their planning processes for infrastructure replacement given unresolved energy policies is not based in fact, is contrary to federal policy from PHMSA and potentially adversely affects gas company efforts to provide safe and reliable gas service to our customers and to communities where they reside.

Just a few weeks ago, because of STRIDE and other company-wide efforts to improve the reliability and operations of our gas system, Columbia Gas customers were kept warm and safe during a period of significant cold weather during the week of January 20th. With some areas of our service territory experiencing single digit daily high temperatures and temperatures as cold as -9 degrees at night our customers were provided the energy they needed when they needed it.

Advocates of amending STRIDE claim gas companies have a shrinking customer base. That is not the case. Columbia Gas, in fact, has added and continues to add new customers year over year. And over the last two years, according to American Gas Association statistics, all Maryland gas utilities have added more than 17,500 natural gas customers to their systems. On a statewide basis, natural gas local distribution companies serve approximately half of the Maryland residential space heating market, providing more thermal heat to customers than electricity, oil, or propane.

Moreover, since STRIDE encourages the acceleration of pipeline replacement, the gas companies are achieving material greenhouse gas emission reductions through leak reduction and prevention under STRIDE, an environmental benefit supporters of changing STRIDE seek to undermine with such efforts.

Advocates for changing STRIDE do not have specific expertise in pipeline safety, specific knowledge of individual company systems, nor do they have engineering expertise to determine what pipes should be replaced and when. In this regard, **Columbia notes the provision of Senate Bill 998 requiring two years of advance notice to customers of STRIDE projects (p. 3, lines 14-16) is wholly unworkable and unrealistic, as explained below.**

In order to preserve and protect public safety, projects recovered through STRIDE are approved by the PSC on an annual basis. Notification of projects two years in advance would require companies to notify customers of projects not yet approved by the PSC. Further, gas companies repair pipelines on the basis of the highest risk pipe, and a two-year notification requirement jeopardizes a gas company's ability to replace the highest risk pipe on its system given the dynamic nature of pipeline replacement. A two-year notice requirement calls for gas companies to "crystal ball" projects instead of choosing projects based on the necessity of replacement to achieve both leak and risk reduction and maximize public safety.

Neither the Climate Solutions Now Act nor any of the ongoing greenhouse gas (GHG) policy decisions have altered gas companies' continuing obligation to provide safe and reliable service to Maryland residents located in our service territories. Therefore, Columbia remains committed to fulfilling its obligation to provide natural gas delivery service to those customers that request to initiate or wish to continue to receive natural gas delivery service. In addition, most recently the leaders of the House and Senate have stated that Maryland needs an "all of the above energy approach". Legislation such as Senate Bill 998 runs counter to that philosophy.

Consequently, Columbia cannot support Senate Bill 998 as appropriately crafted policy on pipeline safety and therefore urges an unfavorable report.

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