ORDER NO. 92466

Washington Gas Light Company's Application for Approval of a New Gas System Strategic Infrastructure Development and Enhancement Plan and Accompanying Cost Recovery Mechanism	* * * * * * *	BEFORE THE PUBLIC SERVICE COMMISSION OF MARYLAND Case No. 9708

Issue Date: June 9, 2026

ORDER ON REQUEST FOR REHEARING AND CLARIFICATION

On February 26, 2026, the Commission issued Order No. 92207, which (1) approved Washington Gas Light Company's ("WGL") proposed 2026 Strategic Infrastructure Development and Enhancement ("STRIDE") project list; and (2) directed Commission Staff ("Staff") to file proposed regulations to establish standards for Next Generation Energy Act ("NGEA") compliance.

On March 30, 2026, the Office of Peoples' Counsel ("OPC") filed a Request for Clarification and Rehearing.[1]

For the reasons discussed here, OPC's request is denied.

BACKGROUND

On June 16, 2023, WGL filed an application for approval of a new STRIDE plan and an accompanying cost recovery mechanism, pursuant to *Annotated Code of Maryland*, Public Utilities Article ("PUA") § 4-210. The application called for the plan to be effective January 1, 2024, and operate for the years 2024-2028. Following a hearing before a Public Utility Law Judge and subsequent appeal to the Commission, the Commission approved a STRIDE plan for WGL for that period.

[1] Maillog No. 328423.

On June 1, 2025, the NGEA took effect in Maryland, modifying among other things certain portions of PUA § 4-210, which added additional requirements for a STRIDE plan, including:

> (1) A demonstration that the gas company has selected and given priority to projects based on risk to the public and cost-effectiveness; and
>
> (2) An analysis that compares the costs of proposed replacement projects with alternatives to replacement, including leak detection and repair.

PUA § 4-210(e)(2).

Relatedly, the NGEA also provided:

> For a gas company to recover costs associated with eligible infrastructure replacement projects, a plan shall demonstrate: (1) customer benefits; and (2) that the gas company has (a) 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 (b) met any other requirements established by the Commission when setting rates under this title.

PUA § 4-210(e)(6).

The NGEA also separately created PUA § 4-214, which provides:

> An investor-owned gas company may recover reasonable and prudent costs associated with a planned gas infrastructure investment if the investor-owned gas company demonstrates at a rate setting proceeding:
>
> (1) the customer benefits of the investment;
>
> (2) that the investor-owned gas company analyzed cost-effectiveness options available to defer, reduce, or eliminate the need to replace, upgrade, or construct new components, including an analysis of:
>
> (a) for new investments unrelated to safety, nonpipeline alternatives; and
>
> (b) leak detection and repair; and
>
> (3) the estimated risk reduction associated with a safety-related investment, if applicable.

Following passage of the NGEA, on August 1, 2025, WGL filed its 2025 STRIDE Semi-Annual Report and a revised 2025 STRIDE project list. In response to that filing, on

September 29, 2025, OPC requested the Commission take immediate action to ensure that WGL's current STRIDE plan comports with the changes to the STRIDE law made by the NGEA, which took effect June 1, 2025. OPC requested that the Commission: (1) direct WGL to re-file its STRIDE plan to bring it into compliance with the NGEA, and (2) direct any appropriate modifications to the revised plan to ensure conformity with the NGEA.

On October 21, 2025, the Commission issued a letter order in which it concluded 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."[2] The Commission also directed WGL to either (1) provide justification for how its current STRIDE plan complies with the NGEA, or (2) submit proposed revisions to its plan that would bring the plan into compliance with the NGEA. In that order, the Commission further directed that, "until such time as the Commission may modify WGL's current plan…this order does not affect ongoing work under WGL's previously approved STRIDE 3 plan."[3]

On December 20, 2025, WGL submitted an NGEA Compliance Filing, which addressed, among other things, its projects, risk assessments and cost effectiveness, and alternatives to replacement. On December 29, 2025, the Commission issued a letter order authorizing WGL to proceed with 2026 STRIDE projects that WGL had coded as being in "active" status, pending final determination of NGEA compliance.

