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February 5, 2020

**HB 260:** Residential Electricity and Gas Supply Billing Information -- Reports

**Committee:** House Economic Matters

**Position:** Support

Southern Maryland Electric Cooperative (SMECO), a member-owned electric cooperative based in Hughesville that provides electricity to more than 165,000 customers in Charles, St. Mary's, Calvert and southern Prince George's County, supports HB 260. The bill requires electric companies, gas companies and electricity suppliers to submit monthly reports to the Public Service Commission (PSC) on the supply and prices of electricity and gas to their residential customers.

SMECO currently has a little more than 4,000 (less than 2.5 percent) of our residential customers signed up with an alternative supplier. SMECO handles the billing responsibilities for alternative supply customers just like those customers receiving our Standard Offer Service (SOS).

Under HB 260, SMECO would be required to submit comprehensive reports to the PSC that would be valuable to determine if customers on third party suppliers are actually saving money. SMECO has been leader in capturing this type of information, and we believe that the reports called for in HB 260 are complementary to our already extensive reporting.

We believe filing these reports at the PSC is a worthy because it will demonstrate that the vast majority of our customers receiving their power from an alternative supplier are paying more – oftentimes way more – than SMECO's SOS rate. After receiving hundreds of complaints, SMECO began to examine the rates our members are paying with alternative suppliers and found disturbing results.

In 2017, SMECO members who received their electricity from an alternative supplier overpaid \$1.8 million when compared with our SOS price. In 2018, our members overpaid more than \$2.2 million over our SOS price. In 2019, our customers on alternative supply overpaid by \$2.7 million. Considering that SMECO has less than 4,200 members choosing an alternative supplier, the average overpayment is over \$40 per month or nearly \$500 per year in 2019. Unfortunately, many of those individuals were unaware they were receiving their electric commodity from an

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alternative supplier. I know this personally because I have fielded many of the phone calls, heard the stories and followed up on the complaints.

The problems occurring in Southern Maryland are not unique.

Recent reports from the Office of People's Counsel and The Abell Foundation documented widespread instances of utility ratepayers across the state overpaying by millions of dollars with alternative suppliers compared to their incumbent utility's SOS.

This problem is not unique to Southern Maryland and we urge the General Assembly and the PSC to protect our ratepayers.

SMECO supports the concept of electricity ratepayers shopping to get the best possible deal. What we do not support are the high pressure and oftentimes dishonest sales practices used by some third party supply representatives. Door to door solicitations, claiming they are selling their product "on behalf of SMECO" and even pulling customer information off their home computers are simply unacceptable and need to be addressed by the PSC. It's not fair for a customer to sign up for an alternative electricity supplier on a "teaser rate," receive a gift card and then be held captive with skyrocketing costs.

HB 260 is a step in the right direction. It will provide valuable data to our state regulators to help guide them in making needed reforms to this state policy.

For this and other reasons stated above, SMECO respectfully requests a favorable report on HB 260.

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