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Chairman Latta, Ranking Member Castor, and distinguished Members of the Subcommittee, thank you for the opportunity to testify today. My name is Jim Steffes, and I serve as Senior Vice President of Regulatory, Policy, and Advocacy at Washington Gas, which has safely delivered affordable and reliable natural gas service to the National Capital Region for more than 175 years.

This hearing could not be timelier. Our nation is confronting rapidly rising energy demand, driven by new technologies and economic growth, and we must recognize that energy security is inseparable from national security. Without a resilient and diverse energy system, our economy, critical infrastructure, and defense capabilities will be vulnerable. Maintaining an affordable, diverse, reliable, and resilient energy mix, featuring natural gas, is vital for addressing the increasing energy needs of our economy and ensuring energy security.

At the same time, we need to ensure that consumers, whether in the public or private sector, can choose what energy type fits their budget and needs. When customer choice is threatened (for example, through gas bans or opposition to infrastructure improvements), so is their access to affordable, reliable energy. Policies that limit access to certain forms of energy, like unrealistic Building Energy Performance Standards (BEPS), and gas bans, result in a less reliable energy system, increasing costs for consumers, and further straining our nation's electricity grid. And, when we speak of driving up costs for consumers, we are not just talking about the electric bills

themselves, but the high costs to upgrade home electric infrastructure, purchase new appliances and replace gas furnaces in homes. These costs are paid for by American consumers. Some state and local officials succumbed to the notion that eliminating investment in natural gas system modernization will force fuel switching. The reality is this only results in a less safe and less reliable natural gas system, and a less resilient electricity grid. This will not support the economic growth we all want to see.

Congress must take action to reduce rigid government mandates that fail to fully account for safety, reliability, resilience, and affordability for ratepayers, especially in our nation's Capital. Whether it is passing bills currently before this committee that champion energy affordability, consumer choice, and sensible regulation, investing in modernization of our infrastructure, or undoing costly and unwise regulation, Washington Gas stands ready to work with policymakers and stakeholders to meet these challenges, as we always have for the National Capital Region and its residents.

Our mission is simple but essential: to ensure that energy delivery to our customers in the National Capital Region is safe, reliable, and affordable, because energy security is national security.

About Washington Gas

Washington Gas was founded in 1848 through a Congressional charter signed into law by President James K. Polk. The newly chartered company installed gas lights in the House and Senate chambers, the White House, and along Pennsylvania Avenue. Around the dawn of the 20th century—again at the direction of Congress—Washington Gas expanded into Virginia and Maryland.

Today, Washington Gas plays a critical role in supporting the daily lives of over 1.2 million customers across the District of Columbia, Maryland, and Virginia (DMV) region. Everything we do at Washington Gas revolves around our customers. They have told us what matters most: safe, affordable, and reliable energy, and the freedom to choose natural gas for their homes and businesses. From heating homes or offices, to cooking meals for families and customers, natural gas is the affordable and reliable choice.

Among our customers are the Capitol complex, the White House, the Pentagon, and hundreds of other federal agency buildings, operation centers, military installations, embassies, and other critical infrastructure that are central to our nation's security.

Approximately 20 percent of our natural gas delivered serves the federal government. Washington Gas provides natural gas service to federal customers through an Area Wide Public Utility Contract (AWC) managed by the General Services Administration (GSA). The AWC covers natural gas, transportation, energy management, and other services.

Energy Security Is National Security

At Washington Gas, we carry out our mission with the knowledge that the region's energy security is national security. Reliable and resilient energy delivery to the National Capital Region is essential not only to daily life, but to the functioning of the federal government, the defense of our nation, and the safety of our citizens. Interruptions in energy supply within the National Capital Region would have consequences far beyond just the local community, potentially

disrupting federal agency operations, emergency response, and national defense readiness. That is why we continue to make strategic investments in pipeline safety, leak reduction, and modernization programs that support the long-term reliability of our delivery infrastructure.

