

BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

Washington Gas Light Company’s	*												
Application for Approval of a New	*									Case No. 9708			
Gas System Strategic Infrastructure	*												
Development and Enhancement Plan	*												
and Accompanying Cost Recovery	*												
Mechanism	*												
* * * * * *	*												*

**MARYLAND OFFICE OF PEOPLE’S COUNSEL’S COMMENTS ON
WASHINGTON GAS LIGHT COMPANY’S NEXT GENERATION
ENERGY ACT COMPLIANCE FILING**

Washington Gas Light Company’s (“WGL”) Next Generation Energy Act (“NGEA”) compliance filing¹ asserts that the NGEA does not apply to the company’s STRIDE 3 plan, and that if it did the plan would already be in compliance. The Public Service Commission should reject WGL’s untimely legal argument on the NGEA’s applicability, as the Commission has already decided this issue, and find that WGL’s compliance filing contains significant deficiencies and fails to demonstrate that the company’s existing STRIDE 3 plan conforms with the NGEA. If WGL wishes to continue to operate under STRIDE, the Commission should require WGL to file a revised STRIDE 3 plan with supporting testimony, and should conduct an evidentiary proceeding to determine NGEA compliance. The Commission should also provide firm guidance

¹ See Washington Gas Light Company’s Response to Letter Order on Next Generation Energy Act Compliance, *Washington Gas Light Company’s Application for Approval of a New Gas System Strategic Infrastructure Development and Enhancement Plan and Accompanying Cost Recovery Mechanism*, ML# 325541 (Dec. 20, 2025) (“WGL Compliance Filing”).

regarding what type of analytical support the Commission expects WGL to provide in its revised plan to demonstrate compliance.

WGL's compliance filing shows that the company seeks to continue its STRIDE program on a business-as-usual basis, as though the NGEA had not been enacted. If allowed to do so, WGL will continue to spend on replacing gas infrastructure without regard for alternatives and their cost-effectiveness, and WGL's customer rates will continue to rise. The legislature enacted the NGEA to place guardrails on accelerated gas infrastructure spending, in part due to the increasingly unaffordable rate increases plaguing many of Maryland's gas utilities.² WGL's proposal would completely ignore the legislature's guardrails and undermine the legislature's desire to curb avoidable rate increases.

WGL's filing asks the Commission to accept at face value conclusory statements, including that the company has met the requirements of the NGEA and that alternatives to replacement are not cost-effective, and thus approve another year of business-as-usual projects. But WGL does not provide a shred of actual data or analysis demonstrating that the company's current STRIDE program conforms with the NGEA's amendments to the STRIDE law.

The Commission should not accept WGL's untimely invitation to ignore the NGEA's amendments. Rather, if WGL wishes to proceed with its STRIDE program, the

² In 2015, both WGL and Baltimore Gas and Electric had base gas distribution rates of 42 cents. As of February 1, 2026, BGE customers will be paying more than twice the amount (97 cents/therm) that Washington Gas customers pay (46 cents/therm) for the same gas delivery service.

Commission should require it to perform additional analyses—such as net present value analyses and system risk analyses of proposed projects—to demonstrate NGEA compliance.

The Commission should also reject as inconsistent with Commission Order No. 91791, WGL’s assertion that the question of whether its current STRIDE plan is compliant with the NGEA is before the Commission’s Special Master in Case No. 9707.³ The Commission initiated the Phase II proceedings in Case No. 9707 seek to address, among other things, how non-pipeline alternatives interact with the cost recovery provisions of the NGEA.⁴ Consistent with WGL’s previous recommendation to the Commission,⁵ the Phase II proceedings will not address the specific issue here—that is, whether WGL’s current STRIDE plan, inclusive of its 2026 project list, complies with the NGEA.

Finally, the Commission should disregard WGL’s argument that the Commission’s approval of its 2026 project list is necessary for the company to continue enhancing safety and reliability.⁶ As the NGEA’s amendments to the STRIDE law emphasize, “[n]othing in this section may be construed to alter a gas company’s obligation under this

³ WGL Compliance Filing at 3.

⁴ Md. Pub. Serv. Comm’n, Order No. 91791, Petition of the Office of People’s Counsel for Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland’s Gas Companies (Case No. 9707, Aug. 20, 2025) at 8 (including in the issues to be addressed “[h]ow do NPAs interact with the cost recovery provisions of the Next Generation Act?”).

⁵ In the company’s July 23, 2025 comments in Case No. 9707, WGL stated that “OPC’s concerns should be addressed in the utilities’ respective STRIDE dockets, not in this one.” WGL, Washington Gas Light Company’s Response to Office of People’s Counsel’s 2025 Comments, ML# 320656 (Case No. 9707, July 23, 2025) at 6.

⁶ WGL Compliance Filing at 52.

division to make improvements to a gas system that are necessary to ensure the safety of the gas system.”⁷ In other words, the company must make whatever investments are necessary to maintain a safe system, whether or not it receives accelerated cost recovery for those investments under STRIDE.

