

Oppose
Economic Matters Committee
3/6/2025

House Bill 960 – Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery – Limitations and Reporting Requirements (Ratepayer Freedom Act)

Baltimore Gas and Electric Company (BGE) opposes *House Bill 960 - Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery – Limitations and Reporting Requirements (Ratepayer Freedom Act)*. House Bill 960 would prohibit certain public service companies from recovering through rates certain costs and would require inclusion in an annual report to the Public Service Commission (PSC) certain costs related to certain activities.

BGE opposes House Bill 960 because it is overreaching and undermines the expressive authority of the PSC to “ensure that rates, terms, and conditions established for public service companies are just, reasonable, and transparent,” as described in the PSC’s mission statement. This bill is based on a predicate that is untrue—that utility expenditures and recovery of utility expenditures are not transparent. The very nature of being in a highly regulated industry, such as the utility industry, means utility expenditures and whether such expenditures are recoverable are highly scrutinized every time the utility goes in for a rate case. The PSC has the jurisdictional responsibility for setting distribution rates for utilities in Maryland. As the regulator, they have the authority to ask for all financial information when deliberating potential rate increases and make the determination of whether costs are considered “above-the-line” and recovered from customers or “below-the-line” and recovered from shareholders. It is essential to note that BGE transparently provides its expenditures during rate case proceedings for examination by the PSC, the Office of People’s Counsel, and other interveners. The PSC thoroughly reviews these expenditures and determines whether they are prudent and reasonable and should, therefore, be recovered from customers.

BGE does not recoup costs for lobbying, as defined by Maryland Ethics Law (Section 5-702 of the General Provisions Article), from its customers. Lobbying is considered a “below-the-line” expense paid for by shareholders. The same is true for non-informational advertising and marketing pursuant to existing PSC regulations. House Bill 960 improperly re-defines what constitutes lobbying to apply only to investor-owned gas and electric companies and is not inclusive to all industries. Re-defining what constitutes lobbying for a limited group of companies is inequitable and unnecessary, especially when BGE remains in full compliance with the Maryland Ethics Law.

House Bill 960 also inappropriately scrutinizes the expensing of industry trade associations. It is a best practice for gas and electric service companies to join and participate in industry trade

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company’s approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation’s largest energy delivery company.



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Position Statement

associations, as it serves as a highly effective platform for sharing industry trends, benchmarking, best practices and collaboration on issues like clean energy and grid reliability through work groups. BGE just achieved its best reliability performance in the company's history in 2024. Upgrades in distribution automation, reclosers, and other smart grid technologies contributed to more than 2,032,000 avoided customer outages. These technologies are thoroughly discussed, examined, and benchmarked by the Edison Electric Institute, of which BGE is a member and active participant. Clearly, there is direct benefit for customers of this membership and others like it. Importantly, any costs specifically related to policy advocacy provided by industry associations are expensed by shareholders and are **not** paid for by ratepayers.

BGE strongly objects to House Bill 960's requirement to provide confidential information on employee salaries and contractor information, including for costs that are already excluded from recovery under existing precedent. BGE has significant privacy concerns on behalf of its employees regarding this unnecessary provision. House Bill 960 overreaches by expanding annual reporting requirements to include itemization on expenses that are not included in rates. BGE discloses all costs on the FERC Form 1 and all non-recoverable lobbying costs through the required reporting administered by The State's Ethic Commission (just as any other registered lobbyist does in the State of Maryland).

BGE urges the Committee to resist placing undue and unjust burdens on a single industry that would directly conflict with existing law. As a regulated utility, the proper protections are already in place to ensure only prudently incurred expenses are recovered by ratepayers. The PSC has existing authority to reject cost recovery or request additional financial disclosures on any expense not determined to be prudent and reasonable.

BGE respectfully requests an unfavorable report on House Bill 960.

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Charles Washington | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281