Energy Demand in our Region is Skyrocketing

This summer, the Pennsylvania-New Jersey-Maryland Interconnection (PJM)—the largest U.S. regional electric grid, which includes the National Capital Region—has seen capacity auction prices surge to ~$329 per megawatt-day, representing over a 1,000% increase over the past three years. Adding to this spike is the rapidly expanding demand from data centers, particularly those supporting AI workloads. Analysts from the ICF project determined that residential electricity rates across the PJM region could climb by 30% to 60% by 2030, largely due to these elevated capacity costs. In the short term, electricity bills in and around Washington, DC have already risen in the past two years and may rise further. Both generation and transmission and distribution infrastructure investments are driving this increase.

Currently, roughly 40% of PJM's electricity supply is natural gas–fired generation on an average day**.** In other words, the region's grid is already heavily dependent on natural gas to balance supply and meet peak demand. Moving to "electric-only" solutions without sufficient capacity is neither technically feasible, nor reliable in the near- to medium-term, and ignores that we would simply be largely switching from natural gas used directly by our customers to natural gas generation.

Pursuing major new investments to expand electric transmission and distribution and generation projects are costly and will take years to complete. In the meantime, expanding, fortifying, and modernizing the natural gas infrastructure in the National Capital Region is critical. Strengthening

our distribution system and capacity supports a reliable fuel supply to enable natural gas-fired generation. This will directly bolster electric grid resilience, protecting households and critical facilities from the risks of an overstrained electric system, while still enabling economic growth.

Challenges to Natural Gas Infrastructure Modernization

Modernizing our infrastructure is essential to mitigate hazards such as gas leaks and to improve the reliability of the natural gas system. The federal government has a paramount interest in ensuring safe and reliable natural gas system all across the country, but particularly in the National Capital Region to meet current and future energy needs. To meet rising demand, Washington Gas's integrated, interstate natural gas system must be modernized on an accelerated basis. The Company is working to replace aging infrastructure to enhance safety and comply with standards issued by the Pipeline and Hazardous Materials Safety Administration (PHMSA), while also preparing to meet the demands of new data center infrastructure. These efforts support safety and create thousands of jobs.

Since 2014 Washington Gas has replaced more than 425 miles of cast iron pipe and other aging infrastructure in the National Capital Region, approximately 41 miles of which are in DC. We have more than 1000 miles of cast iron and vintage pipe that still must be replaced, nearly 400 miles of which is in DC. That is why we invest $370 million annually in the region, and nearly $90 million annually in DC, for infrastructure modernization and upgrades – all the while creating good-paying jobs.

On September 27, 2024, Washington Gas filed its Strategic Accelerated Facilities Enhancement (District SAFE) Plan, which proposes a $215 million investment over three years to replace high-risk, leak-prone pipes as required by PHMSA. This work mirrors efforts by utilities nationwide and comes at a time when DC remains well behind the rest of the country in cast-iron pipe replacement. District SAFE aligns with the city's climate goals by reducing methane emissions associated with leaks. Fully replacing leak-prone pipes would reduce associated emissions by more than 90% compared to 2014 levels, while also creating thousands of high-skill, good-paying construction and support jobs. Approving District SAFE would align the District with best practices already adopted in 24 states.

Ultimately, infrastructure modernization is more than a local issue—it is a matter of national security across the National Capital Region. A safe, reliable, and resilient energy system in Washington, DC is essential not only for homes and businesses, but for ensuring that the federal government and critical institutions in our capital can operate without disruption.

State and Local Gas Bans and Building Energy Performance Standards (BEPS)

Across the country, state and local governments are adopting building codes banning the use of natural gas in new or substantially renovated buildings and building energy performance standards which will force private property owners to pay millions of dollars for electrification retrofits on existing buildings. Gas bans and similar laws prohibit homeowners and businesses from using efficient gas-powered ranges, furnaces, water heaters, boilers, and other appliances. These measures are being adopted in the National Capital Region and will exacerbate the existing

housing crisis. The impacts are particularly acute given they come at a time when electricity costs have increased dramatically.

For example, the Clean Energy DC Building Code Amendment Act of 2022 mandates the adoption of a net-zero energy building code by the end of 2026 and applies to new construction and substantial improvements of buildings. This law essentially bans natural gas and forces the electrification of qualifying buildings without regard to private property owners' energy preferences, affordability, or prior investments in natural gas equipment.

