

Testimony in Support of SB 756.pdf

Uploaded by: Alonzo Washington

Position: FAV



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB 756 - Electric Companies, Gas Companies, Gas and Electric Companies, and Water Companies - Periodic Audits

SB 756 aims to mandate electric companies, gas companies, gas and electric companies, and water companies in the State to submit an audit to the Public Service Commission every three years; requiring the Commission to post the audits on its website; and generally relating to audits of public service companies.

These audits will provide critical insights into customer rate changes, usage patterns, billing practices, and other relevant information, ensuring that utility services remain fair, efficient, and accessible to all Maryland residents. Utility billing errors, rate discrepancies, and inefficiencies remain prevalent issues in the utility sector. According to industry studies, utility audits can uncover overcharges and inefficiencies that often go unnoticed, ultimately saving consumers and businesses significant amounts of money. Senate Bill 756 builds upon existing regulatory frameworks by mandating regular audits and making the results publicly available on the PSC's website.

The required audit must include the following information:

1. **Customer Rate Increases or Decreases:** A comprehensive breakdown of rate changes and their impact on consumers.
2. **Analysis of Rate Adjustments:** A detailed assessment of the factors leading to any rate increases or decreases.
3. **Customer Usage Patterns:** An overview of consumption trends and their implications for utility demand.
4. **Billing Increases or Decreases:** A review of changes in customer billing amounts over time.
5. **Billing Practices and Policies:** An explanation of any modifications to billing policies and adjustments made.

The implementation of these audits will provide numerous benefits to Maryland consumers and businesses, including:

- **Enhanced Consumer Trust:** Increased transparency in billing and rate adjustments fosters public confidence in utility providers.
- **Cost Savings for Consumers:** Identifying billing discrepancies allows customers to recover overcharges and avoid unnecessary expenses.
- **Operational Efficiency:** Audits help utility companies streamline operations, improve service reliability, and enhance energy efficiency.
- **Regulatory Compliance:** Ensures that utilities adhere to Maryland's public service laws and consumer protection regulations.

Other states, such as Pennsylvania, New York, Rhode Island, and Maine have successfully implemented similar auditing requirements. Maryland can build upon national best practices to enhance the effectiveness of its utility regulatory framework. Moreover, making these audits publicly available ensures equitable access to accurate billing information.

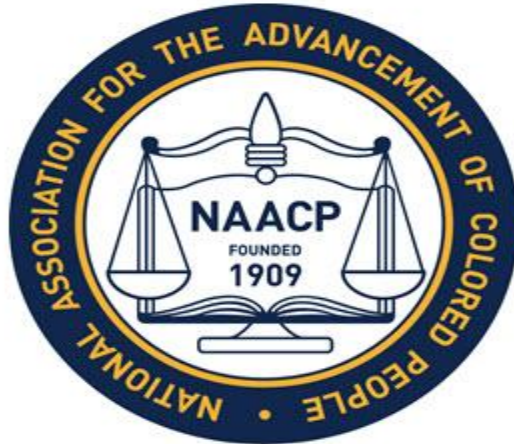
Senate Bill 756 represents a necessary step toward ensuring transparency, fairness, and efficiency in Maryland's utility sector. By mandating regular audits and public disclosure of findings, this legislation will empower consumers and promote sustainable utility management.

For these reasons, I respectfully urge a favourable report on Senate Bill 756.

Support SB0756.pdf

Uploaded by: Ryan Coleman

Position: FAV



Randallstown

Po Box 731 Randallstown, MD 21133

February 18, 2025

Education, Energy, and the Environment Committee

2 West Miller Senate Office Building
Annapolis, Maryland 21401

RE: Support for SB0756-Electric Companies, Gas Companies, Gas and Electric Companies, and Water Companies - Periodic Audits

Dear Chair Feldman, Vice Chair Kagan, and Members of the Committee:

The Randallstown NAACP is a 500 member branch located in Baltimore County, Maryland. We have members in Baltimore County and Baltimore City. One of the primary focuses is ensuring the quality of life for all residents, especially black Marylanders.

