

PUBLIC SERVICE COMMISSION OF MARYLAND

Report on the Progress of Gas Companies in Relocating Gas Service Regulators

Pursuant to the 2021 Flower Branch Act
Maryland Public Utilities Article Section 7-313

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Background

On August 10, 2016, an explosion and fire occurred in a four-story apartment building located at 8701 Arliss Street in the Flower Branch Apartments complex in Silver Spring, Maryland. This accident also heavily damaged an adjacent apartment building at 8703 Arliss Street, resulting in seven fatalities and 65 civilians transported to local medical facilities. Additionally, three firefighters sustained minor injuries. On August 17, 2016, the National Transportation Safety Board (NTSB) launched an investigation. The NTSB issued its Final Report on June 10, 2019, and determined that the probable cause of the explosion in Building 8701 of the Flower Branch Apartments complex was the failure of an indoor mercury service regulator with an unconnected vent line, which allowed natural gas to vent into the meter room, where it accumulated and ignited from an unknown ignition source. The NTSB Final Report contains 13 recommendations—one directed to Washington Gas Light Company (WGL) to relocate indoor gas regulators outside occupied structures whenever the gas service line, meter, or regulator is replaced, while prioritizing multifamily structures over other dwellings.

The Flower Branch Act (House Bill 345) was enacted in 2021 by the Maryland General Assembly and signed into law by Governor Larry Hogan. The Flower Branch Act seeks to prevent future occurrences such as the 2016 explosion by requiring, among other things, all gas companies in Maryland to relocate to the outside any indoor gas regulators that provide service to a multifamily residential structure.

The Act required that on or before January 1, 2022, a gas company must file a plan with the Public Service Commission to relocate any indoor gas regulators that provide service to a multifamily residential structure. After a gas company files its plan, the Act required the Commission, on or before January 1, 2023, to approve, disapprove, or approve with modifications, a gas company's plan. If the Commission were to disapprove its plan, the gas company would have 60 days to refile. The Flower Branch Act also authorizes the Commission's Technical Staff to exempt an indoor gas regulator from relocation if an exemption is warranted after considering certain factors.

Subsequently, indoor gas regulator relocation (IRR) plans were filed by affected gas companies in compliance with Public Utilities Article (PUA) § 7-313(b)(3). The affected gas companies in Maryland are Baltimore Gas and Electric Company (BGE), Washington Gas (WGL), and Easton Utilities. No other Maryland gas company has an indoor gas regulator that meets the Flower Branch Act's definition of multifamily residential structure.

The Commission issued Order No. 90250 on June 7, 2022, approving the IRR plans filed by the gas companies. BGE stated that it has approximately 7,000 indoor gas regulators at multifamily residential structures throughout its gas distribution system. BGE's IRR plan provides that it will complete the relocation of these indoor gas regulators by calendar year (CY)

2031, targeting an average of 700 relocations per year. WGL identified 7,195 buildings in its Maryland service territory that meet the Flower Branch Act's definition of multifamily residential structure and that may have an indoor gas regulator. WGL's IRR plan proposes to relocate approximately 1,000 indoor gas regulators per year by CY2032. Easton Utilities stated that it located just one indoor gas regulator serving a multifamily residential structure, which it planned to relocate in CY2022.

On October 25, 2022, Easton Utilities filed a notice with the Commission (Mail Log No. 242797) that the relocation of its single indoor gas regulator subject to the statute was completed on October 19, 2022. Therefore, Easton Utilities' status will not be included in these annual progress reports to the Governor and the General Assembly given it has completed its gas service regulator relocation prior to the January 1, 2023 statutory deadline for the Commission to rule on gas company plans. The Flower Branch Act also requires the Commission to submit a report on the progress of each gas company's indoor gas regulator relocation efforts to the Governor and the General Assembly on or before March 1 of each year, beginning in CY2023. This is the first annual report on each affected gas company's progress in relocating indoor gas regulators.

CY2022 IRR Plan Highlights

CY2022 marked the initial year of the Flower Branch Act indoor gas regulator relocation requirement for affected gas companies. In this first year of implementation, these gas companies encountered a variety of challenges, but they continue to work through each to move forward with the program. These challenges include supply chain issues, customer cooperation in scheduling relocations and gaining access to equipment, additional work involving gas service renewals, additional work installing new or relocating existing gas service risers, and the identification of additional locations in need of indoor gas regulator relocation compared to original forecasts, among other things. Accordingly, this project report includes updated plan numbers based on the affected gas companies' latest forecasts.

The affected gas companies also implemented customer outreach programs:

- BGE has engaged in multiple customer education and outreach activities, including a dedicated [webpage](#) for indoor gas regulator relocation information and an information handout card for customers, displayed in the Appendix, that provides an overview of the gas regulator relocation program, including a QR code that directs customers to the program webpage for additional information. BGE also created a dedicated email address (GSRR@exeloncorp.com) so that customers can contact the company directly with any questions or concerns. BGE has also scheduled and attended in-person site visits with owners and property managers of multifamily properties to discuss necessary indoor gas regulator relocations, the design/construction process, messaging to residents, and what to expect when the indoor gas regulator relocation work takes place. BGE has also

met and will continue to meet with local jurisdiction officials across BGE's gas system service territory to establish a process for addressing the program and associated permitting requirements.

- WGL has retained the services of a contractor to perform customer outreach and survey sites to plan for indoor gas regulator relocations in sequential phases. Phase 1 includes roughly 100 sites that have been identified for the contractor to contact and coordinate surveys starting in January 2023. Further phases of outreach and surveying will follow a lessons learned review and recalibration of efforts, as needed.