Maryland lawmakers did not give gas companies a right to accelerated cost recovery through the STRIDE law; rather, they laid out a framework through which gas companies may receive the *privilege* of accelerated cost recovery for eligible infrastructure investments, provided those investments meet certain conditions. The NGEA represents a decision by the General Assembly to impose additional conditions on gas companies for the privilege of accelerated cost recovery. WGL’s NGEA compliance plan fails to show that WGL’s existing STRIDE 3 plan meets those conditions.

BACKGROUND

WGL filed its STRIDE 3 plan on June 16, 2023, proposing that the plan take effect in January 2024 and continue until December 31, 2028.⁸ On October 25, 2023, the public utility law judge (“PULJ”) presiding over the case issued a proposed order approving WGL’s STRIDE 3 plan with modifications.⁹ On November 13, 2023, OPC appealed the PULJ’s decision on several grounds.¹⁰ On the same day, Chesapeake Climate Action Network and Sierra Club filed a joint appeal of PULJ’s decision arguing, among other things, that the company had failed to consider cost-effective alternatives to pipeline

⁷ Md. Code Ann., Pub. Util. (“PUA”) § 4-210(c).

⁸ See WGL STRIDE 3 Application, ML# 303553 at 3 (June 16, 2023).

⁹ See Proposed Order of Public Utility Law Judge, ML# 305809 (Oct. 25, 2023).

¹⁰ See Memorandum on Appeal of the Office of People’s Counsel, ML# 306097 (Nov. 13, 2023).

replacements.¹¹ On December 13, 2023, the Commission affirmed the PULJ’s proposed order in part and approved WGL’s STRIDE 3 plan.¹² In its Memorandum of Decision, the Commission explained its decision to find that WGL’s STRIDE 3 plan was reasonable and prudent despite the company’s failure to evaluate cost-effective non-pipeline alternatives, stating that “[u]ntil the General Assembly enacts changes to the STRIDE statute to further refine the allowable investments in the natural gas infrastructure in light of the potential for diminished gas service, the Commission is limited in available options regarding proposed plans.”¹³

On May 6, 2025—after General Assembly passed the NGEA but, before it went into effect—OPC filed comments in Case No. 9707 updating and renewing our initial recommendations regarding the structure and implementation of the Commission’s “Future of Gas” docket.¹⁴ OPC discussed how the NGEA, once effective on June 1, 2025, would modify the STRIDE law, and recommended that the Commission review existing STRIDE plans to ensure compliance with the NGEA. OPC further recommended that the Commission should, in order to aid its assessment, (1) require gas companies to analyze the net present value of proposed replacement projects, (2) require utilities to provide system risk analyses, and (3) evaluate the utility of a Commission-developed template for gas companies to use when reporting on these requirements.¹⁵

¹¹ See Sierra Club and Chesapeake Climate Action Network’s Joint Memorandum in Support of Appeal, ML# 306088 at 2-3 (Nov. 13, 2023).

¹² See Order No. 90941 at 3 (Dec. 13, 2023).

¹³ Memorandum on Decision on STRIDE Appeals, ML #307037 at 12 (Jan 10, 2024).

¹⁴ OPC May 6, 2025 Comments at 1.

¹⁵ OPC May 6, 2025 Comments at 2, 9-11.

The NGEA took effect on June 1, 2025, modifying the STRIDE law, Public Utilities Article (“PUA”) § 4-210, to clarify the General Assembly’s intent to “allow for the *appropriate* acceleration” of gas infrastructure improvements in Maryland. With the NGEA amendments, STRIDE investments are “appropriate” only when they are “necessary to ensure safety and improve reliability” and are “consistent with State policy.”¹⁶ Pursuant to the informational requirements added by the NGEA, STRIDE plans must now:

- describe “each eligible infrastructure replacement project, including the project’s expected useful life,”
- demonstrate that the gas company “has selected and given priority to projects based on risk to the public and cost-effectiveness,”
- provide “an analysis that compares the costs of proposed replacement projects with alternatives to replacement, including leak detection and repair,” and
- provide “a plan for notifying customers affected by proposed projects at least 6 months in advance of construction.”¹⁷

To recover costs associated with eligible infrastructure replacement projects, a gas company’s STRIDE plan must demonstrate “customer benefits,” show that the company has “analyzed available cost effective options to defer, reduce, or remove the need to replace, construct, or upgrade components of the gas company’s distribution infrastructure, including leak detection and repair,” and meet “any other requirements established by the Commission.”¹⁸ The Commission must find not only that the investments and estimated costs of eligible infrastructure replacement projects in a STRIDE plan are reasonable and prudent and designed to improve public safety or

¹⁶ See PUA § 4-210(b) (emphasis added).

¹⁷ PUA § 4-210(e)(2).