On January 27, 2026, WGL filed a motion for reconsideration or rehearing, raising questions about the wisdom of the December 29, 2025 letter order, including concerns as to the reliance on WGL's internal "active" status designation. WGL also reiterated its stance that it was in compliance with the NGEA and that pausing work on projects would be against the public interest.

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[2] Maillog No. 323749.
[3] *Id*. at 2, n.5.

On February 26, 2026, the Commission issued Order No. 92207, approving WGL's 2026 project list and related surcharges. In so ordering, the Commission found that a final determination on WGL's STRIDE plan would be premature at that time. Order No. 92207 instead directed Staff to file proposed regulations to establish standards for NGEA compliance. The Commission noted several issues favoring that approach, including the impact that any compliance standard would have on other gas companies, the need for further analysis, and the overlapping proceeding in Case No. 9707. The Commission initiated RM95 for the purpose of establishing STRIDE plan NGEA compliance standards.[4] The Commission also reiterated its prior decision that the Commission may re-review a previously approved plan for compliance with the NGEA.

On March 30, 2026, OPC filed a Request for Clarification and Rehearing.[5]

On April 13, 2026, comments on OPC's petition were received from WGL;[6] Staff ;[7] Baltimore Gas & Electric Company ("BGE");[8] and a group of environmental non-profits (the "Environmental Non-profits").[9]

PARTY POSITIONS

1. OPC

In its petition, OPC makes three requests.

First, OPC requests clarification of the Commission's decision in Order No. 92207 as to whether the Commission intends to perform a full re-review of WGL's approved 2024-2028 STRIDE plan following promulgation of regulations developed in RM95.

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[4] *See* RM 95, *Implementing STRIDE Plan NGEA Compliance Standards*.
[5] Maillog No. 328423.
[6] Maillog No. 328931.
[7] Maillog No. 328938.
[8] Maillog No. 328940.
[9] Maillog No. 328926.

Second, OPC recommends that the Commission reverse its decision in Order No. 92207 to permit WGL's 2026 project list to go forward without determination of its compliance with the NGEA. OPC argues that the Commission's decision in Order No. 92207 not to review WGL's 2026 STRIDE project list for NGEA compliance and to permit those projects to proceed was arbitrary and capricious. OPC argues that a rulemaking is not required to resolve disputes among parties and that any necessary analysis could be performed within a litigated case. OPC also argues that the time required for a rulemaking could interfere with the Commission's compliance with PUA § 4-210(f)(1), which requires the Commission to take final action on a STRIDE plan application within 180 days of filing. OPC expresses concern that WGL's 2026 project list could evade NGEA compliance scrutiny while waiting for a rulemaking to finish.

Third, OPC requests that the Commission expand RM95 to include cost recovery standards for PUA § 4-214.

2. <u>WGL</u>

WGL argues that the Commission should deny OPC's request to amend Order No. 92207. WGL argues that the Commission is not required to take action on WGL's previously-approved STRIDE plan for 2024-2028. WGL also argues that, if the Commission does not re-review the plan, then the Commission need not apply the NGEA piecemeal to the annual project lists, noting that the NGEA does not refer to project lists in its text.

WGL also argues that the Commission is right to place the interpretive questions of the NGEA amendments to PUA § 4-210 into a rulemaking. WGL argues that OPC's proposal to set standards through litigation is unfair to WGL (and other gas utilities) because WGL cannot know what standard it must meet until that standard is defined.

WGL also argues that OPC's request that the Commission state an intent to review WGL's 2027 and 2028 project lists is premature, given that the rulemaking has not concluded, and WGL has not had an opportunity to adjust its projects lists as needed, depending on the results of RM95.

WGL agreed that the Commission should expand RM95 to cover the cost recovery standards of PUA § 4-214.

3. <u>BGE</u>

BGE argues that the Commission should continue the RM95 rulemaking because BGE wishes to participate in a proceeding that could impact its own gas investments.

4. <u>Environmental Non-profits</u>

The Environmental Non-profits support OPC's position and urge the Commission to enforce the NGEA.

5. <u>Staff</u>

Staff argues that WGL's 2026 project list is compliant with the NGEA and pointed to its own analysis.

Staff argues that delaying WGL from developing the projects on its 2026 project list would be against the public interest because it delays needed pipeline replacements, potentially raises safety concerns, and would ultimately increase costs and rates.