The Maryland Public Service Commission,(PSC) our leaders and the Randallstown NAACP must focus on working and middle class families. We can not continue to give lip service but our actions must show we care about our working and middle class families in Maryland. There is an onslaught of

increasing prices in grocery and other areas, increases in the BGE bill and water bills. This is an assault on middle class families and Maryland will not survive with a shrinking middle class.

Exelon's 2024 financial Report, shows BGE is making record profits of \$423 million in the last six months of the year. Prices should be more affordable with such surplus income, but BGE continues to increase the rates of Marylanders. This is unbelievable to see how high BGE's rate increases are in one month. It really shows how tone deaf BGE is with continuing to ask for rate increases every year. We have reached a point where BGE is running through the PSC. The PSC has lost sight of its mission to protect Marylanders. It has become an extension of the greed of BGE.

These rate increases are now pushing Baltimore County families to the point of eviction. It's pushing other families to the point of choosing between food, medicine and other necessities to pay their BGE bill. While BGE is racking in record profits. It appears the PSC has tried to do a balancing act that favors BGE. This can not continue!

This bill will ensure that BGE and other utilities are not violating any provision of the Public Utilities Article; and ensure the public welfare. **The Randallstown NAACP supports SB 0756 and requests a favorable vote out of this committee.**

yours

Ryan Coleman
Randallstown NAACP, President
<https://randnaacp.org/>
<https://www.facebook.com/NAACPrandallstown>
<https://www.instagram.com/naacprandallstown>

Dear Maryland General Assembly.pdf

Uploaded by: Daniela Saunders

Position: FWA

Dear Maryland General Assembly,

I am writing to express my strong support for Bill SB0756 in the State of Maryland. This bill mandates that electric, gas, gas and electric, and water companies submit an audit of their operations, customer usage, and billing practices to the Public Service Commission every three years, starting December 31, 2026. Additionally, the bill requires the Commission to make these audits available to the public on its website.

I am particularly supportive of this bill because, over the past few months, my utility bill has quadrupled despite no change in my household's energy consumption. This situation is both unsustainable and unjust. We already have protections in place to limit rent increases to safeguard residents, and I believe what Pepco is doing mirrors this, but with energy costs. It is vital that this issue is addressed, and passing this bill would be an important first step.

As a concerned neighbor, I am especially worried about members of our community who are on fixed incomes or are seniors, as they are most vulnerable to these skyrocketing prices. We cannot afford this kind of increase, and we will not tolerate it. I respectfully urge you, if you have any compassion for your constituents, to help us work toward enacting laws that prevent this unfair practice. Below are some examples of the rising utility bills sent to me by nearby neighbors, which demonstrate clear price gouging:

1. January 2025: Pepco bill increased from \$401 to \$614 in February 2025.
2. January 2025: Bill increased from \$190 to \$500 in February 2025.
3. January 2025: Bill increased from \$400 to \$600 in February 2025.
4. January 2025: Bill increased from \$504 to \$827.47 in February 2025.
5. January 2025: Bill increased from \$500 to \$750 in February 2025.
6. January 2025: Bill increased from \$400 to \$600 in February 2025.

Some individuals, who were away overseas for two months, are experiencing these exorbitant price hikes without being present in their homes. This price gouging must stop.

Thank you for your attention to this critical issue. I hope you will support us in taking steps toward a fair and just solution.

Sincerely,
Daniela Saunders

OPC Testimony SB0756.pdf

Uploaded by: William Fields

Position: FWA

DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
DEPUTY PEOPLE'S COUNSEL

JULIANA BELL
DEPUTY PEOPLE'S COUNSEL

— **OPC** —
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

6 ST. PAUL STREET, SUITE 2102
BALTIMORE, MARYLAND 21202
WWW.OPC.MARYLAND.GOV

BRANDI NIELAND
DIRECTOR, CONSUMER
ASSISTANCE UNIT

CARISSA RALBOVSKY
CHIEF OPERATING OFFICER

BILL NO.: Senate Bill 0756 – Electric Companies, Gas Companies, Gas and Electric Companies, and Water Companies – Periodic Audits

COMMITTEE: Education, Energy, and the Environment

HEARING DATE: February 20, 2025

SPONSOR: Senator A. Washington

POSITION: Favorable with Amendments

The Office of People's Counsel ("OPC") supports, with amendments, Senate Bill 756, which would require all of Maryland's gas, electric, and water utilities to submit audits regarding utility operations, customer usage, and customer billing to the Maryland Public Service Commission ("PSC") every three years. OPC's recommended amendments to SB 756 would help ensure that the audits remain independent and provide regulators with the opportunity to thoroughly review the costs allocated to Maryland utilities—and paid by Maryland ratepayers—by utility holding companies or their affiliates.

