

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 958 (Delegate Buckel, *et al.*)  
Environment and Transportation

---

Natural Gas – Connection and Line Extension – Discounts and Payment Plans

---

This bill prohibits the Public Service Commission (PSC) from adopting or enforcing any regulation or order that prevents a public service company from offering a discount or payment plan for the connection or extension of a natural gas line to a customer’s property.

---

Fiscal Summary

**State Effect:** PSC can handle the bill’s changes with existing budgeted resources. Revenues are not affected. The potential effect on utility rates is discussed in the Additional Comments section below.

**Local Effect:** The bill does not directly affect local government finances or operation. The potential effect on utility rates is discussed in the Additional Comments section below.

**Small Business Effect:** Potential meaningful. The potential effect on utility rates is discussed in the Additional Comments section below.

---

Analysis

**Current Law:**

*Regulation of Gas Companies, Generally*

PSC regulates gas companies, including monitoring retail competition and customer choice, to ensure that safe, reliable, and affordable gas service is provided. Rates charged by a gas distribution company are specified in the company’s tariff and are approved

through an order made by PSC. Through the rate making process, a gas company is allowed to charge just and reasonable rates for the regulated services it renders.

### *Public Service Company Rates*

A public service company must charge just and reasonable rates for the regulated services that it renders. Generally, PSC has the power to set a just and reasonable rate of a public service company, as a maximum rate, minimum rate, or both. A “just and reasonable rate” means a rate that:

- does not violate any provision of the Public Utilities Article;
- fully considers and is consistent with the public good; and
- except for rates of a common carrier, will result in an operating income to the public service company that yields, after reasonable deduction for depreciation and other necessary and proper expenses and reserves, a reasonable return on the fair value of the public service company’s property used and useful in providing service to the public.

Generally, a public service company must file a tariff schedule of its rates and charges for its regulated services and for standard offer service with PSC. A public service company may not sell, render services, or furnish a commodity until it files and publishes its rate schedules with PSC. Additionally, a public service company may not demand or collect (1) compensation that differs from compensation specified in its rate schedules that are in force at the time of the demand or collection or (2) a charge that violates the statutory provisions that govern public utilities.

### *Extension Plan Rates*

Current regulations require a gas company’s tariff to include (1) each schedule of rates for service together with the applicable riders and (2) the gas company’s rules, or terms and conditions, describing the gas company’s policies and practices in rendering service. These rules must include, among other things, the gas company’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 must be required to pay all or part of the cost. The customer’s payment under this plan should be related to the investment that the gas company prudently can make in consideration of the probable revenue.

**Small Business Effect:** Small businesses that wish to have natural gas service extended to their facility may benefit from existing gas company practices related to new customer service extensions. The effect on utility rates, generally, is discussed in the Additional Comments section below.

**Additional Comments:** In its June 2025 [Order No. 91683](#), PSC found that, currently, new gas service and main line extensions are encouraged by subsidies that reduce or eliminate any charge to the new customer for such extensions. Further, it found that those and similar tariff provisions mask the true cost of extending gas service to a new customer, even though such an extension may not be economically justified over the life of the new facilities. The order directed commission staff to draft regulations for commission consideration addressing specific principles, including that the cost for new gas service and/or main line extensions be determined using actual per-project costs or actual current construction costs for similar projects. As of February 25, 2026, the rulemaking proceeding (RM 92) is ongoing.

Therefore, the bill may preclude PSC from adopting regulations to end existing gas company practices related to new customer service extensions, resulting in foregone savings for existing gas customers – including the State, local governments, and small businesses.

---

### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Public Service Commission; Office of People’s Counsel; Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2026  
jg/lgc

---

Analysis by: Andrés López Esquerro

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510