Columbia Gas of Maryland
A NiSource Company

UNFAVORABLE – House Bill 1253
Gas Companies – Infrastructure Investments – Cost Recovery and Customer Notification
House Environment and Transportation Committee

Columbia Gas of Maryland, Inc. opposes House Bill 1253, which repeals what is commonly referred to as the Strategic Infrastructure Development and Enhancement Act, or STRIDE Act of 2013 for natural gas utility companies.

In 2011, 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. Attached to this testimony is PHMSA's 2011 Call to Action letter and Federal Executive Action Plan.

In 2013, the Maryland General Assembly passed and Governor Martin J. O'Malley signed the STRIDE Act 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 the STRIDE Act in Maryland 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 STRIDE should be repealed 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 as well as last year, because of STRIDE and other company-wide efforts to improve the reliability and operations of our gas system, Columbia Gas customers in western Maryland were kept warm and safe during periods of significant cold weather. With some areas of our service territory experiencing daily high temperatures in the teens and temperatures as cold as -5 degrees at night this year and single digit daily high temperatures and temperatures as cold as -9 degrees at night last year our customers were provided with the energy they needed when they needed it.

Advocates for repealing STRIDE claim that the program is a leading source of the cost increases to gas utility customers that have caused the current affordability crisis. Clearly, they have not understood the STRIDE program, which allows for a maximum surcharge of $2 per month on residential customer bills. Since 2013, most gas companies with STRIDE programs have rarely reached that $2 per month maximum. A surcharge of up to $2, created by the General Assembly, has been a reasonable price to pay for helping to address the gas infrastructure that is oldest and in greatest need of replacement.

Advocates of repealing STRIDE have claimed 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 after year. And over the last five years, according to U.S Energy Information Administration (EIA) statistics, all Maryland gas utilities have added almost 25,000 more residential 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.

Advocates for repealing 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. Moreover, since STRIDE encourages the acceleration of pipeline replacement, the gas companies are achieving material greenhouse gas (GHG) emission reductions through leak reduction and prevention under STRIDE, an environmental benefit supporters of changing STRIDE seek to undermine with this effort.

Columbia notes the provision of House Bill 1253 requiring two years of advance notice to customers of <u>any</u> pipeline replacement infrastructure projects (p. 8, lines 25-29) is wholly unworkable and unrealistic, as explained below.

Gas companies repair pipelines based on risk, 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. In other words, leaks do not present themselves in a timely manner that would allow gas companies to provide these notices with the precision contemplated in this proposed legislation. In addition, House Bill 1253 requires **<u>three</u>** customer notices adding new and additional costs on gas utility operations which will be paid for by customers with very little benefit to them.

In addition, as part of a gas company's burden of proof to recover reasonable and prudent costs associated with planned gas infrastructure, it is proposed that the investment options no longer need to be "cost-effective" when analyzing options to defer, reduce or eliminate the need to replace, upgrade, or construct new components. In removing the term "cost-effective", (p. 8, line 15) it appears a gas company may have the burden to prove that **any and every option** to defer, reduce or eliminate the need to replace, upgrade, or construct new components was considered and rejected in order to recover such costs. Further, as part of this requirement, gas companies should analyze nonpipeline alternatives. Yet, with the proposed removal of the phrase "for new investments unrelated to safety" (p. 8, line 18) in relation to nonpipeline alternatives, this requirement would extend to **all investments**, not just new investments unrelated to safety. Such burden of proof regarding cost recovery is unrealistic and unnecessary. Gas companies are legally obligated to provide safe and reliable service. It is not appropriate for the legislature to raise the burden of proof for recovery of reasonable and prudent investment to near impossible heights. In doing so, this legislation could effectively, but impermissibly, bar recovery of all replacement and upgrade activity.

Just last year during the 2025 legislative session, the Maryland General Assembly passed, and Governor Moore signed HB 1035/SB 937 (Chapter 626) which amended the original STRIDE Act and other utility rate making provisions. Does common sense not dictate that the legislative changes to STRIDE should be implemented and studied before entirely eliminating a vitally important safety and reliability program for the natural gas system in Maryland?

Neither the Climate Solutions Now Act nor any of the ongoing 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 Gas 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 Governor and Senate President have stated that Maryland needs an "all of the above energy approach". Legislation such as House Bill 1253 runs counter to that philosophy.

Consequently, Columbia Gas cannot support House Bill 1253 as appropriately crafted policy on pipeline safety and therefore urges an unfavorable report.

March 10, 2026

<u>Contact:</u>
Carville Collins
(410) 332-8627
carville.collins@saul.com

<u>Contact:</u>
Scott Waitlevertch
(724) 888-9774
swaitlevertch@nisource.com