

Department of Legislative Services  
Maryland General Assembly  
2025 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 756 (Senator A. Washington)  
Education, Energy, and the Environment

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Electric Companies, Gas Companies, Gas and Electric Companies, and Water  
Companies - Periodic Audits

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This bill requires each electric company, gas company, gas and electric company, and water company to submit an audit of utility operations, customer usage, and customer billing to the Public Service Commission (PSC) by December 31, 2026, and every three years thereafter. The audit must include the following information for the immediately preceding three years: (1) customer rate changes and an analysis of the factors that led to those rate changes; (2) customer usage patterns and billing changes; (3) a description of any changes to the company's billing practices and policies, including any forms used; and (4) any other information PSC requires. PSC must determine the format of the audit report and publish each audit on its website.

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Fiscal Summary

**State Effect:** PSC can handle the bill's requirements with existing budgeted resources. The bill does not otherwise materially affect State finances or operations.

**Local Effect:** The bill does not materially affect local government finances or operations. Municipal electric utilities must file the required report with PSC every three years.

**Small Business Effect:** Minimal. Small for-profit water companies subject to PSC jurisdiction must file the required report with PSC every three years.

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Analysis

**Current Law:** PSC regulates public service companies doing business in Maryland, which includes the electric, gas, and water companies specified in the bill. PSC only regulates

private for-profit water companies, which are relatively small compared to the public water systems that provide most water utility service in the State.

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, it 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 Division I of the Public Utilities Article.

With limited exceptions, a public service company must file an annual report with PSC for the preceding calendar, along with special reports, information, contracts, records, and copies as required by PSC. PSC may require that the documents be filed under oath.

**Additional Comments:** Annual utility reports are published on PSC’s [website](#).

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### **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 13, 2025  
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