



February 20, 2025

SENATE EDUCATION, ENERGY AND THE ENVIRONMENT COMMITTEE
SB 756 – Electric Companies, Gas Companies, Gas and Electric Companies, and Water
Companies - Periodic Audits

Statement in Opposition

Chesapeake Utilities Corporation ("Chesapeake") respectfully **OPPOSES** SB 756 because the bill is redundant, unnecessary and would not produce any incremental or measurable benefits not already provided under current law. Chesapeake provides natural gas local distribution service to approximately 32,000 customers on Maryland's Eastern Shore in Caroline, Cecil, Dorchester, Somerset, Wicomico, and Worcester Counties.

SB 756 would require each electric company, gas company, gas and electric company, and water company to submit an audit of utility operations, customer usage, and customer billing to the Public Service Commission (Commission) by December 31, 2026, and every three years thereafter. The audit must include the following information for the immediately preceding three years: (1) customer rate changes and an analysis of the factors that led to those rate changes; (2) customer usage patterns and billing changes; (3) a description of any changes to the company's billing practices and policies, including any forms used; and (4) any other information the Commission requires.

As explained herein, all of the information sought by SB 756 is already provided by utilities to the Commission under current law – and pursuant to a long-standing / formal regulatory process familiar to the utilities, the Commission and the public. Respectfully, SB 756 is simply not necessary and would lead to the imposition of additional costs on ratepayers for no benefit.

Local distribution public utilities (electric companies, gas companies, etc) are one of the most heavily regulated industries in the U.S. Created over 100 years ago, the Maryland Public Service Commission regulates every facet of the services provided by Maryland public utilities to ensure they operate only in the public interest. Public utilities are required to submit an application to the Commission prior to implementing any change in the rates or terms of service they provide Maryland customers. In a base rate case application proceeding, the Commission's technical staff, the Office of People's Counsel (OPC) (Maryland's ratepayer advocate) and any recognized interested party (including County / City governments, commercial or industrial customers; and interest groups) may review the application, conduct discovery, file written testimony and participate in the Commission's rate case evidentiary hearings. It is important to note that the Commission on its own direction, may require a utility to submit to a rate case and the OPC may file a petition to require the same.



Moreover, utilities are required to provide customer services pursuant to a Commission-approved tariff (a set of rules governing the utility / customer relationship) and the Commission must approve any changes to a utility's service tariff.

In addition to the extensive rate case application process, current Maryland law provides additional regulatory requirements on Maryland utilities that further address the information sought by SB 756 including the following:

- Most public utilities (including Chesapeake) are required to file with the Commission annual financial reports in a format required by the Federal Energy Regulatory Commission (FERC Form 1 or 2 reports);
- The Commission requires many Maryland utilities to file periodic rate of return reports subject to review by Commission staff and OPC; and
- The Commission may conduct legislative-style proceedings to investigate all manner of issues concerning the operations of utilities (including service quality, customer service and billing practices, etc).

On behalf of Chesapeake, and our thousands of employees and their families who contribute every day in the communities where they live, work and serve, we respectfully request an unfavorable report on SB 756.

Sincerely,

Chesapeake Utilities Corporation
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