Maryland has also adopted a state-wide building energy performance standard (BEPS) as of 2024. The Maryland BEPS regulations force covered building owners to incur major costs to replace fossil fuel appliances or face penalties, regardless of whether their appliances are due for replacement or not. The Maryland BEPS does not consider electricity cost increases. Rising electricity costs mean these measures are even less cost-effective. For example, the Maryland Department of the Environment estimates that property owners will spend more than $5.7 billion on efficiency and electrification measures to achieve $1.2 billion in energy cost savings without BEPS. Those estimates climb to more than $15 billion spent on efficiency and electrification measures to provide approximately $9 billion in energy savings with the addition of BEPS. Maryland's BEPS also does not consider whether the grid can even handle additional load created through electrification.

Within Maryland, Montgomery County has a BEPS regulation. Such that is designed to ban the use of gas appliances in most new construction by the end of 2026. These "all-electric building" standards prohibit buildings from having "combustion equipment," including those used for space or water heating, cooking, clothes drying, or lighting. This gas ban will increase the cost of new homes and commercial real estate as buildings are forced to comply with expensive all-electric building standards. WGL notes that WGL is not the only entity fighting Montgomery County's BEPS – Homebuilders and Condo Associations are too.

These measures will strain an already stretched electric grid that is not ready to accommodate the demands widespread electrification would require. They drive up costs while driving down resilience and safety.

Section 433 and the Federal Building Energy Performance Standards Rule

The Biden Administration's promulgation of federal building energy performance standards issued under Section 433 of the Energy Independence and Security Act of 2007 (codified at 10 CFR, parts 433 and 435), constitutes an enormous threat to the affordability, resilience, and reliability of natural gas service in the National Capital Region. These rules mandate that new and renovated federal buildings slash their on-site fossil fuel-generated energy consumption by 90% by 2025 and achieve a complete 100% reduction by 2030. While framed as an efficiency measure, this is, in effect, a government-driven mandate to electrify federal facilities at tremendous cost to federal taxpayers in the form of both dollars and reliability.

Gas bans and limitations on federal facilities harm the public. They compromise the reliability of our energy system by shifting reliance to a single electric grid. They undermine energy resilience by eliminating options for on-site power generation, including at critical federal facilities. And they contravene the wishes of millions of Washington Gas customers, who choose our service month after month and year after year.

Furthermore, the financial and operational implications of this mandate on the National Capitol Region energy systems are severe. Anti-gas policies discourage investment in critical infrastructure and are thus antithetical to maintaining safety and reliability standards.

Washington Gas' business model relies on a diverse and stable customer base to support the costs of our extensive and highly regulated distribution network. The systematic removal of Federal buildings from our network forces the fixed costs of maintaining the system onto a smaller pool of remaining residential and commercial customers.

How Can the Federal Government Help?

Congressional Action to Repeal Section 433 and Preserve Energy Choice

I commend the members who have put forth a suite of bills that champion energy affordability, consumer choice, and sensible regulation. On behalf of Washington Gas Light, I want to express our strong support for these measures and urge their swift passage.

Representative Rick Allen's (R-GA) "Don't Mess With My Home Appliances Act" (H.R. 4626) is crucial as it would prevent the Department of Energy from imposing overly stringent efficiency standards that effectively ban gas appliances and limit consumer options. Whether it is warming their homes, heating their water, or cooking dinner for their families, natural gas appliances and equipment are at the heart of many of our customers' households. Hospitals, schools, and small businesses alike all rely on natural gas for different aspects of their operations due to its affordability and reliability. Consumers should have the right to choose the energy source they prefer. Natural gas users typically consume less energy, and high-efficiency natural gas appliances and equipment are often the most cost-effective and lowest emissions option for consumers. Maintaining choice helps ensure a resilient, diverse, affordable, and flexible energy future that meets the evolving needs of consumers.

We also strongly support Representative Nick Langworthy's (R-NY) amendment of the Energy Conservation and Production Act (H.R. 4690), the "Reliable Federal Infrastructure Act" which would repeal certain Federal building energy efficiency performance standards under Section 433 and ensure continued safety and reliability of gas delivery to our federal customers for the governments critical functions while protecting rate payers in the National Capital Region from significant rate increases to offset lost revenue from the federal government.

