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Executive Director

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2024 Board of
Directors

Support HB 505 - Limitations on Cost Recovery by Public Service Companies and Reports on Votes Cast at Meetings of Regional Transmission Organizations (Utility Transparency and Accountability Act)

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Dear Chair Wilson and Members of the Committee:

Maryland LCV supports HB 505 - Limitations on Cost Recovery by Public Service Companies and Reports on Votes Cast at Meetings of Regional Transmission Organizations (Utility Transparency and Accountability Act), and we thank Delegate Charkoudian for her leadership on this issue.

The Maryland PSC regulates investor-owned utility charges through cost of service ratemaking. The process determines just and reasonable rates for a utility to charge in order to recover a reasonable return on “the fair value of the public service company’s property used and useful in providing service to the public.”¹ Political activities, corporate sponsorships, advertising, trade association dues, and other costs unrelated to service provided to ratepayers are not “used and useful in providing service to the public.”

HB 505 also develops a more efficient regulatory environment for ratemaking by no longer requiring customers bear the cost of utility participation in a regional transmission organization (RTO). The benefits of this are two-fold. Participation in PJM, our RTO, is essential to 21st century inter-state electricity generation and transmission planning, and should be required of Maryland utilities without ratepayers bearing the cost.

By clarifying these expenses are not the responsibility of utility customers, HB 505 provides ratepayer protection against higher rates due to unreasonable costs and inefficient spending on such activities. This puts Maryland in line with similar legislation passed in other states last year and introduced in 3 others this year.² The bill also requires reporting of PJM votes and political spending. This increased transparency will keep Maryland on track to meet electrification and climate targets, and improve the PSC’s ratemaking process.

Future proofing our grid and saving ratepayer dollars will require improved transparency and accountability of utilities as they set rates and aid in Climate Solutions Now Act implementation. SB 682 facilitates this.

Maryland LCV urges a favorable report on this important bill.

¹ https://www.psc.state.md.us/wp-content/uploads/MD-PSC-Ratemaking-Overview-House-ECM_01102019.pdf

² Similar bills were passed last year in Colorado, Connecticut, and Maine. Arizona, California, Illinois, New York, Virginia, and Ohio have also proposed similar bills this year.