

Position Statement

Oppose
House Environment &
Transportation Committee
3/10/2026

House Bill 1253 – Gas Companies - Infrastructure Investments - Cost Recovery and Customer Notification (Break STRIDE Act)

Baltimore Gas and Electric Company (BGE) **opposes** House Bill 1253 – *Gas Companies - Infrastructure Investments - Cost Recovery and Customer Notification (Break STRIDE Act)*. HB 1253 will repeal the Strategic Infrastructure Development and Enhancement (STRIDE) legislation that has allowed Maryland’s gas companies to perform the necessary replacement of aging and higher-risk natural gas infrastructure for over a decade as an important public safety measure that also aligns with the State’s decarbonization policies and goals. The bill also eliminates the Public Service Commission’s statutory authority to allow gas or combination utilities to recover the costs of infrastructure replacement projects through alternative ratemaking mechanisms beginning in October 2026, including through tools such as multi-year rate plans. Additionally, HB 1253 requires utilities to provide affected customers with two years’ advance notice before proceeding with certain non-emergency infrastructure investments where a non-pipeline alternative is determined not to be feasible. These provisions will create substantial barriers to replace aging gas infrastructure, prevent the performance of necessary compliance or regulatory driven work, slow safety progress which will expose the public to significant risk, and increase long-term costs for customers.

While BGE shares the Committee’s commitment to protecting customers and focusing on reliable and affordable energy solutions, HB 1253 will significantly disrupt Maryland’s carefully constructed safety, regulatory, and cost-recovery framework for necessary natural gas infrastructure modernization and will impact gas companies’ ability to meet federal regulations and guidance

Maryland’s STRIDE program was enacted in 2013 to accelerate the replacement of aging and higher-risk natural gas infrastructure. The program allows utilities to recover prudent, safety-related investments through a narrowly defined surcharge (capped at \$2/month) outside of base rate cases. This structure enables utilities to replace aging pipelines in a systematic and timely manner while maintaining and reinforcing regulatory oversight by the Public Service Commission. HB 1253 would end this vital program.

HB 1253 also conflicts with federal safety priorities. The U.S. Department of Transportation’s pipeline safety regulator, the Pipeline and Hazardous Materials Safety Administration (PHMSA), has consistently emphasized that aging cast-iron and bare steel pipelines represent higher-risk infrastructure that needs to be replaced on an accelerated basis. Nationally, cast iron represents

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company’s approximately 3,300 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation’s largest energy delivery company.

roughly one percent of the total distribution network as of the end of 2024, yet has contributed to one-third of all gas distribution event fatalities, and combined with bare steel, contributes to three-quarters of all known leaks. Federal data shows that progress has been substantial nationwide. Twenty-four states and one territory have already fully removed cast iron inventory from their gas distribution systems. This progress was made possible largely through programs similar to STRIDE. However, Maryland continues to lag behind other states in removing these high-risk materials.

Federal funding policy also reinforces this goal. Under the Infrastructure Investment and Jobs Act, signed by President Joe Biden in 2021, PHMSA administers the Natural Gas Distribution Infrastructure Safety and Modernization Grant Program, which provides \$1 billion to help states and municipal and community utilities replace aging, leak-prone gas infrastructure. The program is designed to reduce incidents, prevent fatalities, and decrease methane emissions. HB 1253 would move Maryland in the opposite direction by slowing the very modernization efforts federal policy is intended to accelerate.

The operational mandates proposed in HB 1253 will stall planned work and raise costs by requiring an impractical two-year customer notification for proactive replacement of this outmoded gas infrastructure. This would effectively pause most planned replacement projects, create compliance risk for required activities, and add administrative cost that is not necessary to achieve the desired outcome of providing customers with the choice to electrify. BGE's existing notification process provides multiple notifications at least 6 months in advance of work starting. The communications provide the opportunity for customers to express their intent to electrify their existing gas appliances and, as a result, will no longer need gas service. BGE already has a process in place to accommodate these customers. It is essential to note that of the 39,000 notifications that BGE has sent to customers, only 10 customers have opted to discontinue use of gas. In practice, the provisions of this bill would slow safety progress, defer needed investment, and increase the ultimate cost of replacement for customers.

Lastly, HB 1253 seeks to amend rate-setting provisions adopted and refined in recent sessions (including through the Next Generation Energy Act in 2025), further complicating how non-emergency critical infrastructure work is reviewed and recovered, making it nearly impossible to proceed with planned, non-emergency safety projects in a transparent and forward-looking manner that invites public input before dollars are spent. Additionally, the rate mechanism if gas companies use the STRIDE surcharge provides a more gradual and predictable pathway for funding safety-related investments while maintaining strong regulatory oversight.

Maryland has made substantial progress in modernizing its natural gas infrastructure and enhancing public safety through the STRIDE program, multi-year plans, and related regulatory mechanisms; however, this important work is not yet completed. Maryland is seventh in the nation in cast iron inventory and its replacement rates lag well behind the national average, as nationally, utilities average a 50% higher replacement rate than Maryland. HB 1253 would undermine that progress by eliminating a proven, nationally aligned framework for timely recovery of safety-critical investments and by imposing operational constraints that would delay planned replacement

work. In the absence of STRIDE, utilities would be forced to defer essential infrastructure modernization until periodic rate cases, increasing inefficiencies, escalating long-term costs, and risking delays to investments necessary to maintain safe and reliable service. Most importantly, HB 1253 increases risk to public safety. We urge the Committee to resist this significant policy shift that moves away from proactively mitigating known safety risks to our customers.

For these reasons, BGE strongly urges the Committee to deliver an **UNFAVORABLE** report on House Bill 1253 and reinforce its commitment to prioritizing safety and mitigating unnecessary risk for Marylanders.