First, OPC recommends modifying SB 756 to specifically require that the audits be done by either members of the PSC's staff, or by an independent contractor supervised by the PSC's staff, rather than being done by the utility company itself and submitted to the PSC as the legislation currently requires. This change would help ensure that the auditors are independent of the utility company, keeping the resulting audit impartial and focused on the public interest.

Second, OPC recommends that the audits be modified to specifically require a review of the allocation of costs from a utility holding company or its affiliate to the Maryland utility itself. Most of Maryland's major gas and electric distribution utilities are owned by large multistate or multinational holding companies. Baltimore Gas and Electric ("BGE"), Potomac Electric Power Company ("Pepco"), and Delmarva Power

and Light are all owned by Illinois-based Exelon; Potomac Edison is owned by Ohio--based FirstEnergy Corporation; Washington Gas Light Company is owned by the Canadian company AltaGas; and Columbia Gas of Maryland is owned by Indiana-based NiSource, Inc. All of these holding companies own multiple separate distribution utilities across different states. Being part of a larger holding company means that certain of the local distribution utility's corporate functions—such as accounting, cybersecurity, legal, and human resources, among others—often are handled by a holding company affiliate that bills each of the local utilities for services, typically by a distinct entity known as a corporate services company. To pay for the cost of services provided by the corporate services company, each utility company is allocated a certain percentage of the corporate services company's costs. These allocated costs are part of each utility's total cost of service. For example, Exelon's Business Services Company provides corporate services to BGE. In the recent Case No. 9692, BGE estimated that in 2025, it would be allocated over \$206 million in costs from Exelon's Business Services Company.¹

The PSC sets Maryland utility rates in litigated rate cases to pay for the utility's total cost of service, along with the utility's rate of return (or profit).² While each utility's costs are subject to review in a rate case, most rate cases are statutorily required to be completed within 210 days after the utility files its rate case application.³ Reviewing corporate services company cost allocations is a complicated process. That review includes evaluating the prudence of the actual costs incurred by the corporate services company, as well as the methodology by which those costs are allocated to the individual utility. As rate cases contain myriad other issues warranting investigation, it is often difficult, if not impossible, to thoroughly review corporate services company costs within the timeline of a rate case. Additionally, utilities sometimes argue that the PSC cannot have access to documentation underlying service company costs. In the most recent Potomac Edison rate case, Case No. 9695, Potomac Edison argued that documentation providing details about costs allocated to Maryland ratepayers was not in its custody or control but instead held by Potomac Edison affiliates—whether FirstEnergy Services Corp., corporate parent FirstEnergy, or others—and, thus, refused to provide it.⁴ The

¹ Case No. 9692, Direct Testimony of BGE witness David M. Vahos at 48 and 55 (Feb. 17, 2023). Accessible under docket no. 1 at: <https://webpsxeb.psc.state.md.us/DMS/case/9692>.

² Technically, the PSC sets rates which provide the utility a reasonable opportunity to recover its costs and earn a reasonable return on investment. This means that rates are set at such a level that the utility recovers its costs and earns a reasonable return, provided the utility appropriately manages its costs.

³ Public Utilities Article ("PUA") § 4-203(a)(1) requires utilities to provide 30 days' notice of a new rate going into effect; PUA § 4-204(b)(2)(i) allows the PSC to suspend the implementation of a new rate for an additional 180 days, while PUA § 4-204(b)(2)(ii) allows the PSC to extend the suspension for an additional 90 days if the application is for an alternative form of ratemaking, such as a multi-year rate plan.

