



House Bill 958

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

February 27, 2026

POSITION: SUPPORT

Mr. Chairman and Members of the House Environment and Transportation Committee:

The Restaurant Association of Maryland and our members support HB 958, which would prohibit the Public Service Commission from adopting or enforcing a regulation or order that prohibits a public service company from offering a discount or payment plan for the connection or extension of a natural gas line to a customer's property.

Restaurants rely on natural gas for cooking, heating, and hot water. Gas-powered equipment is the industry standard for commercial kitchens because it is more efficient and affordable to operate. Also, for certain cooking methods, such as flame grilling and broiling, or wok-based cooking, there is no practical alternative to natural gas. Therefore, especially for our industry, affordable and easy access to natural gas is essential.

Under a policy that prohibits utilities from offering line extension allowances, discounts, or payment plans, a restaurant that needs a new gas line or short extension would be required to pay all construction costs upfront before service is provided. Even if those costs are paid by a developer, they will inevitably be passed along to restaurant operators through higher lease rates or surcharges. According to utility companies, these costs can easily reach tens of thousands of dollars. For an industry that operates on very thin margins (typically 3-5 percent pre-tax), these added costs could be the difference between opening or walking away from a project. Restaurants already face much higher upfront costs compared to other retail businesses due to the high cost of commercial kitchen equipment. And it can take up to five years for many new restaurants to become profitable.

Line extension allowances have been used for decades because they are fair and practical. They allow new customers to pay for infrastructure over time through their utility bills, just like existing customers. Requiring new businesses to pay large costs upfront while existing businesses continue to pay over many years creates an unfair competitive disadvantage for new and expanding businesses.

A policy that prohibits line extension allowances, discounts, or payment plans would discourage investment and unfairly penalize new economic development in Maryland. HB 958 would prohibit the Public Service Commission from adopting or enforcing such a policy.

For these reasons, we respectfully request a favorable report on HB 958.

Sincerely,

A handwritten signature in black ink that reads "Melvin R. Thompson".

Melvin R. Thompson
Senior Vice President