

OPPOSE – Senate Bill 0756

SB0756 – *Electric Companies, Gas Companies, Gas and Electric Companies, and Water Companies - Periodic Audits*

Education, Energy, and the Environment Committee

Thursday, February 20, 2025

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 285,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, New York, West Virginia, and Maryland.

Unfavorable

Potomac Edison / FirstEnergy appreciate the opportunity to provide testimony in opposition to Senate Bill 0756 – *Electric Companies, Gas Companies, Gas and Electric Companies, and Water Companies - Periodic Audits*. While we fully support transparency and accountability in the regulatory process, we believe this legislation is redundant and unnecessary given the existing rigorous oversight of utility rates and rate changes.

Potomac Edison / FirstEnergy requests an Unfavorable report on SB-756 for the following reasons.

Utility rates and any rate adjustments are already subject to a comprehensive and transparent regulatory process. Any proposed rate changes are publicly filed and undergo thorough review and audit by both the Maryland Public Service Commission (PSC) and independent external entities. These changes do not occur without extensive notice, government oversight, and formal approval by the PSC. Furthermore, annually our company submits Federal Energy Regulatory Commission (FERC) Form 1 filings, which provide extensive financial data and are also independently audited.

While Potomac Edison / FirstEnergy has no concerns regarding compliance in the event of an audit, SB-756 lacks clarity regarding the intent, objectives, and specific information required for such an audit. This ambiguity makes it difficult to determine the scope of compliance obligations, raising concerns about potential inefficiencies and administrative burdens on utilities. The proposed legislation appears to be duplicative of existing review and audit processes that already ensure accountability and transparency in utility rate regulation.

As an example, Potomac Edison's last Distribution Base Rate Case heard in front of the PSC was fully litigated, with over six hundred data requests submitted - not including subparts. This extensive review demonstrates the existing regulatory rigor applied to electric utility rates and further reinforces the argument that additional auditing requirements are unnecessary.

Potomac Edison / FirstEnergy remain committed to collaborating with stakeholders to ensure regulatory processes continue to serve the interests of both customers and the industry in a fair and transparent manner.

Given the concerns expressed above, we respectfully request an Unfavorable report on Senate Bill 0756.