



HB505 - SUPPORT

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**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)**

Economic Matters Committee

February 22, 2024

Dear Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee:

My name is Matt Kasper and I'm the Deputy Director of the Energy and Policy Institute (EPI). EPI is a national utility research and watchdog organization. EPI has documented how electric and gas utilities use the money they collect from customers' monthly bills to fund political machines that aim to push legislation, curry favor with regulators, and alter the outcomes of elections, sometimes even breaking the laws in the process.¹

EPI joins a coalition of over two dozen organizations supporting HB 505, including 350.org, Chesapeake Climate Action Network Action Fund, Maryland PIRG, and Progressive Maryland. I am going to expand on that written testimony to further explain why this legislation will protect customers and help Maryland achieve its emission reduction goals.

First, by prohibiting utilities from spending customer money on political influence activities, along with other costs that do not help these companies serve customers, we can ensure that ratepayers are not funding utility advocacy - including actions that slow down the clean energy transition. One specific instance that is happening right now is that Maryland utility customers contribute to the budgets of the American Gas Association (AGA) and the Edison Electric Institute (EEI). Both AGA and EEI are inherently political organizations. AGA organization expenses and staff efforts have gone towards fighting state efforts to reduce emissions from the building sector, weakening building codes and efficiency standards, and funding misinformation

¹ EPI, "Getting Politics Out of Utility Bills." January 2023. <https://energyandpolicy.org/utility-political-machines/>.

campaigns centered around electric heat pumps.² EEI operated a training camp to teach utility lobbyists and executives from utilities how to run political campaigns. One camp specifically held up examples of two companies that ran campaigns that overturned or prevented clean energy-supportive policies, one of which became the basis of a federal corruption prosecution.³

Second, HB 505 will allow legislators, regulators, intervenors, and customers to easily and efficiently ensure with their own eyes that their utilities are not spending money on political influence activities. Connecticut passed a similar policy last year, and the required disclosures and disallowances there have helped the Office of Consumer Counsel include in its direct testimony recommendations to remove \$319,685 from being charged to customers in an ongoing rate case.⁴ Without these reforms, consumer advocates and other intervenors can only pry open utilities' books using an expensive, time-consuming discovery process during rate cases. Years can go by between these opportunities for accountability, and even when rate cases do occur, utilities fight against or ignore discovery questions that they don't want to answer.

This bill will not prohibit a utility company from engaging in political activities. The bill instructs utilities and regulators to ensure that certain expenses should come from their profits, not customer accounts.

We urge a favorable report on HB 505.

² NPR, "As Cities Grapple With Climate Change, Gas Utilities Fight To Stay In Business," February 22, 2021. <https://www.npr.org/2021/02/22/967439914/as-cities-grapple-with-climate-change-gas-utilities-fight-to-stay-in-business>; Huffington Post, "A Battle Over Building Codes May Be The Most Important Climate Fight You've Never Heard Of," March 3, 2022. https://www.huffpost.com/entry/building-codes-climate_n_621e4b69e4b0afc668c68e59; AGA comments in Notice of Proposed Rulemaking, *Energy Conservation Program: Energy Conservation Standards for Consumer Water Heaters*, September 26, 2023; Slate, "The Gas Lobby Is Slowing Climate Progress," December 19, 2023. <https://slate.com/technology/2023/12/american-gas-association-gas-stove-health-risks-environment.html>. AGA IRS Form 990s, <https://projects.propublica.org/nonprofits/organizations/130431590>.

³ EPI, "EEI used anti-clean energy campaigns as role models in political boot camp for utility execs," August 27, 2020. <https://energyandpolicy.org/eei-campaign-institute/>.

⁴ Docket No. 23-11-02. Office of Consumer Counsel of the State of Connecticut Director Testimony, p.12-17. February 8, 2024.