¹⁸ PUA § 4-210(e)(6).

infrastructure reliability, but also find that the investments are “required to improve the safety of the gas system after consideration of alternatives to replacement.”¹⁹

OPC made two filings with the Commission requesting review of STRIDE plans to ensure compliance with the NGEA.²⁰ After the October 1, 2025 administrative meeting, the Commission took OPC’s request under advisement and ultimately issued an October 21, 2025, Letter Order that, among other things, addressed the application of the NGEA to WGL’s current STRIDE plan. The Commission agreed with OPC that “it has the authority to review previously approved STRIDE plans and should do so subject to the law that exists at the time of the review”—that is, that the Commission should determine whether WGL’s STRIDE plan complies with the NGEA.²¹ Accordingly, the Commission directed WGL, within 60 days, to “(1) justify how its current STRIDE 3 plan complies with the NGEA, or (2) submit proposed revisions to its plan that would bring the plan into compliance with the NGEA”.²²

On October 31, 2025, WGL filed its 2026 STRIDE Current Factor and 2026 STRIDE project list.²³ On December 15, 2025, OPC filed comments requesting that the Commission deny approval of the 2026 project list and proposed surcharge because

¹⁹ PUA § 4-210(f)(3).

²⁰ See Request of the Maryland Office of People’s Counsel for Clarification and Comments on Preliminary Matters, ML# 322166 at 7 (Case No. 9707, Sept. 5, 2025) and OPC Comments on WGL 2025 STRIDE Semi-Annual Report and Revised 2025 STRIDE Project List, ML# 322817 at 2 (Sept. 29, 2025).

²¹ Letter Order to WGL Regarding Revised 2025 STRIDE Project List, ML# 323749 (Oct. 21, 2025) at 2 (“October 21, 2025 Letter Order”). The Commission’s letter order was issued on October 21, 2025 and docketed in Case No. 9708 on October 29, 2025.

²² October 21, 2025 Letter Order at 2.

²³ See WGL’s 2026 STRIDE Current Factor and 2026 STRIDE Project List, ML# 323889 (Oct. 31, 2025).

WGL's filing did not demonstrate that its plan and the projects on the 2026 project list comply with the NGEA.²⁴ The Commission considered this matter at the December 17, 2025 administrative meeting and took it under advisement.

On December 20, 2025, WGL submitted its compliance filing in response to the Commission's directive in the October 21, 2025 letter order.²⁵

On December 29, 2025, the Commission issued a letter order noting that WGL's compliance with the NGEA was not resolved at the December 17, 2025 administrative meeting and reaffirming statements from its October 21, 2025 letter order, including that:

- The Commission has the authority to review previously approved STRIDE plans and should do so subject to the law that exists at the time of the review; and
- Until such time as the Commission may modify WGL's current plan following WGL's filing in response to this order, this order does not affect ongoing work under WGL's previously approved STRIDE 3 plan.²⁶

The Commission's letter order went on to define "ongoing work" to mean a WGL STRIDE 3 project with an "active" business case authorization ("BCA")²⁷ and authorized WGL to proceed with WGL's proposed CY2026 STRIDE Project List only for BCAs with active status prior to December 29, 2025.²⁸ In a separate notice also issued on

²⁴ OPC Comments on WGL 2026 STRIDE Project List, ML# 325353 (Dec. 15, 2025)

²⁵ WGL Compliance Filing.

²⁶ WGL CY2026 Project List Letter Order, ML# 325900 at 1 (Dec. 29, 2025).

²⁷ According to WGL, a "BCA connotes the entirety of a construction project, from selection through close" and "[e]ach BCA is assigned a unique numerical identifier." WGL 2025 STRIDE Current Factor and Project List, ML# 313301 n.2 at 1, (Nov. 1, 2024).

²⁸ WGL CY2026 Project List Letter Order, ML# 325900 at 2 (Dec. 29, 2025).

December 29, 2025, the Commission invited interested parties to comment on WGL's compliance filing by January 30, 2026.

ARGUMENT

I. WGL's argument that its STRIDE programs need not comply with the NGEA is unsupported by the law and contradicts the Commission's orders.

Notwithstanding the plain language of the NGEA and the Commission's previous orders to the contrary, WGL asserts that the NGEA does not apply to its current STRIDE 3 plan. *First*, WGL argues that the General Assembly did not intend for the NGEA to apply to previously approved plans, and that the Commission does not have the authority to determine whether a project or project cost complies with PUA § 4-210(f)(3), as amended by the NGEA. *Second*, although WGL acknowledges the Commission's authority to review a previously approved plan under PUA § 4-210(l), it nonetheless asserts—without citing any legal authority—that the Commission must conduct a formal evidentiary proceeding before making any determinations pursuant to its review authority.²⁹

WGL's first argument fails because the NGEA did not change the Commission's explicit authority under section 4-210(l) to review a previously approved plan *sua sponte* or to determine that an investment of a project or cost of a project no longer meets the requirements governing what the Commission must find to approve a plan. The NGEA did, however, amend the requirements for Commission approval by requiring the

²⁹ WGL Compliance Filing at 2.