⁴ See Application of Potomac Edison Company for Adjustments to its Retail Rates for Electric Energy Distribution, *Post-Hearing Initial Brief of the Maryland Office of People's Counsel* (Md. Pub. Serv.

audits required by SB 756 present an important opportunity to review such costs, outside the time constraints of a rate case. As such, OPC supports SB 756 with the following changes, also outlined in the attached draft amendments:

- replacing subsection 7-108(a) to define “affiliate”;
- moving the triennial audit requirement to subsection 7-108(b) and delineating that it be provided by, or supervised by, PSC staff; and
- making clear in a revised section 7-108(c) that any such audit shall include an audit of costs allocated to the utility.⁵

As modified, SB 756 will help regulators—and other parties such as OPC—review and understand the currently opaque area of allocated corporate costs and ensure that Maryland ratepayers are not paying more than their fair share.

Recommendation: OPC requests a favorable Committee report on SB 756, with the amendments described above and attached.

Comm’n, CN 9695) at 26 (“FE and FESC provide the information of their choosing for regulatory purposes and then deflect a proper vetting of that information by having PE argue that the information sought is outside of its custody and control.”)

⁵ Under OPC’s proposed amendments, section 7-108(c) in the legislation as drafted would become section 7-108(d).

(A) IN THIS SECTION, “AFFILIATE” HAS THE MEANING STATED IN § 7-501 OF THIS ARTICLE.

(~~AB~~) COMMENCING ON OR BEFORE DECEMBER 31, 2026, THE COMMISSION SHALL ESTABLISH PROCEDURES TO PROVIDE FOR AN AUDIT EVERY THREE YEARS, PERFORMED BY COMMISSION STAFF, OR AN INDEPENDENT AUDITOR SUPERVISED BY COMMISSION STAFF AND SELECTED BY THE UTILITY FROM A LIST PROVIDED BY THE COMMISSION FOR THE AUDIT, AND EACH DECEMBER 31 EVERY 3 YEARS THEREAFTER, EACH ELECTRIC COMPANY, GAS COMPANY, GAS AND ELECTRIC COMPANY, AND WATER COMPANY SUBMIT TO THE COMMISSION AN AUDIT OF THE UTILITY OPERATIONS, CUSTOMER USAGE, AND CUSTOMER BILLING OF EACH ELECTRIC COMPANY, GAS COMPANY, GAS AND ELECTRIC COMPANY, AND WATER COMPANY.

(~~BC~~) THE AUDIT SHALL INCLUDE THE FOLLOWING INFORMATION FOR THE IMMEDIATELY PRECEDING 3 YEARS:

...

(5) A DESCRIPTION OF AND ANY CHANGES TO THE COMPANY’S BILLING PRACTICES AND POLICIES, INCLUDING ANY FORMS USED;~~AND~~

(6) A REVIEW OF THE PRUDENCE OF COSTS ALLOCATED TO THE COMPANY BY AN AFFILIATE; AND

(~~6~~7) ANY OTHER INFORMATION THE COMMISSION REQUIRES.

...

SB756_WGL_Todd_UNF.pdf

Uploaded by: Brandon Todd

Position: UNF



1000 Maine Avenue, SW Washington, DC 20024 www.washingtongas.com

COMMITTEE: EDUCATION, ENERGY, AND THE ENVIRONMENT

TESTIMONY ON: SB756 ELECTRIC COMPANIES, GAS COMPANIES, GAS AND ELECTRIC COMPANIES, AND WATER COMPANIES – PERIODIC AUDITS

POSITION: OPPOSE

HEARING DATE: February 20, 2025

Washington Gas respectfully submits this statement in **OPPOSITION** to **Senate Bill 756, which mandates periodic audits of electric, gas, and water utilities in Maryland.** While we support transparency and accountability in utility operations, this legislation is unnecessary and duplicative of existing regulatory requirements. Washington Gas is already required to undergo an annual audit on its STRIDE expenditures in Maryland per the Commission's Orders.

Washington Gas has provided safe, reliable, and affordable natural gas service for over 175 years, serving more than 500,000 Maryland customers across multiple counties. We are already subject to rigorous oversight by the Maryland Public Service Commission (PSC), which requires utilities to submit extensive operational and financial reports, participate in regular rate case proceedings, and undergo compliance audits.

