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**TESTIMONY OF
THE
WASHINGTON GAS & LIGHT COMPANY
BEFORE THE
HOUSE ECONOMIC MATTERS COMMITTEE**

FEBRUARY 24, 2021

**HOUSE BILL 801 – NATURAL GAS - STRATEGIC INFRASTRUCTURE DEVELOPMENT AND
ENHANCEMENT - SURCHARGE AND PLANS (STRIDE ACT OF 2022)**

POSITION: SUPPORT

Thank you for the opportunity to provide written comments in support of House Bill 801 (HB 801). House Bill amends §4-210 of the Public Utility Article of the Annotated Code of Maryland to allow the Strategic Infrastructure Development and Enhancement (STRIDE) program to operate within multi-year rate plans efficiently.

The STRIDE Law enables gas utilities to accelerate the recovery of costs incurred when replacing or improving their existing infrastructure through customer surcharges. Utilities recover these costs through customer surcharges in “real-time” as the projects are completed throughout the year. STRIDE is an important program that enhances the safety and reliability of Maryland’s natural gas infrastructure, and STRIDE plays an increasingly important role in gas companies’ efforts to meet Maryland’s climate goals. STRIDE also positions Maryland gas companies at the forefront of system modernization, thereby readying their infrastructure to carry greener fuels of the future.

Since 2020, the PSC has authorized utilities to request multi-year rate plans, an alternative rate plan mechanism that sets a utility’s base rates and revenue requirements for longer than a single 12-month period. For instance, instead of a utility filing numerous rate cases when conditions change, a multi-year rate plan forecasts conditions for several years into the future and adjusts rates for that period within a single rate case.

In short, House Bill 801 aligns the STRIDE program with the new multi-year rate plan design by allowing eligible project costs to be incorporated into base rates when those base rates are adjusted

during a multi-year rate plan. The multi-year rate plan was not available in Maryland when the STRIDE Law was approved in 2013. Therefore, the proposal being introduced through this legislative change is simply to update the STRIDE Law to include a recent Commission -approved change in the filing of rate cases.

Lastly, we remind the Committee that House Bill 801 does not authorize gas companies to increase the current monthly cap on the STRIDE surcharge for residential customers, nor does it contemplate or allow any double recovery of STRIDE costs. Rather, House Bill 801 simply aligns STRIDE cost recovery under a Commission-approved multi-year rate plan with STRIDE recovery under traditional test year rate cases.

For these reasons, Washington Gas respectfully requests a favorable report from the Committee.

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