Staff argues against including PUA § 4-214 in RM95, arguing that PUA § 4-214 is not specific to STRIDE works but rather applies to gas infrastructure generally. Staff argues that STRIDE cost recovery has its own parameters separate from PUA § 4-214.

COMMISSION DECISION

As the Commission noted in Order No. 92207, there were considerable disagreements between parties as to what the minimum standard of compliance should be, including disagreements as to both the scope and level of analysis and technical data that a gas company should be expected to provide. Although the Commission has found that it may review a previously approved STRIDE plan for compliance with the NGEA, that conclusion does not foreclose the possibility of the Commission holding a proceeding to determine what the standards of compliance should be. While the Commission appreciates the positions of those stakeholders who urge rapid action, the Commission has a responsibility to ensure that the laws of Maryland are uniformly and fairly applied. At the same time, the Commission is mindful of the need to respect urgency in this matter. The Commission remains persuaded that the fairest balancing of these competing priorities is the one it has elected, to develop rules for NGEA compliance for STRIDE plans in a rulemaking. Once that has been accomplished, the Commission will turn its attention to the fair application of those rules.

The Commission notes, in so finding, the recommendation by Staff that WGL's 2026 project list is NGEA compliant. The Commission notes that the new requirements in PUA § 4-210 call for a gas company in a STRIDE proceeding to both (1) provide certain analyses, and (2) demonstrate public benefits and cost-effectiveness. Absent the additional clarity that a rulemaking could provide, the Commission notes (without deciding on compliance) that WGL's NGEA compliance filing contained analyses that purport to be of the sort required and made arguments in support of the public benefits and cost-effectiveness from its 2026 project list. The Commission is reluctant, however, to issue an immediate decision on compliance without an appropriate opportunity to develop clearer compliance guidelines. The Commission also appreciates the position of WGL that it is being required to develop a record of compliance for a new standard that is both untested and presently lacks any official interpretative guidance.

The Commission also notes that there are no other pending STRIDE applications or project lists. The Commission is therefore persuaded that the risk of postponing review of WGL's STRIDE plan (which Staff argues is compliant and contains necessary projects that will benefit ratepayers) is less than the risk of indefinitely pausing that plan pending further rounds of expert analysis, discovery, and review, as OPC recommends.

Accordingly, the Commission denies OPC's request that it issue an immediate compliance ruling. The Commission will consider the question of compliance after it has had an opportunity to hear from stakeholders and provide formal compliance guidance as part of RM95.

Because the Commission has not yet established formal NGEA compliance standards pursuant to establishing RM95 regulations, it would also be premature for the Commission to determine which aspects of WGL's STRIDE plan are appropriate to review and when such review might occur. Accordingly, the Commission denies OPC's request for an indicative ruling on that question. The Commission anticipates that stakeholders will raise those issues once the Commission has approved RM95 regulations.

Lastly, the Commission appreciates OPC's suggestion that PUA § 4-214 contains related provisions that may benefit from compliance guidance in the same manner as those provisions already a part of RM95. The Commission is concerned, however, given the timing limitations, that adding additional scope to RM95 would delay the issuance of needed NGEA standards, which could affect the Commission's ability to timely review 2027 project lists. The Commission notes that the requirements of PUA § 4-214 are similar but not identical to those contained in § 4-210 and apply in different contexts to both STRIDE and non-STRIDE investments, whereas RM95 is focused on STRIDE plan compliance with the NGEA. Parties may file proposals that cover § 4-214 in the RM95 proceeding. However, the Commission will consider any such proposal a lower priority than the primary RM95 objective to establish NGEA compliance standards in time to be considered in evaluating 2027 STRIDE project lists, and may defer or consider these proposals in a separate proceeding at a later time should they present obstacles to achieving the RM95 primary objective.

IT IS, **THEREFORE**, this 9th day of June, in the year Two Thousand Twenty-Six, by the Public Service Commission of Maryland, **ORDERED** that OPC's Request for Rehearing and Clarification is hereby denied.

/s/ Kumar P. Barve

/s/ Frederick H. Hoover, Jr.

/s/ Bonnie A. Suchman

/s/ Odogwu Obi Linton

/s/ Ryan C. McLean
Commissioners