



March 13, 2025

Chair C.T. Wilson
Members of the Economic Matters Committee

Re: Earthjustice **support** of HB 960:
Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery –
Limitations and Reporting Requirements (Ratepayer Freedom Act)

Earthjustice¹ strongly supports the passage of HB 960, the Ratepayer Freedom Act. The Ratepayer Freedom Act prohibits an investor-owned electric company, gas company, or combination gas and electric company from recovering from ratepayers rates any costs associated with specified activities, including “lobbying or political activities,” entertainment or gifts, and specified expenses associated with the company’s board of directors and officers. The bill also requires each investor-owned electric, gas, or combination electric and gas company to include related information and supporting documentation in an annual report to the Public Service Commission (PSC).

Maryland’s monopoly electric and gas utilities are using the money they collect from ratepayers to fund political machines that push legislation, curry favor with regulators, and alter the outcomes of elections. While utilities are barred from charging ratepayers for lobbying expenses, they often circumvent these rules by funding and using trade associations to lobby on their behalf. These costs should be charged to shareholders, but loopholes define “lobbying” very narrowly, leaving ratepayers on the hook for utility spending that is not in the public interest nor necessary for providing safe, affordable, and reliable utility service.

Utility industry trade associations engage in substantial advocacy activity on behalf of their utility members. This advocacy brings no benefit to ratepayers and, in fact, is contrary to ratepayer interests in minimizing their electricity bills and avoiding pollution. Moreover, the positions advocated by these associations are often directly opposite to the positions asserted by the Office of People’s Counsel (the actual residential ratepayer representative). For example, American Gas Association (“AGA”), a national gas trade association, uses its membership dues to fight the same electrification policies that OPC is advocating for on behalf of ratepayers. The AGA also fights energy efficiency standards that will help save Marylanders money and reduce pollution. This trade association has led an effort to ban local governments in dozens of states from utilizing their authority to increase energy efficiency and electrify buildings. Similarly, the

¹ Earthjustice is a non-profit public interest environmental law organization that represents other non-profits free of charge. Earthjustice uses the power of law and the strength of partnerships to advance clean energy, combat climate change, protect people’s health and preserve magnificent places and wildlife.

AGA uses its membership dues to fight climate policies across the nation. The AGA has been instrumental in undermining climate policy at the local, state and federal level. These actions are funded not by utility shareholders but by ratepayers. Finally, ratepayers should not be forced to pay for trade association participation before the Commission or for the trade associations' participation in court litigation.

Utilities are savvy. They know that if ratepayers were aware that when they paid to keep their house warm, they were also paying for an executive to go on a conference or for a trade organization to lobby against policies that would reduce rates, there would be a public outcry. That's why the utilities ensure that none of these expenses are obvious when they request rate increases in filings before the PSC. Right now, the only method to discover improper ratepayer charges relies on consumer advocates and PSC staff from regulatory agencies to diligently sift through thousands of pages of regulatory filings and reports, identify potentially problematic expenses, and then dispute them. These disputes are often met with resistance from the utility. This is a very hit-or-miss process that exacerbates the chance that ratepayers' utility bills will include such costs.

To be absolutely clear, the issue is not whether a utility, as a member of various trade associations, has a right to advocate for or against any particular policy. The issue is who pays for this advocacy. The General Assembly should enact HB 960 not only to ensure that ratepayers are not forced to financially support advocacy they may disagree with but to also ensure that ratepayers are supporting an extravagant lifestyle for utility executives. These luxury items, charged to ratepayers, include high-end club memberships, private jet travel, professional sports games,² and other amenities and experiences that appear to cater exclusively to utility executives and employees, with no discernible purpose or benefit for ratepayers.

The General Assembly needs to protect ratepayers from these unnecessary costs by requiring utilities to only charge ratepayers for services that help deliver safe, affordable, and reliable service. The Ratepayer Freedom Act will protect ratepayers by prohibiting utilities from charging ratepayers for expenses that simply do not benefit them. This long overdue law would prevent monopoly utilities from spending ratepayer money on lobbying, advocacy, political groups, unnecessary advertisements, chartered aircraft, entertainment, and gifts. It will also require monopoly utilities to file transparency reports with the PSC.

² In 2013, Staff and OPC discovered that BGE included BGE's skybox at Camden Yards as a ratepayer expense. BGE argued that such costs benefit ratepayers by improving employee morale. The PSC rightly found that the skybox is primarily of benefit to Company executives and their guests and is not an expense that ratepayers should pick up. However, without careful review of numerous documents by Staff and OPC, the PSC would not have even been aware that ratepayers were being charged for this luxury item. Just the fact that BGE thought charging ratepayers for this expense was reasonable demonstrates an attitude which the Committee should find disconcerting at best.

Finally, Earthjustice thanks Delegates A. Johnson, Charkoudian, Embry, Guyton, S. Johnson, McCaskill, McComas, and Woorman for their leadership on this important issue.

Earthjustice strongly urges a favorable report for HB 960.

Thank you in advance for your support. Should you have any questions, please contact me at smiller@earthjustice.org.

Respectfully submitted,



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