



UPGRADE MARYLAND

SAFE AND HEALTHY ENERGY FOR EVERY HOME

HB958: Natural Gas – Connection and Line Extension – Discounts and Payment Plans
Environment and Transportation
February 27th, 2026
Emily Scarr, Maryland PIRG
UNFAVORABLE

Maryland PIRG and the Upgrade Maryland Campaign respectfully request an unfavorable report on HB958, which will have harmful consequences for Maryland gas customers.

HB958 would prohibit the Maryland Public Service Committee (PSC) from ending expensive and profitable ratepayer funded incentives for gas line extensions. The PSC's decision to eliminate line extension allowances (LEAs) appropriately aligns costs and incentives with fundamental economics and fairness, and protects gas customers from added costs.

Each year, Maryland gas utilities spend hundreds of millions of dollars connecting new homes and businesses to methane gas pipelines. Gas utilities charge existing customers for these expenses and [profit up to \\$3 for every \\$1 they spend hooking up new homes to gas](#). For decades, this practice, known as “line extension allowances” (LEAs), has driven up customer bills and shareholder profits. 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.

BGE gas delivery rates have already more than tripled since 2010 - far outpacing inflation - due in large part to BGE's spending on gas line extensions, pipe replacements and other capital projects. Placing existing gas customers on the hook for financing new gas pipelines will likely increase gas delivery rates. BGE gas customers are already paying \$2 in gas delivery for every \$1 they spend on gas to heat their homes.

In June, 2025, the [PSC put out an order to end this practice](#), and is now in the process of finalizing regulations to do so. The Maryland Office of People's Counsel estimates that the PSC's decision to end LEAs will save BGE and Washington Gas Light Company (WGL) ratepayers an estimated [\\$150 million annually, and nearly a billion dollars through 2035](#).

As the Commission explains in its order to end line extension allowances, the practices “mask the true cost of extending gas service to a new customer, even though such an extension may not be economically justified over the life of the new facilities.” 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 Staff’s 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. This legislation would roll back the PSC decision to end LEAs, locking gas customers into paying hundreds of millions of dollars and padding utility profits.

Ending LEAs is an essential part of reducing ratepayers’ burden by ensuring customers spending is returning commensurate benefits. It is no longer reasonable to assume the continual and ongoing growth of gas utilities. Gas line extension allowances increase gas customer costs and exacerbate the risk of stranded assets. In other words, the costs to existing customers of subsidizing gas line extensions outweigh the benefits. 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.](#)³

While some gas customers will stay on the system, others are adopting more efficient appliances and partially or fully electrifying their homes. Functionally, 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.** The Commission decision to end LEA’s will help protect gas customers from rapidly rising rates, making it easier for those who want to keep using gas to afford to.

We respectfully request an unfavorable report.

¹ The Commission - Order No. 91683 on Stakeholder Proposals for Revision of Gas Policy. Case No. 9707, Mal 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)

³ See, e.g., Energy + Environmental Economics (2022) [BGE Integrated Decarbonization Study](#)