Gas companies may replace infrastructure to improve public safety and reliability under their Strategic Infrastructure Development and Enhancement (STRIDE) program plans approved under PUA § 4-210, with costs recovered under a surcharge. While BGE performed many indoor gas regulator relocations outside of its STRIDE program in CY2022, WGL used its STRIDE program to establish approaches and optimize techniques to be used in future years. Therefore, although WGL completed 40 indoor gas regulator relocations in CY2022, its total expenditures for regulator relocations in CY2022 was \$0.00 because the cost of these relocations were included in its STRIDE program costs. Starting in CY2023, WGL will begin to relocate some indoor gas regulators outside of its STRIDE program.

CY2022 IRR Plan Update and Progress Report

BGE's latest updated IRR forecast is to relocate over 11,200 indoor gas regulators by the end of CY2031, at a cost of approximately \$105 million. WGL's latest updated IRR forecast is to relocate approximately 7,200 indoor gas regulators by the end of CY2032 at a cost of approximately \$80 million. Combined, both companies' IRR plans will result in the relocation of approximately 18,400 indoor gas regulators in Maryland at a cost of approximately \$185 million. In CY2022, BGE relocated 453 indoor gas regulators, and WGL relocated 40 indoor gas regulators.

Of the 453 BGE IRR completions in CY2022, one was at a nursing home, 46 were at residential buildings, two were at hotels, and 404 were at apartment buildings. Of the 40 WGL completions in 2022, all of them were at apartment buildings.

The Flower Branch Act also authorizes the Commission to exempt a gas service regulator from relocation if the Commission finds that an exemption is warranted after considering certain factors. No exemption requests were approved in CY2022, and one exemption request was denied.

The latest IRR plan update on progress and future projections for both the number of indoor gas regulator relocations and capital costs¹ is listed in Table No. 1 below. CY2022 data is based on actual IRRs and CY2023 and beyond is based on forecast IRRs. In addition, the CY2022 IRR plan update on actual IRR completions in CY 2022, total forecast IRRs, and IRRs remaining is listed by county/city location through the end of the program in Table No. 2 below.

Table No. 1 – Inside Gas Regulator Relocation (IRR) Numbers and Costs

Calendar Year	Actual or Forecast Data?	BGE IRRs	BGE Capital Cost	WGL IRRs	WGL Capital Cost	Total IRRs	Total Capital Cost
CY2022	Actual	453	\$653,251	40	\$0 ²	493	\$653,251
CY2023	Forecast	550	\$5,225,215	177	\$1,416,000	727	\$6,641,215
CY2024	Forecast	750	\$6,885,558	714	\$6,069,000	1464	\$12,954,558
CY2025	Forecast	950	\$8,545,901	714	\$6,069,000	1664	\$14,614,901
CY2026	Forecast	1350	\$11,589,864	1071	\$9,103,500	2421	\$20,693,364
CY2027	Forecast	1550	\$13,526,931	1071	\$9,639,000	2621	\$23,165,931
CY2028	Forecast	1550	\$15,463,999	1071	\$9,639,000	2621	\$25,102,999
CY2029	Forecast	1450	\$15,463,999	1071	\$9,639,000	2521	\$25,102,999
CY2030	Forecast	1450	\$15,187,275	714	\$6,783,000	2164	\$21,970,275
CY2031	Forecast	1186	\$12,835,122	358	\$3,401,000	1544	\$16,236,122
CY2032	Forecast	0	0	179	\$17,900,000	179	\$17,900,000
Totals		11239	\$105,377,114	7180	\$79,658,500	18419	\$185,035,614

Table No. 2 – Inside Gas Regulator Relocation (IRR) County/City Overview

County/ City	BGE IRRs CY2022	BGE Total Forecast IRRs	WGL IRRs CY2022	WGL Total Forecast IRRs	Total IRRs CY2022	Total Forecast IRRs	Total IRRs Remaining
Anne Arundel	104	1746			104	1746	1642
Baltimore City	90	3514			90	3514	3424
Baltimore County	222	3960			222	3960	3738
Calvert				78	0	78	78
Carroll	1	152			1	152	151
Cecil		7			0	7	7
Charles				25	0	25	25
Frederick		8		252	0	260	260
Harford	9	604			9	604	595
Howard	16	1028			16	1028	1012
Montgomery			15	3606	15	3606	3591
Prince George's	11	220	25	3171	36	3391	3355
St. Mary's				48	0	48	48
Total	453	11239	40	7180	493	18419	17926

¹ BGE and WGL both forecast a minimal amount—less than \$5,000 annually—of associated operations and maintenance expenditures associated with their gas regulator relocation programs that are not included in the costs in Table No. 1.

² Although WGL completed 40 indoor gas regulator relocations in CY2022, its total IRR expenditures was \$0.00 since these relocations were included in STRIDE program costs.

Appendix

BGE Gas Regulator Relocation Information Handout Card

Front



Gas Service Regulator Relocation Program

BGE is committed to providing safe and reliable natural gas service to our customers. In compliance with the recently enacted Public Utilities Article § 7-313 of the Maryland Code, BGE is relocating gas service regulators that are currently located inside multi-family residential structures that contain six or more dwelling units to outside of the structures.



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Scan the
QR Code
to learn more



Or visit us **online** at:
www.bge.com/GSRR



If you have any additional questions about the regulator relocation program, please contact BGE at GSRR@exeloncorp.com