

KUMAR P. BARVE
CHAIR



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BONNIE A. SUCHMAN
ODOGWU OBI LINTON
RYAN C. MCLEAN

PUBLIC SERVICE COMMISSION

Chair Marc Korman
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

RE: HB 1253 - Information - Gas Companies - Infrastructure Investments - Cost Recovery and Customer Notification (Break STRIDE Act)

Dear Chair Korman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this informational testimony for HB 1253. In significant part, this bill deletes Public Utilities Article (PUA) § 4-210, which is the enacting statute for the Strategic Infrastructure Development and Enhancement Plan (STRIDE) program. Effectively, the bill repeals accelerated rate recovery for STRIDE-eligible gas infrastructure replacement projects through surcharges or through any alternative form of ratemaking, and also adds enhanced customer notice requirements for certain gas projects. This testimony provides some background information on STRIDE and some possible impacts of this bill.

STRIDE was enacted in 2013 to encourage gas utilities to address safety and reliability risks by replacing aging infrastructure. STRIDE allows gas utilities to recover the costs of eligible projects via surcharge contemporaneously with the project’s construction. This reduces the impact that regulatory lag might have on a utility’s infrastructure planning. Currently, Washington Gas Light Co. (WGL) is the only gas company in Maryland that is pursuing STRIDE eligible infrastructure projects pursuant to § 4-210.

This bill’s removal of the STRIDE statute will require gas utilities to file rate cases to realize cost recovery of gas infrastructure investment once those costs are approved. This could lead to a utility seeking to minimize or delay spending due to the lost time value of money between investment and opportunity to recover those costs in rates. It could also lead to more rate case activity as utilities will seek to more frequently recover their spend.

In 2024, the Commission issued Order No. 91168¹ requiring a 180-day customer notice for WGL’s STRIDE projects. The Commission also imposed a similar 180-day requirement on Baltimore Gas and Electric Co. (BGE) for certain non-STRIDE gas infrastructure replacement projects in Case No. 9711. Since those orders were issued, the Next Generation Energy Act in

¹ The Order was challenged and subsequently affirmed by the Commission in Order No. 91416.

2025 established a customer notification requirement “at least 6 months in advance of construction” for STRIDE eligible projects.

HB1253 also includes an advance customer notice requirement for any planned gas infrastructure investment² where an investor-owned gas company determines a non-pipeline alternative is not feasible. The company would need to provide at least 2 years' advance notice of construction to affected customers. The Commission would develop the customer notification form and develop regulations for these new requirements, in addition to enforcing compliance.

WGL and BGE have made repeated arguments that a 180-day notice requirement risks delays, disruptions, and increased costs. In considering these arguments, the Commission has found that a 180-day notice period is appropriate.³ It promotes the legislature’s policy goals related to beneficial electrification while only causing a brief delay to safety and reliability projects. An extended timeframe may impact the utility’s ability to effectively prioritize their work to address the highest risk gas infrastructure replacements.

Please contact Niki Wiggins, Director of Legislative Affairs, at irene.wiggins3@maryland.gov if you have any questions related to this informational testimony.

Sincerely,



Kumar P. Barve
Chair, Maryland Public Service Commission

² “Planned Gas Infrastructure Investment” means any non-emergency investment in the replacement, upgrade, or construction of a portion of a gas company's gas system.

³ See e.g. Commission’s *Order on Requests for Clarification and Reconsideration Regarding STRIDE Customer Notifications*, Order No. 91416, Case No. 9708 (2024).