Commission to also find that the investments and estimated costs of a project are “required to improve the safety of the gas system after consideration of alternatives to replacement.”³⁰ The Commission’s authority to review a previously approved plan for compliance with the NGEA is consistent with the presumption that all statutes operate prospectively.³¹ A statute is only impermissibly retroactive when it attaches new legal consequences to events that occurred before the rule’s enactment, improperly impairs rights a party possessed when the party acted, or imposes new duties with respect to transactions already completed.³² WGL has not shown that applying the NGEA’s requirements to projects that have yet to begin but are proposed under WGL’s existing STRIDE plan would impair WGL’s prior rights, attach new legal consequences to past events, or impose new duties on WGL regarding completed transactions. The Commission’s NGEA review is entirely prospective, and will affect no past events, completed transactions, incurred costs, or collected rates.

Absent Commission action, WGL’s current plan will remain in place until December 31, 2028. The period between the NGEA’s effective date (June 1, 2025) and the end of 2028 encompasses three annual project list submissions after the NGEA’s enactment. Allowing WGL to continue implementing its STRIDE 3 plan during that period on a business-as-usual basis, as though the NGEA did not exist, is both absurd and

³⁰ PUA § 4-210(f)(iii). The NGEA added consideration of alternatives to the requirements that the Commission find that the investments and estimated costs of eligible infrastructure replacement projects are “reasonable and prudent” and “designed to improve public safety or infrastructure reliability over the short term and long term” prior to approving a STRIDE plan. PUA § 4-210(f)(i)-(ii).

³¹ *John Deere Const. and Forestry Co. v. Reliable Tractor, Inc.*, 406 Md. 139, 146, 947 A.2d 595, 599 (2008)

³² *Landgraf v. USI Film Products*, 511 U.S. 244, 270, 280 (1994).

contrary to the plain language of the NGEA’s amendments to the STRIDE law.³³

Accordingly, the Commission should disregard WGL’s assertion that the General Assembly would have expressly required the Commission to conduct a review of previous plans if it had intended to apply the NGEA’s requirements to previously approved plans.³⁴

The Commission should also reject WGL’s unsupported argument that the Commission cannot review a project or project cost (as opposed to a STRIDE plan) for compliance with the NGEA’s changes to PUA § 4-210(f)(3).³⁵ If the Commission determines that an investment of a project or cost of a project no longer meets the requirements of PUA § 4-210(f)(3), PUA § 4-210(1)(2) expressly authorizes the Commission to “reduce future base rates or surcharges” or “alter or rescind approval of that part of the plan.”

With respect to WGL’s assertion that “if the Commission decides to exercise its authority [to review a previously approved STRIDE plan], any determination must be

³³ See PUA § 4-210(f)(3)(iii).

³⁴ Even assuming *arguendo* that a gas company with an approved STRIDE plan need not revise it to conform with the NGEA unless the Commission has decided to review the plan under subsection 4-210(1), the application of the NGEA when the Commission has initiated a review—as it has here—is clear.

³⁵ WGL Compliance Filing at 2. WGL’s argument on this point is not clear. The company states that the Commission’s authority to review a previously approved plan “is limited to whether a project or project cost continues to meet the requirements of PUA § 4-210(f)(3), not whether they comply retroactively with the changes made under the NGEA.” *Id.* But PUA § 4-210(f)(3) is the re-codified section referenced in PUA §4-210(1)(2) that, as amended, includes the requirement that the Commission also find that the investments and estimated costs of a project are “required to improve the safety of the gas system after consideration of alternatives to replacement.” It therefore makes no sense for WGL to assert that the Commission’s review is limited to making sure WGL’s plan “continues” to meet the now-modified requirements of PUA § 4-210(f)(3).

predicated on a formal evidentiary proceeding . . .”,³⁶ no law requires the Commission to hold an evidentiary hearing before it decides to exercise its review authority under PUA § 4-210(l). The Commission has already determined that it has the authority to review previously approved STRIDE plans and “should do so subject to the law that exists at the time of the review.”³⁷ In its December 29, 2025 letter order, the Commission further explained that until the Commission modifies WGL’s current plan,³⁸ WGL is authorized to proceed with WGL’s proposed CY2026 STRIDE Project List only for Business Case Authorizations (“BCAs”) with “active” status before December 29, 2025.³⁹

That said, OPC does not oppose an evidentiary hearing for the purpose of determining whether an amended WGL STRIDE 3 plan—should WGL choose to file one—complies with the NGEA. Such a procedure would be consistent with the procedure the Commission uses in approving STRIDE plans when they are initially filed. OPC also does not oppose WGL’s request that the company be permitted “to submit testimony supporting the representations made” in its compliance filing.⁴⁰ But based on WGL’s compliance filing—which, as discussed below, contains conclusory statements but no analysis—there is little reason to believe that WGL would be able to show through an evidentiary proceeding that its current STRIDE plan complies with the NGEA. To ensure that any evidentiary proceeding produces an appropriate record, the Commission should

³⁶ WGL Compliance Filing at 2.

