

HB958: UNFAVORABLE

Natural Gas – Connection and Line Extension – Discounts and Payment Plans

Environment and Transportation

February 27th, 2026

I am writing to request an unfavorable report on HB958. This bill would prohibit the Maryland Public Service Committee (PSC) from ending expensive and profitable ratepayer funded incentives for gas line extensions. Reversing the PSC decision will have harmful consequences for current Maryland gas customers.

The elimination of “line extension allowances” (LEAs) appropriately assigns the cost of new gas lines to building owners. New gas customers can still choose to connect to the gas system, but will be responsible for paying for the cost of doing so.

For decades, a practice known as LEAs has driven up customer bills and shareholder profits. Each year, Maryland gas utilities spend hundreds of millions of dollars connecting new homes and businesses to gas pipelines. Gas utilities charge existing customers for these expenses. In 2025 alone:

- BGE planned to spend \$103.5 million on new gas hookups. After accounting for interest and utility profits, BGE will charge customers \$397 million to cover those costs.
- Washington Gas’ planned to spend \$56.25 million on new gas hookups, after accounting for interest and utility profits WGL will charge customers \$238 million, more than four times the initial cost.

The legislation proposed in HB958 would roll back the PSC decision to end LEAs, locking gas customers into paying hundreds of millions of dollars and padding utility profits. In the Commission’s words, it is unjust and unreasonable to force existing gas ratepayers to bear the costs of other private customers’ decision to connect to the gas system. Under the Commission order¹ and proposed regulations,² new gas customers can still choose to connect to the gas system but will be responsible for paying the cost of doing so.

¹ The Commission - Order No. 91683 on Stakeholder Proposals for Revision of Gas Policy. Case No. 9707, Mail Log 319598 (June 13, 2025)

² Office of Staff Counsel - Proposed Regulations on Gas Line Extensions - Long Term Planning for Gas Companies. Case No. 9707, Mail Log 324893 (December 1, 2025)

The Commission decision to end LEAs will help protect existing gas customers from rapidly rising rates, while leaving the option of gas service to new residential and commercial building owners who elect it. Ending LEAs is an essential part of reducing ratepayers' cost burden. It is no longer reasonable to assume the continual and ongoing growth of gas utilities; the costs to existing customers of subsidizing gas line extensions now outweigh the benefits.

While some gas customers will stay on the system, others are adopting more efficient appliances and partially or fully electrifying their homes. Advances in highly efficient electric heat pumps make them an increasingly attractive choice for consumers that want a safer, healthier option to heat their homes. In fact, [heat pumps sales already outpace sales for gas furnaces in the U.S.](#) and Maryland utilities [already project a reduction in sales and customers through 2045.](#)

Moving forward, gas utilities will have fewer customers using less gas. That means the costs of the gas system will be shared by fewer customers and will cost more per customer. In this circumstance, public policy should support *lowering* the overall cost of the gas system, not raising it, as gas line subsidies do.

I urge an unfavorable report.

Thank you.

Sincerely,

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