

**BEFORE THE
MARYLAND PUBLIC SERVICE COMMISSION**

PETITION OF THE OFFICE OF	*	
PEOPLE’S COUNSEL FOR NEAR-TERM,		
PRIORITY ACTIONS AND	*	Case No. 9707 Phase II
COMPREHENSIVE, LONG-TERM		
PLANNING FOR MARYLAND’S GAS	*	
COMPANIES	*	

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Oral Opening Statement of Alice Napoleon

Oct 4, 2026

My name is Alice Napoleon. I am testifying today on behalf of the Office of People's Counsel.

The main thrust of my testimony is that current gas company spending is excessive and unsustainable. The companies must change their planning practices, not only because of climate policy but also because market trends compel it. The companies discuss hybrid gas-as-backup scenarios and their views about obligation-to-serve. But those points are misguided, and they are a distraction from the fact that continuing business-as-usual investment would be unsustainable. I’ll briefly explain these points in turn.

My first point is that the gas companies' current spending is excessive. Continuing on the present course will impose increasingly unsustainable costs on customers. The OPC's 2025 Gas Spending Report finds that both monthly and volumetric charges have increased dramatically from 2014 to 2024. For example, Columbia’s customer charge grew by more than 20 percent, while its rate per therm increased 160 percent over that period. Moreover, on top of those recent increases, business-as-usual capital spending will drive large increases in customer bills over the next two decades. Taken together, BGE, WGL, and Columbia's combined STRIDE and non-STRIDE projected investments would produce a combined annual capital revenue requirement of more than \$2.33 billion in 2044 — 2.8 times the combined \$849M customers paid through rates in 2024. The Commission should not allow this pattern to continue unchecked.

My second point is that changes to gas planning are necessary, regardless of climate policy. Residential gas consumption *per customer* has been falling, and *overall* residential consumption is stagnant or falling for BGE, WGL, and Columbia. If utilities continue investing at the current rate while gas sales stagnate or decline, those investments will, all else equal, put further upward pressure on rates.

Consumers respond to rising prices, particularly where viable substitutes exist. And viable substitutes increasingly do exist, with heat pump sales having already surpassed gas furnace sales nationally, and the share of Maryland households using electricity as their primary heating source has surpassed the share using gas in recent years. That dynamic can become self-reinforcing: as customers who can afford to leave the gas system do so, the utilities recover their fixed costs over fewer customers and lower sales, pushing rates higher still. Without policy intervention, low-income households and renters, who face greater barriers to switching away from gas, are likely to be left holding the bag.

The gas companies' planning practices do not consider these developments. Further, they have not shown that their current business model is sustainable under these conditions. Continuing business-as-usual investment increases the risk of stranded assets — infrastructure that is no longer used or useful and whose costs the utility cannot recover from customers. Waiting to address stranded costs until they occur risks unreasonably shifting costs to customers who remain on the gas system at that time, and may expose ratepayers to very high rates in the interim.

My third point responds to two ways the companies justify continuing business-as-usual investment. First, they argue that gas needs to remain available as backup for customers who electrify. This argument defies real-world facts. Massachusetts regulators rejected that argument even with that state's colder climate, finding that maintaining the gas system as backup for hybrid heating was not viable, and that cold-climate heat pumps generally eliminate the need for backup heating. Second, the companies suggest that their "obligation to serve" requires them to keep growing their gas systems. It does not: WGL's own five-year forecast states that it will focus on "increasing market share" and driving consumer demand for gas — those are business strategies for growth, not requirements imposed by an obligation to serve.

My final point covers my recommendations. The Commission should require the gas utilities to recalibrate their load forecasting, capital planning, and procurement practices to account for these market trends and climate policy, and to demonstrate the potential impact of their plans on stranded costs. Further, the Commission should require the

companies to rigorously consider pipe replacement alternatives upfront — repair and relining of existing gas pipelines and non-pipeline alternatives — and to document that consideration using consistent, transparent benefit-cost analysis.

That framework requires real transparency: the Commission should require gas utilities to regularly provide significantly more information than they do today, so that the Commission and others can meaningfully assess the companies' plans and forecasts. Improved transparency is needed for meaningful prudence evaluation.

Finally, the Commission should require a genuine long-term planning framework, with real consideration of alternatives, along with materially greater transparency and reporting, so that affordability and prudence can be properly assessed going forward. I recommend the Commission reject business-as-usual planning and require the gas companies to adopt the reforms described in my testimony. Thank you.