³⁷ See October 21, 2025 Letter Order, ML# 323889 at 2 (Oct. 21, 2025); and December 29, 2025 Letter Order, ML# 325900 at 1 (Dec. 29, 2025).

³⁸ See December 29, 2025 Letter Order, ML# 325900 at 1 (Dec. 29, 2025).

³⁹ December 29, 2025 Letter Order, ML# 325900 at 2 (Dec. 29, 2025).

⁴⁰ WGL Compliance Filing at 51.

specify the type of analysis the Commission expects WGL to present in support of any STRIDE plan that the company claims is compliant with the NGEA.⁴¹ Commission guidance is essential to ensure that the company understands what analyses the Commission deems necessary to evaluate the company's NGEA compliance.

II. WGL's compliance filing does not provide any new analysis and offers only conclusory statements in support of its STRIDE 3 plan's compliance with the NGEA.

WGL argues that the NGEA does not impose new requirements on its STRIDE 3 plan, but that if it did its plan would be compliant. But WGL has not included any actual analysis to demonstrate compliance and instead relies on mere conclusory statements. WGL's compliance filing does not demonstrate that the company has "selected and given priority to projects based on risk to the public and cost-effectiveness;"⁴² nor does it provide sufficient "analysis that compares the costs of proposed replacement projects with alternatives to replacement, including leak detection and repair."⁴³ The Commission should not accept WGL's conclusory statements at face value and should require further analysis to effectuate the NGEA.

A. WGL's compliance filing does not demonstrate that the company has given priority to projects based on risk to the public and cost-effectiveness.

WGL asserts that its STRIDE plans have always demonstrated that the company has "selected and given priority to projects based on both risk to the public and cost-

⁴¹ OPC provides specific recommendations regarding what guidance the Commission should provide in Section III of this filing.

⁴² PUA § 4-210(e)(2)(v).

⁴³ PUA § 4-210(e)(2)(vi).

effectiveness”⁴⁴ because its STRIDE plans include a calculation of leak rates for each type of service and main line targeted by the company’s STRIDE program and because the company calculates the risk reduced per dollar spent.⁴⁵ While WGL's JANA risk modeling framework is capable of producing risk-prioritized project rankings, the company fails to provide the information necessary to verify that its 2026 project list reflects the type of risk prioritization required by the NGEA.

WGL provides only cursory statements and selective citations to prior testimony without demonstrating how the company actually applied the results of its risk model to develop the proposed 2026 project list. The company's Exhibit 1 shows individual project risk scores ranging from 1245.05 to 1729.09 for 63 projects.⁴⁶ However, these relative risk scores cannot provide meaningful guidance regarding project selection unless they are compared to the full population of pipe segments on WGL’s system. WGL’s distribution system contains thousands of pipe segments, yet the company provides no information about the risk score distribution across this entire population—whether unselected segments have scores of 500, 1000, or 1500. Without understanding how the risk scores of selected pipe segments compare to the entire eligible population, the Commission and parties cannot fully evaluate the company's risk prioritization process or verify that the selected projects represent a reasonable application of the NGEA’s

⁴⁴ WGL Compliance Filing at 15.

⁴⁵ WGL Compliance Filing 15-26.

⁴⁶ The risk score generated by WGL’s JANA risk modeling system is based on mitigable risk per \$10,000 spent. *See* WGL Compliance Filing at 24.

requirements.⁴⁷ In essence, WGL asks the Commission to simply accept on faith that its 2026 project list complies with the NGEA's risk prioritization requirement without providing the analytical foundation necessary to verify that assertion.

It is also unclear from WGL's filing whether the company prioritized projects based on system-wide risk scores or only ranked them within their respective programs. When discussing the 2026 project list, WGL states, "each individual project is ranked within its program."⁴⁸ OPC understands this to mean that projects are ranked from highest to lowest risk score only in comparison to other projects within the same program category, rather than being ranked against all eligible projects system-wide. The company does not explain how projects compete for priority across all programs based on absolute risk scores or whether each program receives a predetermined allocation with projects ranked only relative to others within that same program. This distinction is critical: a project ranked highly within one program might have a lower absolute risk score than a project ranked lower within another program, yet both could be included in the 2026 project list if funding is allocated by program rather than by system-wide risk ranking.

The NGEA requires a demonstration that projects have been "selected and given priority . . . based on risk," not that projects within Commission-approved program categories have been ranked relative to each other.⁴⁹ Without clarification of whether and

⁴⁷ It is OPC's understanding that WGL runs its risk model on the entire system to get risk scores for every pipe segment and identifies projects based on the sum of the risk scores for all the pipes targeted for a specific project. *See* WGL Compliance Filing at 20-24. Without comparing the risk rankings of selected pipes and projects to those not selected, the Commission cannot fully evaluate whether the company has given priority to projects based on risk to the public and cost-effectiveness.

⁴⁸ WGL Compliance Filing at 24.

⁴⁹ PUA § 4-210(e)(2)(v).

how projects are prioritized across programs, WGL has not adequately demonstrated that its selection process complies with the NGEA's emphasis on risk-based prioritization.

