



November 7, 2023

MDE Secretary Serena McIlwain
MEA Director Paul Pinsky
Co-Chairs
Maryland Building Energy Transition Implementation Task Force
C/O The Maryland Department of the Environment
1800 Washington Blvd.
Baltimore, MD 21230

Via Electronic Mail – mark.stewart1@maryland.gov

Re: Maryland Office of People’s Counsel Recommendations to Modify the Strategic Infrastructure Development Program (STRIDE)

Dear Secretary McIlwain and Director Pinsky:

Columbia Gas of Maryland (Columbia), Chesapeake Utilities (Chesapeake), Washington Gas and BGE (collectively, the “Companies”) are writing to express our significant concerns regarding the Maryland Office of People’s Counsel’s (OPC’s) efforts to recommend modifications to the legislatively approved Strategic Infrastructure Development and Enhancement Plan, or STRIDE, program. We are informed the OPC may request the Building Energy Transition Implementation Task Force (BETITF) to consider this issue at its meeting today.

As you may know, Columbia is a natural gas utility providing energy to more than 34,000 residential, commercial and industrial customers in the western Maryland counties of Garrett, Allegany and Washington. Chesapeake Utilities operates natural gas local distribution companies that serve approximately 32,000 customers on Maryland’s Eastern Shore in Caroline, Cecil, Dorchester, Somerset, Wicomico, and Worcester Counties. Washington Gas serves 500,000 customers in Prince George’s, Montgomery, Charles, Calvert, Saint Mary’s and Frederick counties in Maryland. BGE serves 700,000 customers in Baltimore City and Anne Arundel, Baltimore, Carroll, Cecil, Harford and Howard Counties.

As public utilities, we are regulated by the Maryland Public Service Commission (PSC) and have provided in the coldest months of the year safe, reliable, resilient and affordable natural gas service in the state for decades. As companies, Columbia, Chesapeake, Washington Gas and BGE serve as a positive and informed resource in the ongoing energy and climate change discussions. In fact, the natural gas industry in general (and Columbia, Chesapeake, Washington Gas and BGE in particular) has been a part of the largest reduction in greenhouse gas emissions in this country and will continue to drive the practical solutions needed to move forward.

In 2012, in the wake of several serious pipeline incidents, the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA) issued “A Call to Action.” PHMSA called for all pipeline stakeholders, including the natural gas companies and the utility regulators to identify pipeline risks and accelerate the replacement of the highest risk infrastructure.

In 2013, the Maryland General Assembly passed and Governor Martin J. O'Malley signed the STRIDE law to encourage gas utilities to replace certain aging gas infrastructure by allowing for accelerated 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.

The legislative intent of the STRIDE from the General Assembly **could not be clearer** and it cannot be ignored. Since the inception of the program in 2013, the Companies have designed their STRIDE programs specifically around this legislative intent, 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.

The Companies' STRIDE programs have been reviewed and approved by the 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.

The OPC's assertion that Maryland gas utilities should change their planning processes for infrastructure replacement given unresolved energy policies is not based in fact and potentially adversely affects the Companies' efforts to provide safe and reliable gas service to our customers and to communities where they reside. Moreover, since STRIDE encourages the acceleration of pipeline replacement, the Companies are achieving material greenhouse gas emission reductions through leak reduction and prevention under STRIDE, an environmental benefit OPC seeks to undermine with its proposal.

The OPC does not have specific expertise in pipeline safety and they do not have engineering expertise to determine what pipes should be replaced and when.

Neither the Climate Solutions Now Act nor any of the ongoing greenhouse gas (GHG) policy discussions have altered the Companies' continuing obligation to provide safe and reliable service to Maryland residents located in our service territories. Therefore, the Companies remain committed to fulfilling their 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 other venues, the OPC has repeatedly claimed the gas companies have a shrinking customer base. That is not the case. The Companies, in fact, have added and are continuing to add new customers year over year. 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.

The PSC recently opened a docket at Case No. 9707. This case stems from the Petition of the OPC for Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland's Gas Companies ("Petition"), Mail Log No. 301204 to investigate the future of energy in Maryland. While the Companies do not support the OPC's stated positions and recommendation in its Petition, the Companies look forward to participating in the proceeding given our role as foundational energy providers to hundreds of thousands of residents, businesses, industries and institutions throughout Maryland.

The Companies respectfully submit that a robust investigation by the PSC in Case No. 9707 should be expanded to holistically and comprehensively consider Maryland's total energy needs – including technical, economic, and feasibility issues relating to electrification. Such an undertaking will enable the PSC and all stakeholders to address the need for continued investment in gas infrastructure in relation to overall energy adequacy, cost, and feasibility, and to layout proposals for any legislative or regulatory changes necessary to meet the policy objectives of the State of Maryland. The PSC is an independent state agency, with a long track record of gathering expert information and adjudicating outcomes that are in the public interest, based on a factual record built through due process, testimony and other evidence from parties in docketed proceedings. OPC's attempt to use other venues to influence the PSC's independence and evidence-based fact finding is wholly inappropriate. The PSC and its docketed Case No. 9707 is the appropriate forum to make recommendations on STRIDE to the Maryland General Assembly.

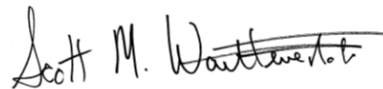
Columbia, Chesapeake, Washington Gas and BGE respectfully request the Building Energy Transition Implementation Task Force to reject any efforts by the OPC to pass recommendations to the Maryland General Assembly to alter STRIDE. Simply said, STRIDE is both a safety and GHG reduction initiative and any recommendation to the General Assembly to alter it, should come from the PSC after significant investigation and stakeholder input.

Thank you for your consideration of our request.

Sincerely,



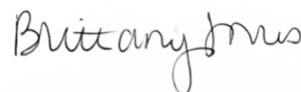
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