



March 11, 2025

**HOUSE ECONOMIC MATTERS COMMITTEE**  
**HB 960 – Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery –**  
**Limitations and Reporting Requirements (Ratepayer Freedom Act)**

**Statement in Opposition**

Chesapeake Utilities Corporation ("Chesapeake Utilities") respectfully OPPOSES certain provisions contained in HB 960. Among other things, HB 960 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. The bill also requires public service companies to submit an annual report that includes the title, job description and salary of any employee of the company (or any parent or affiliate) or third-party vendor who performs any services related to the bill's expanded definition of "lobbying."

Chesapeake Utilities operates natural gas local distribution companies that serve approximately 32,000 customers on Maryland's Eastern Shore in Caroline, Cecil, Dorchester, Somerset, Wicomico, and Worcester Counties. These public utilities are regulated by the Maryland Public Service Commission and have provided in the coldest months of the year safe, reliable, resilient, and affordable service in the state for decades. As a company, Chesapeake Utilities serves as a positive and informed resource in the ongoing energy and climate change discussions and a driver of economic development and increased employment opportunities. Moreover, Chesapeake Utilities is committed to continuing being part of the solution as Maryland addresses greenhouse gas emissions.

HB 960 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 960 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 960 prohibits the recovery of all costs for the undefined term "investor relations" - it is unclear what costs these include. HB 960 will simply create uncertainty and encourage disagreement and unnecessary litigation.

HB 960 inappropriately prohibits cost recovery for membership in any trade association. HB 960 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.

HB 960 aims to limit free speech rights. Respectfully, HB 960 appears to be aimed at limiting 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 ratepayers (who also happen to be constituents). Finally, the new and extensive annual reporting requirements created by HB 960 appear to be a solution in search of a problem. Since current Maryland regulations prohibit public utilities from recovering any lobbying expenses – it is unclear what benefit (if any) is gained by making utilities file detailed report expenses they already cannot recover.

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 HB 960.

Sincerely,

Chesapeake Utilities Corporation  
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