SB 756 would impose costly additional and redundant auditing requirements, diverting resources away from infrastructure improvements, safety enhancements, and customer service. The information outlined in the bill—such as rate adjustments, customer usage trends, and billing practices—is already reviewed by the PSC through existing mechanisms. Further, the bill does not articulate a clear need for these additional audits or how they would provide meaningful benefits to customers beyond what is already in place.

At a time when Maryland's energy sector is focused on modernizing infrastructure, enhancing service reliability, and achieving state climate goals, imposing unnecessary regulatory burdens risks slowing down these critical efforts. Instead of duplicating existing reporting requirements, we encourage policymakers to focus on collaborative approaches that ensure transparency while allowing utilities to efficiently invest in Maryland's energy future.

For these reasons, Washington Gas respectfully requests an UNFAVORABLE report on SB 756. Thank you for your time and consideration.

Contact:

Brandon Todd, Vice President, Government Affairs, Policy & Advocacy, Washington Gas
M 202-744-0816 | brandon.todd@washgas.com

BGE_EEE_OPP_SB756_Electric Companies, Gas Companie

Uploaded by: Guy Andes

Position: UNF

Oppose
Education, Energy, and the
Environment
2/20/2025

Senate Bill 756 - Electric Companies, Gas Companies, Gas and Electric Companies, and Water Companies - Periodic Audits

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill 756 – Electric Companies, Gas Companies, Gas and Electric Companies, and Water Companies - Periodic Audits*. Senate Bill 756 requires each electric company, gas company, gas and electric company, and water company in the State to submit an audit of utility operations, rate changes, customer usage, and customer billing to the Public Service Commission (“Commission”) every three (3) years.

As a regulated utility providing electricity to 1.3 million customers and natural gas to more than 700,000 customers in Central Maryland, BGE is already required to submit various filings and reports to the Commission on a regular basis. BGE opposes Senate Bill 756 as it imposes an undue administrative burden. The reporting requirements stipulated in the bill are either redundant, as they duplicate existing reports required under current law, or are insufficiently defined.

Regulated utilities operating in Maryland are mandated to charge just and reasonable rates for the services they provide to their customers. Under current law, these utilities must set forth their rates and charges for regulated services in a tariff, which serves as the contract between the utility and its customers. The tariff must be made publicly available to customers, including on the utility web site. Before a utility may change any of its rates or charges, the utility must submit the proposed change to the Commission for review and approval at least 30 days in advance of the change. These filings must also be published on the utility web site. Included in the filing made with the Commission is a thorough explanation and support for the change, which is thoroughly reviewed by the Commission Staff, the Maryland Office of People’s Counsel and other interested stakeholders to ensure that the rates charged by the utility are just and reasonable.

Additionally, regulated utilities are already required to file numerous reports with the Commission to demonstrate compliance with regulatory standards and provide transparency regarding their respective utility operations. This includes a comprehensive annual report that outlines the utility’s financial performance, revenues from the sales by rate schedules, and operational activities for the past year.

The reporting requirements prescribed in Senate Bill 756 related to “customer usage patterns” and “customer billing increases or decreases” are insufficiently defined. Lastly, regulated utilities are already required to file to notify the Commission if there are changes in their billing practices and policies, including any changes to the form of the customer bill.

BGE remains committed to supporting Maryland’s energy transition and supports policies that keep affordably, resiliency, and reliability a priority. Senate Bill 756 will impose an undue administrative burden as the additional reporting requirements are duplicative or insufficiently defined. For these reasons, BGE requests an unfavorable report.

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company’s approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation’s largest energy delivery company.

Charles Washington | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

2.1325 SB756 LOI (1).pdf

Uploaded by: Poetri Deal

Position: UNF



February 20, 2025

112 West Street
Annapolis, MD 21401

Oppose – Senate Bill 756- Electric Companies, Gas companies, Gas and Electric Companies, and Water Companies – Periodic Audits

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) respectfully submit this letter of opposition on **Senate Bill 756 - Electric Companies, Gas Companies, Gas and Electric Companies, and Water Companies – Periodic Audits**. Senate Bill 756 requires audits by electric, gas, and water companies in Maryland every three years. While we fully support transparency and accountability in utility operations, we have identified several aspects of the bill that warrant careful consideration.