Moreover, WGL has provided no evidence that it has analyzed its projects on the basis of *cost-effectiveness* at all. In WGL's filing, the entirety of WGL's cost-effectiveness analysis is two conclusory statements that "the Company will also target those projects that optimize reductions in risk on a per dollar basis,"⁵⁰ and that WGL may carry out projects early, and thereby ignore the risk scoring, if it coincides with municipal or other utility projects, to save money on paving costs.⁵¹ The cost-effectiveness analysis envisioned by the General Assembly was not simply asking to optimize risk reduction based on a certain budget, but whether or not it is even cost-effective to do the project in the first place. As discussed further below, WGL has also provided no evidence or analysis regarding the costs of its replacement projects versus alternatives. WGL has thus not met the requirements of the NGEA.

B. WGL's filing fails to provide a comparative analysis of proposed replacement projects with alternatives to replacement, including leak detection and repair.

Regarding alternatives to replacement, WGL has not provided any analysis regarding the estimated cost of alternatives to support its assertion that replacement is the only financially viable solution for the projects identified in its 2026 project list. Citing only its own experience, WGL asserts that cured-in-place liners are realistic options only

⁵⁰ WGL Compliance Filing at 25.

⁵¹ WGL Compliance Filing at 25-26.

under certain conditions.⁵² But the company does not show that it actually analyzed this alternative, or support its assertion by citing to any reliable source material.⁵³ Similarly, WGL asserts that CISBOT robotic internal cast iron joint remediation and joint encapsulation is “not typically cost-effective” but provides no evidence that the company has analyzed and compared the costs of this alternative with the cost of replacement.⁵⁴

The NGEA's requirement for “an analysis that compares the costs of proposed replacement projects with alternatives to replacement” contemplates project-by-project evaluation, not system-wide generalizations.⁵⁵ A compliant analysis would have two parts. First, it would establish clear criteria for when each “trenchless”⁵⁶ technique is technically viable regardless of cost, with such criteria grounded in actual industry practice and supported by technical documentation rather than the company's limited experience alone. Then it would evaluate each proposed project against those criteria and, for projects where one or more trenchless techniques are technically viable, provide financial analysis comparing the costs of replacement versus each viable alternative.

It should be emphasized that for such an analysis to be credible and reliable, it must use underlying inputs and assumptions that are grounded in actual industry

⁵² WGL Compliance Filing at 33.

⁵³ WGL Compliance Filing at 33.

⁵⁴ WGL Compliance Filing at 34. In response to Staff Data Request 21-1, WGL acknowledges that it is not currently engaged in any CISBOT activity.

⁵⁵ PUA § 4-210(e)(2)(vi).

⁵⁶ “Trenchless technology” is defined to mean “[t]he use of directional boring, horizontal drilling, tunneling, and other techniques used in the construction or installation of underground portions of facilities to minimize disruption and damage to right-of-way.” MDOT State Highway Administration, *Utility Manual*, Section 1.01.02 (Jan. 20, 2021) at 21 (available at <https://www.roads.maryland.gov/OOC/MDOTSHAUtilityManual.pdf>).

experience. WGL’s filing makes clear that the company has an aversion to any replacement alternative; consequently, a future alternatives analysis by WGL should be scrutinized to ensure it does not deploy outcome-determinative inputs and assumptions that “tip the scale” in favor of replacement over any other alternative. For example, WGL asserts that pipe lining is “most applicable” for pipes of 16 inches or greater in diameter with minimal service connections,⁵⁷ but industry literature indicates that cured-in-place lining technology is available for metallic pipelines from 4 inches to 48 inches in diameter and can accommodate services/laterals reinstated without excavation.⁵⁸ Without technical justification for its restrictive criteria, WGL’s narrow definition of technical viability appears to artificially limit the applicability of alternatives. The company should identify which projects in its 2026 list meet industry-standard technical criteria for trenchless alternatives and provide comparative cost analysis for those projects.

WGL also dismisses any additional leak detection and repair analysis as an alternative to replacement by arguing that because these activities are already required by regulation and performed routinely, “residual distribution risk cannot be reduced by repeated application of the same activities.”⁵⁹ The company further argues that repair only “manage[s] the hazards associated with leaks that have already occurred”⁶⁰ rather than reducing risk, and that replacement is more cost-effective than a “repair-based

⁵⁷ WGL Compliance Filing at 33.

⁵⁸ Progressive Pipeline Management, Cured in Place Lining: Eliminate Gas Leaks, Corrosion & Reduce Methane Emissions, Brochure (May 28, 2024), <
https://static1.squarespace.com/static/591b0dda29687f26c4d2e495/t/66632b84d933cd44611622d5/1717775236722/PPM_CIPL+_Brochures_05-28-24.pdf >.

⁵⁹ WGL Compliance Filing at 31.

