

Committee: Economic Matters
Testimony on: HB960 – Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery-Limitations and Reporting Requirements (Ratepayer Freedom Act)
Submitting: Deborah A. Cohn
Position: Favorable
Hearing Date: March 13, 2025

Dear Chair and Committee Members:

Thank you for accepting my testimony on HB960. I am a long time Maryland resident. My children and grandchildren live in Maryland. I am writing with them in mind.

Rising utility bills are concerning both to Maryland residents and lawmakers. HB960 would help constrain charges by imposing on shareholders of investor-owned electric and gas utility companies, rather than on ratepayers, company expenses not directly related to the delivery of safe, reliable and affordable energy to ratepayers.

Currently, investor-owned utilities [routinely seek to charge ratepayers](#) for lobbying, corporate brand advertising, and high-cost perks for executives and employees, expenses that do not benefit ratepayers. A recent [report](#) by the Energy and Policy Institute lays out the scale of this problem and interventions to address it.

HB960 addresses this issue by prohibiting covered utilities from charging ratepayers, rather than shareholders for:

- Membership dues, sponsorships and contributions to governmental or quasi-governmental entities, including industry trade associations;
- Lobbying and political activities, including related policy research, analysis, preparation and planning;
- Most advertising and marketing directed toward selling utility services, promoting the addition of new customers or incremental use of utility services, creating good will and influencing public opinion;
- Travel, lodging and use of private aircraft for board members of the utility or its parent or affiliated companies, entertainment and gifts, and investor relations.

HB960 would also require investor-owned utilities to file with the PSC periodic reports allowing identification of expenses not directly related to the delivery of safe, reliable and affordable energy to ratepayers.

Maryland law bars utility companies from charging ratepayers for lobbying expenses, but the law is vague and reporting is insufficient to ensure these expenses are not charged to ratepayers. HB960 would close loopholes and provide transparency to protect ratepayers from paying for these expenses.

Fees to trade associations like the American Gas Association or Edison Electric Institute need to be carefully monitored. A significant portion is used for technical research, including safety standards and energy efficiency. This research can benefit both ratepayers and shareholders who both could shoulder the costs. But some research is designed to promote only the interests of members, and a meaningful amount is spent for lobbying, public relations and political advocacy. Greater transparency can ensure these are charged to shareholders.

Utilities may claim it is difficult to distinguish between lobbying and educating legislators or regulators. Tax-exempt organizations navigate that distinction routinely at the federal level. Investor-owned utilities should find it no harder than tax-exempt organizations to distinguish the two. And any difficulty they claim in distinguishing the two merely underscores the need for transparency so that the PSC and the public can appreciate the expenses utilities are trying to charge to ratepayers.

Four states, Colorado, Connecticut, New York and Maine, have enacted this type of transparency and accountability legislation. [Ten other states](#), in addition to Maryland, are considering similar legislation. **These bills work.** In Connecticut the bill has saved ratepayers [nearly \\$10 million](#) on political spending for lobbying. In Colorado the bill saved customers \$775,000 in annual costs in a [recent rate case](#). Indeed the Colorado Office of the Utility Consumer Advocate [has called](#) their law “the most influential customer-focused bill we’ve seen in a decade or more.”

I urge this Committee to do what it can to constrain utility rates. HB960 is one bill that demonstrably will help. For these reasons I urge this Committee to issue a **FAVORABLE** report on HB960.

Thank you.