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February 25, 2020

To: The Honorable Delores G. Kelley  
Chair, Finance Committee

From: Karen S. Straughn  
Consumer Protection Division

Re: Senate Bill 681 – Electricity Suppliers and Gas Suppliers – Consumer Protection (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 681 submitted by Senators Mary Washington, Joanne C. Benson and Delores G. Kelley. This bill mandates that a utility customer's written consent must be obtained to change from a fixed rate to a variable rate and limits early termination fees to \$50.00. In addition, it gives investigatory authority to the Office of People's Counsel to protect the interests of residential gas and electrical customers.

Variable rates may give an opportunity for individuals to lower their utility costs, but it is important that an individual know that the rate is not fixed and understand that a variable rate can change at any time. Currently, some consumers are enticed by teaser rates that appear to save the consumer money, but change so that the consumer is paying far more than standard offer service. This bill seeks to address that misleading practice. By ensuring that the customer provide written consent to a variable rate, it seeks to ensure that the consumer knows that the rate can change every month and the customer must be vigilant to ensure that the rate does not exceed an amount that would be cost-effective. If it does, the customer should have the right to change plans, at which time it becomes imperative to ensure that early termination fees are not excessive.

Moreover, by expanding the investigatory rights of the Office of People's Counsel, that office will have a greater ability to protect low income customers from predatory practices. This bill will enable them to subpoena records and seek information upon initiating an investigation. Office of People's Counsel's mission is to advocate for the interests of Maryland residential customers of utility services. By expanding their investigatory rights, Office of People's

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Counsel can ensure that residential rate payers are protected from deceptive and unfair practices.<sup>1</sup>

For these reasons, we ask that the Finance Committee return a favorable report on this bill.

cc: The Honorable Mary Washington  
The Honorable Joanne C. Benson  
The Honorable Delores G. Kelley  
Members, Finance Committee

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<sup>1</sup> The Consumer Protection Division also has the ability to investigate unfair and deceptive trade practices by third party suppliers.