⁶⁰ WGL Compliance Filing at 31.

reactive approach.”⁶¹ While these characterizations may be accurate for some, or even most, pipe segments the company has targeted for replacement, WGL’s categorical dismissal of repair ignores how the strategic use of repair as a temporary measure can be a cost-effective alternative to replacement in specific circumstances—particularly where near-term electrification may reduce or eliminate the need for replacement.

WGL’s own filing demonstrates this gap in its analysis. The company states that it “analyzes dead-end or redundant segments that are not currently directly connected to customers as opportunities to retire the segment instead of replacing it”⁶² and notes in its customer notification plan that if customers indicate plans to fully electrify, abandonment will be considered.⁶³ This approach, however, is simplistic because it treats abandonment as viable only in two narrow circumstances: (1) pipe segments with no current customers, or (2) pipe segments where all customers have committed today to discontinue service. These represent the most obvious cases for abandonment, but they overlook pipe segments that, while not candidates for immediate abandonment, could become viable abandonment targets in the near future as electrification progresses.

For example, consider a scenario where a pipe segment serves only a handful of customers and could be abandoned without materially affecting system operations if those customers discontinued gas service. Such a segment may not be a candidate for immediate abandonment if customers are currently taking service, but all of those

⁶¹ WGL Compliance Filing at 32.

⁶² WGL Compliance Filing at 32.

⁶³ WGL Compliance Filing at 45.

customers could choose to electrify over a relatively short period of time—at least if they are given adequate time to do so before replacement activities start in their area. WGL does not disclose how many near-term abandonment candidates are included in its 2026 project list, or how many customers are currently served by such segments.

If the 2026 project list includes pipe segments serving a limited number of customers in configurations conducive to future abandonment, these represent strategic opportunities where leak repair could serve as a cost-effective interim measure while the company monitors electrification trends in those specific areas. For example, a pipe segment serving three customers where two have expressed interest in electrification within the next 2-3 years presents a fundamentally different cost-benefit analysis than a pipe segment serving 50 customers with no electrification plans. As constituted, WGL's filing treats both targeted pipe segments identically.

WGL's customer notification approach further illustrates the company's short-term perspective on alternatives to replacement. The company emphasizes that "to date, no customers have indicated that they are planning to electrify through this process" after the company sent approximately 1,500 notices.⁶⁴ It is, however, unclear that this zero-response rate reflects a lack of customer interest in electrification, as it likely also reflects the timing and framing of WGL's inquiry—which asks customers whether they are planning to fully electrify in the next *six months*. The company asks customers affected by 2026 construction whether they plan to "replace all of [their] gas appliances...with

⁶⁴ WGL Compliance Filing at 35.

electric appliances in 2026,” thus requiring customers to commit within 180 days to complete electrification before WGL replaces their service line.⁶⁵ This narrow timeframe fails to capture customers considering electrification on a longer horizon (2-5 years) or planning incremental conversion rather than immediate full electrification. For near-term abandonment candidates serving small numbers of customers, gathering information about medium-term electrification interest could inform whether repair-and-monitor strategies are more cost-effective than immediate replacement.

To be clear, OPC does not suggest that WGL should lead electrification initiatives or that repair is preferable to replacement for all or even most targeted pipe segments. Rather, WGL’s dismissal of repair as an alternative fails to consider how targeted repair can serve as a cost-effective interim strategy in specific circumstances where near-term system changes may reduce or eliminate the need for capital investment. The NGEA’s requirement to analyze alternatives to replacement contemplates this type of nuanced, project-specific evaluation rather than system-wide generalizations. WGL’s lack of project-level detail regarding pipe configurations, customer counts, and electrification potential undermines the strategic stakeholder coordination envisioned under the NGEA.

The NGEA marks a clear shift in the General Assembly’s intent regarding the Commission’s regulation of STRIDE plans. To recover the costs associated with projects pursued through STRIDE plans, the NGEA requires gas companies to, at a minimum,

⁶⁵ WGL Compliance Filing, Attachment 1 at 1.

analyze cost-effective alternatives to replacement.⁶⁶ Before the NGEA’s enactment, WGL argued in this docket that “repair versus replace decision making[] does not meet the intent of the STRIDE statute,”⁶⁷ and the Commission believed that it lacked the authority to require the consideration of alternatives.⁶⁸ Now the NGEA makes it clear that gas companies must evaluate replacement alternatives to recover the costs of their investments. Thus, to effectuate the NGEA, the Commission should not simply take WGL at its word; instead it should require WGL to show its work with respect to the conclusory statements made within its compliance filing.

III. The Commission should provide guidance on its expectations for gas company NGEA compliance demonstrations.

As recommended in our May 6, 2025, comments filed in Case No. 9707, the Commission should provide additional guidance to WGL and other gas companies regarding the types of analysis the Commission expects in NGEA compliance submissions. Specifically, the Commission should make clear that it expects a net present value analysis of the projects identified in the company’s proposed 2026 project list and provide a detailed explanation of its risk modeling.