At Pepco and Delmarva Power, we are committed to transparency, collaboration, and accountability. We consistently demonstrate these values while delivering reliable energy services to our customers. The Maryland Public Service Commission (PSC) already possesses comprehensive authority under Section 2-115 of the Public Utilities Article to conduct investigations and examine the records of public service companies. Many of the requirements outlined in the bill, including customer rate changes and analyses of contributing factors, are already addressed through existing PSC processes. For instance, during rate cases and tariff filings, utilities provide detailed information that the Commission and stakeholders review thoroughly.

Pepco and Delmarva Power remain committed to maintaining transparency and providing the PSC with all necessary information to fulfill its regulatory duties and obligations. We believe that the current regulatory framework, combined with our ongoing reporting practices, ensures that the Commission and stakeholders have access to pertinent information regarding utility operations, customer usage, and billing.

We look forward to continuing conversations with the bill sponsor and all stakeholders involved and respectfully request an unfavorable report on Senate Bill 756.

Pepco Holdings, the parent company of Pepco, an electric utility serving Washington, D.C., and suburban Maryland; Delmarva Power, an electric and gas utility serving Delaware and portions of the Delmarva Peninsula; and Atlantic City Electric, an electric utility serving southern New Jersey. Anthony and his team are responsible for guiding the company's delivery of reliable and excellent service to more than two million customers in the Mid-Atlantic. Pepco Holdings is a subsidiary of Exelon Corporation, one of the nation's leading energy services companies.

Valencia McClure | Anne Klase | Allyson Black-Woodson | Poetri Deal | 410 980 5347

MD 2025 SB 756 Columbia Gas Testimony Final.pdf

Uploaded by: Scott Waitlevertch

Position: UNF

**UNFAVORABLE – Senate Bill 756
Electric Companies, Gas Companies, Gas and Electric Companies, and Water
Companies – Periodic Audits
Senate Education, Energy and the Environment Committee**

Columbia Gas of Maryland, Inc. (Columbia) opposes Senate Bill 756. The legislation requires electric companies, gas companies, gas and electric companies and water companies in the state to submit to Public Service Commission (PSC) audits every three years.

Columbia is concerned the new mandatory 3-year audits will just increase costs on customer bills without any meaningful benefit to customers. The electric, gas and water companies (public service companies) will have new and additional costs related to these new mandatory audits. Those costs may ultimately get passed on to customers.

As the members of the Committee know, rate cases and the rate case process are the formal proceedings before the PSC that consider evidence, sworn testimony and legal arguments to set new or revised public service company rates based on a case record.

Rate cases are significant and thorough reviews by the PSC for any proposed rate change by a public service company and rate case documents and materials are available for public review.

In addition, as noted in the Fiscal and Policy Note for Senate Bill 756, “With limited exceptions, a public service company must file an annual report with PSC for the preceding calendar, along with special reports, information, contracts, records, and copies as required by PSC. PSC may require that the documents be filed under oath.” The annual reports contain significant information from the public service companies and are publicly available online on the PSC’s website. Customers or members of the General Assembly may view these annual reports at any time.

Creating a new mandatory audit program that may be redundant in the information it provides to the public and may increase costs to utility ratepayers is concerning. Consequently, Columbia cannot support Senate Bill 756 as appropriately crafted policy and therefore urges an unfavorable report.

February 20, 2025

Contact:
Scott Waitleverch
(724) 888-9774
swaitleverch@nisource.com

SB 756_Chesapeake Utilities_Unfav (02-20-25) (Fina

Uploaded by: Steve Baccino

Position: UNF



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
Steve Baccino, Governmental Affairs Director
Contact: sbaccino@chpk.com

FirstEnergy UNFAV SB-756 - Periodic Audits.pdf

Uploaded by: Timothy Troxell

Position: UNF

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.

