



February 22 2024

## HOUSE ECONOMIC MATTERS COMMITTEE

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

#### Statement in Opposition

Chesapeake Utilities Corporation (“Chesapeake Utilities”) respectfully **OPPOSES** certain provisions contained in HB 505. Among other things, HB 505 establishes an expanded definition of the term “lobbying” (to include the undefined term 'political activities') and then prohibits any public service company from recovering certain costs through rates – including all costs for membership in any trade association and other costs for undefined and vague items such as seeking to influence public opinion or generate goodwill toward the public utility. .

**HB 505 is unnecessary.** Under current law, a public service company is already prohibited from recovering lobbying expenses through rates. See PUA § 4-103(b) (“a public service company may not charge off lobbying expenses against its ratepayers”). For decades, the Public Service Commission (the “Commission”) has exercised its authority to thoroughly review all expenses for which a utility seeks recovery and to prohibit the recovery of lobbying expenses. HB 505 adds a significant number of undefined terms intended to expand the definition of “lobbying expenses” far beyond the law that the Commission has enforced for decades. In addition, HB 505 prohibits the recovery of all costs for the undefined term “investor relations” – it is unclear what costs these include. HB 505 will simply create uncertainty and encourage disagreement and unnecessary litigation.

**HB 505 inappropriately prohibits cost recovery for membership in any trade association.** HB 505 incorrectly assumes that all utility trade association activity is “lobbying.” Utility trade associations provide many services that benefit utility ratepayers including the dissemination of consumer safety information, Federal law updates, advice concerning emergency planning / preparedness, and providing a platform to share best practices / lessons learned. Simply put, there is no basis to prohibit a utility from recovering all dues paid for trade association membership. Moreover, in the event that the facts in a particular case demonstrate that a trade association is actually “lobbying” on the behalf of a public service company - the Commission already possess the authority to exclude the appropriate portion of the related expenses from rates.



Respectfully, HB 505 appears to be aimed at chilling the free speech rights of public service companies in relation to their interactions with elected officials and government personnel. It is important for public service companies to interact with elected officials and provide feedback on legislation and other matters that directly impact utility ratepayer (who also happen to be constituents). On behalf of Chesapeake Utilities Corporation, and our thousands of employees and their families who deliver energy safely and contribute every day in the communities where they live, work and serve, we respectfully request an unfavorable vote on SB 548.

Sincerely,

Chesapeake Utilities Corporation  
Steve Baccino, Governmental Affairs Director  
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