⁶⁶ PUA 4-210(e)(6) requires gas companies to demonstrate consideration of cost-effective alternatives in addition to “any other requirements established by the Commission” to recover costs associated with eligible infrastructure replacement projects.

⁶⁷ WGL STRIDE 3 Amended Brief at 58 (Oct. 17, 2023).

⁶⁸ In WGL’s most recent STRIDE case, the Commission refused to deny STRIDE plans for failure to evaluate cost-effective non-pipeline alternatives and future declines in gas demand and explained that “[u]ntil the General Assembly enacts changes to the STRIDE statute to further refine the allowable investments in the natural gas infrastructure in light of the potential for diminished gas service, the Commission is limited in available options regarding proposed plans.” Memorandum on Decision on STRIDE Appeals, ML #307037, Case No. 9708 (Jan 10, 2024) at 12.

A net present value analysis will enable the Commission to evaluate whether the costs of proposed STRIDE projects make economic sense over time and thus whether they are “cost effective” under the NGEA. Among other things, a net present value analysis will provide transparency into the assumptions regarding usage and cost recovery that WGL relies on when identifying STRIDE projects and will also show to what extent other customers on the system will be required to subsidize those receiving replacements. If the net present value is positive, it will demonstrate that the net financial benefit of the program outweighs the costs, and vice versa. In addition, a net present value analysis will aid the Commission’s evaluation of whether proposed projects will result in “customer benefits” under the NGEA.

WGL should provide detailed explanations of its risk modeling so that the Commission can determine whether proposed replacements are necessary to improve safety after consideration of alternatives.⁶⁹ Directing WGL and other gas utilities to provide full transparency regarding their risk models in proposed STRIDE plans will allow the Commission to better understand the range of risk throughout the company’s gas system, determine where proposed STRIDE projects fall along that range, and evaluate whether it is appropriate for project costs to be recovered through STRIDE. As discussed above, WGL indicates that projects are prioritized within each program rather than across all programs based on absolute risk scores. Without system-wide risk context, the Commission cannot determine whether a Program 1A project with a risk score of

⁶⁹ See PUA § 4-210(f)(3)(iii).

1300 should take priority over a Program 3 project with a risk score of 1650, or whether funding allocations are driven by program categories rather than absolute risk levels. Understanding the full distribution of risk scores would allow the Commission to evaluate whether WGL's project selection truly prioritizes risk reduction or merely perpetuates historical program-based spending patterns.

In implementing the NGEA, the Commission must take a proactive role in ensuring that the NGEA's amendments to the STRIDE law are applied to STRIDE projects undertaken after the NGEA took effect. The Commission should do this by stating that it expects WGL to present net present value analyses and system risk analyses in addition to any other requirements the Commission believes are necessary to evaluate STRIDE eligible infrastructure investments. At this point, WGL's resistance to considering alternatives to massive capital spending and pipe replacement is clear. Thus, the Commission must—as it has done so far in this matter—require WGL to follow Maryland law.

CONCLUSION

The Commission has clear authority to review WGL's current STRIDE plan and the company's 2026 project list—which derives from the plan—for compliance with the NGEA. Contrary to WGL's assertions, the Commission need not hold an evidentiary proceeding before it decides to exercise its authority to review previously approved STRIDE plans under PUA § 4-210(l). OPC is not, however, opposed to WGL's request that the Commission hold an evidentiary proceeding prior to making factual

determinations regarding the compliance of an amended WGL STRIDE 3 plan with the NGEA.

WGL's filing does not demonstrate that the company's plan is compliant with the NGEA. The company relies on mere conclusory statements throughout its filing instead of providing any demonstration that the company has given priority to projects based on risk to the public and cost effectiveness or conducted a comparative analysis of the costs of proposed replacement projects with alternatives to replacement, including leak detection and repair. To ensure that WGL's current and future plans comply with the NGEA, the Commission should provide clear guidance regarding what the company must demonstrate. OPC recommends that this guidance include a net present value analysis of proposed projects, detailed explanations of its risk modeling that allows the Commission to evaluate whether WGL's project selection truly prioritizes risk reduction, and any other requirements the Commission deems appropriate.

It bears repeating that WGL is not *entitled* to accelerated cost recovery through STRIDE. If the Commission rejects WGL's 2026 STRIDE project list and requires the company to modify its STRIDE plan—which the Commission has the authority to do without an evidentiary proceeding—WGL remains obligated to carry out necessary safety-related investments outside of STRIDE.

OPC requests that the commission: (1) reaffirm that it has the authority to require WGL's current plan, which includes its 2026 project list, to comply with the NGEA; (2) find that WGL's compliance filing contains significant deficiencies and fails to demonstrate that its STRIDE 3 plan complies with the NGEA; (3) require WGL to file a

revised STRIDE 3 plan with supporting testimony and conduct an evidentiary proceeding to determine NGEA compliance if WGL wishes to continue to operate under STRIDE; and (4) provide firm guidance regarding the analyses the Commission expects WGL to provide in its revised plan to demonstrate compliance.

Respectfully submitted,

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