Similarly, Representative Craig Goldman's (R-TX) "Homeowner Energy Freedom Act" (H.R. 4758) and Representative Nick Langworthy's (R-NY) "Energy Choice Act" (H.R. 3699), are vital to protecting the rights of homeowners and local communities by repealing provisions in the Inflation Reduction Act that penalize the use of natural gas and preventing state and local

governments from outright banning our service. By supporting these bills, Congress can ensure that families and businesses retain access to the energy choices and sources that have proven to be reliable and affordable for decades.

Lastly, we support Representative Randy Weber's (R-TX) "Federal Mechanical Insulation Act" (H.R. 3474), which recognizes the critical role of mechanical insulation in improving energy efficiency in federal buildings, promoting a simple, cost-effective way to conserve energy without mandating expensive and disruptive system replacements. Together, these bills represent a balanced and pragmatic approach to energy policy that respects the needs of the American people.

PHMSA Engagement with States and Localities

PHMSA regulations require operators of gas distribution pipelines to implement Distribution Integrity Management Programs (DIMPs), identifying and addressing cast iron pipelines that could pose a risk. Among other factors, pipeline age and material are significant risk indicators. As the United States works to safely achieve its energy and economic goals, it must invest in upgrading its infrastructure, including vintage pipelines.

In 2011, following major natural gas pipeline incidents, DOT and PHMSA issued a Call to Action to accelerate the repair, rehabilitation, and replacement of the highest-risk pipeline infrastructure. Pipelines constructed of cast and wrought iron, as well as bare steel, are among those pipelines that pose the highest risk. As part of the Call to Action, Senior DOT and PHMSA management conducted aggressive outreach with the Federal Energy Regulatory Commission (FERC) and

National Association of Regulatory Utility Commissioners (NARUC), as well as various Public Service Commissions, to support rapid implementation/funding/approval of state Accelerated Pipeline Replacement Programs (APRP) programs like District SAFE.

Washington Gas supports PHMSA re-engaging at the state-level in a Call-to-Action Part 2, to advance APRP program implementation. Pipeline transportation is a safe and cost-effective way to transport natural gas. Pipeline owners invested billions of dollars annually to upgrade and enhance the safety of their critical infrastructure in response to a 2011 Call to Action issued from PHMSA. However, in early 2025 the Maryland General Assembly revised its APRP statute to require consideration of "alternatives to replacement," a direct challenge to PHMSA's Call to Action and President Trump's Executive Order No. 14154, "Unleashing American Energy" and Executive Order No. 14156, "Declaring a National Energy Emergency". We urge PHMSA to proactively re-engage at the state level to support APRP that prioritize safety and enhancements to the natural gas transportation system.

Federal Funding for Energy Infrastructure Modernization

Since 2013 Washington Gas has invested $370 million annually in accelerated pipeline replacement in the National Capital Region, and the Company plans to invest $3.5 billion or more in APRP over the next decade. But, thanks to years of state-level limitations on APRP investment, unfounded challenges to actual infrastructure costs, state and local permitting and paving restrictions, as well as newly emerging attempts to erode the historic prudency test protecting Washington Gas and its customers alike, the Company's APRP efforts continue to lag behind its energy security obligations. As a chartered agent of Congress, Washington Gas may need to partner

financially with the federal government to assure timely replacement of its aging pipes to maintain safe and reliable service in the National Capital Region. The Company welcomes the opportunity to work with this Committee on what that partnership might entail, including direct financial support, construction and operational coordination with relevant branches and agencies of government, and common-sense guidelines to ensure safety, security, resiliency, and customer choice.

Conclusion

In summary, I urge the committee to adopt two basic principles in considering legislation to maintain and enhance our gas and electrical grids—national security and energy choice. The long-term reliability and safety of our energy infrastructure are under threat from federal, state, and local regulations that undermine our business as well as from hostile actors who seek to disrupt our service. It is a critical imperative that policy at the federal, state, and local levels be aligned to support, not hinder, our efforts to modernize and protect this vital network. By moving toward a collaborative framework that recognizes the essential role of natural gas and supports infrastructure investment, we can ensure the uninterrupted flow of energy crucial to our citizens' daily lives, our government's activities, and our nation's security.

Thank you for the opportunity to testify today, and I look forward to your questions.