

Title 20 PUBLIC SERVICE COMMISSION

Subtitle 55 SERVICE SUPPLIED BY GAS COMPANIES

Notice of Proposed Action

The Public Service Commission proposes to amend Regulation .01(B)(1) under COMAR 20.55.03 Records and Reports and to adopt new Regulation 20.55.04.13 under COMAR 20.55.04 Customer Relations. This action is being taken to implement the directives of the Commission in Order No. 91683 (Jun. 13, 2025) of Case No. 9707.

Statement of Purpose

The purpose of this action is to eliminate subsidies for the extension of gas mains and service lines to new customers. The action will require persons who request new service to pay the full cost of extending service, ensuring that the costs of new gas infrastructure are borne by the customers who cause them, thereby minimizing the risk of future stranded costs for all ratepayers. This aligns with the State of Maryland’s energy policies and traditional cost-causation principles.

20.55.03 Records and Reports

Authority: Public Utilities Article, §§2-112, 2-113, 4-102, and 4-201, Annotated Code of Maryland.

.01 Tariff.

A. (text unchanged)

B. Rules. The utility's rules, or terms and conditions, describing the utility's policies and practices in rendering service. These rules shall include:

(1) Extension Plan.

The utility’s plan for the installation of extensions of main and service lines where these facilities are in excess of those included in the regular rates for service and for which the customer shall be required to pay all of the cost. The customers’ payment under this plan shall be compliant with 20.55.04.13. ~~[The customer's payment under this plan should be related to the investment that the utility prudently can make in consideration of the probable revenue.]~~

(2) — (8) (text unchanged)

20.55.04. Customer Relations

.13 Extension of Gas Mains and Service Lines.

A. Scope.

PROPOSED REGULATIONS

This regulation applies to a request for a new gas service extension from a residential or commercial customer to a gas utility or combination gas and electric utility.

B. General Requirement.

(1) A utility shall require a person requesting new service to pay the full cost of an extension required to provide service.

(2) A utility may not subsidize the extension of a gas main or service line.

(3) A utility may not include in its rate base the capital costs of an extension funded by a customer under this regulation.

C. Calculation of Extension Cost.

(1) A utility shall file a tariff for Commission acceptance that details its methodology for calculating the full cost of an extension.

(2) The extension tariff shall state that the utility will use one of the following methodologies:

(a) A case-by-case determination based on the itemized cost projected for the specific extension; or

(b) A formula-based schedule of charges that uses the utility's current, actual construction and material costs to determine a cost-per-foot or similar unit charge.

(3) A utility shall include in its calculation of full cost all of the following expenses incurred for the extension:

(a) Labor;

(b) Materials;

(c) Engineering;

(d) Permitting;

(e) Associated overheads;

(f) Any tax gross-ups required for contributions in aid of construction; and

(g) Any other foreseeable costs.

D. Payment Terms.

(1) A utility's tariff shall state that a new residential customer shall pay the full cost of an extension by one of the following methods:

(a) Payment in full before commencement of construction; or

(b) A payment plan over a reasonably short time period.

PROPOSED REGULATIONS

(2) A utility shall require a non-residential customer or developer to pay the full estimated cost of an extension before commencement of construction unless otherwise directed by the Commission.

E. Customer Appeal Process.

(1) A utility shall provide a person requesting new service with a written, itemized estimate of the cost of any main or service line extension necessary to provide service.

(2) If a person requesting new service disputes that the assessed cost is consistent with the utility's approved tariff and this regulation, the person may file a complaint with the Commission.