SB0756_SMECO_Dennison_UNFAV.pdf

Uploaded by: Tom Dennison

Position: UNF

February 20, 2025

SB 756: Electric Companies, Gas Companies, Gas and Electric Companies, and Water Companies – Periodic Audits

Committee: Senate Education, Energy and the Environment

Position: Opposed

Southern Maryland Electric Cooperative (SMECO), a member-owned electric cooperative and not-for-profit organization based in Hughesville that provides electricity to more than 175,000 member accounts in Charles, St. Mary's, Calvert and southern Prince George's County, opposes SB 756. The bill would require each electric company, gas company, gas and electric company, and water company in the state to submit an audit of utility operations, customer usage, and customer billing to the Public Service Commission (PSC) every 3 months beginning December 31, 2026.

PSC Authority and Existing Processes

The PSC already possesses the authority to require this information from utility companies whenever necessary. Each time a utility company seeks a rate change, comprehensive data responses are provided, including all relevant information regarding customer rate changes, usage patterns, and billing practices. This existing process ensures that the PSC, the Office of People's Counsel (OPC), and other stakeholders have access to critical information for thorough review and analysis.

Redundant and Resource-Intensive Requirements

Implementing mandatory periodic audits every three years will place an additional burden on utility companies, requiring significant employee time and resources. Given the detailed information already provided during rate change proceedings, this bill introduces redundancy without adding substantial value. As utility companies face

For more information, contact: Tom Dennison, SMECO

Vice President Government and Public Affairs

240-506-6772 • tom.dennison@smeco.coop

increasing demands and limited resources, this requirement will divert attention and effort from other essential operations and customer service initiatives.

Efficiency and Practicality Concerns

The proposed periodic audits will require substantial administrative effort, including data compilation, analysis, and reporting. Given that the PSC and other parties involved in rate change reviews already obtain and analyze this information, adding a separate audit requirement every three years is both inefficient and impractical. It will strain our workforce and reduce our capacity to focus on continuous improvement and customer satisfaction.

In conclusion, while we recognize the importance of transparency and accountability in utility operations, Senate Bill 756 imposes unnecessary and redundant requirements on utility companies. The existing regulatory framework and processes adequately address the need for detailed information and oversight. Mandating periodic audits every three years will divert valuable resources, hinder efficiency, and offer minimal additional benefit.

We respectfully urge the committee to oppose Senate Bill 756 and consider more efficient approaches to achieving regulatory goals without imposing unnecessary burdens on utility companies.

For more information, contact: Tom Dennison, SMECO

Vice President Government and Public Affairs

240-506-6772 • tom.dennison@smeco.coop

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Position: INFO

FREDERICK H. HOOVER, JR.
CHAIR

MICHAEL T. RICHARD
KUMAR P. BARVE
BONNIE A. SUCHMAN



PUBLIC SERVICE COMMISSION

Chair Brian Feldman
Education, Energy and the Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 756 – Electric Companies, Gas Companies, Gas and Electric Companies, and Water Companies - Periodic Audits

Dear Chair Feldman and Committee Members:

The Public Service Commission (the Commission) appreciates the opportunity to provide this informational testimony for SB 756. SB 756 requires that each electric, gas, electric and gas, and water company produce an audit concerning utility operations, customer usage and customer billing. This audit is to be completed every three years, commencing in December 2026. The Commission will be responsible for determining the format of the audit and publishing the results on its website.

It should be noted that the Public Service Commission's authority is limited to private water systems and not municipal water systems. PUA §1-101(uu) defines "Water company" as a public service company that owns a water plant and sells or distributes water for gain. For further clarification, the Commission recommends the following language change for PUA §7-108:

(A) ON OR BEFORE DECEMBER 31, 2026, AND EACH DECEMBER 31 EVERY 3 YEARS THEREAFTER, EACH WATER COMPANY, **AS DEFINED IN PUA §1-101(uu)**, EACH ELECTRIC COMPANY, GAS COMPANY, AND GAS AND ELECTRIC COMPANY, [AND WATER COMPANY]

The Public Service Commission appreciates the opportunity to provide this informational testimony for your consideration for bill SB 756. Please contact Christina Ochoa, Director of Legislative Affairs at christina.ochoa1@maryland.gov if you have any questions.

Sincerely,

Frederick H. Hoover, Chair
Maryland Public Service Commission