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**COMMITTEE:** EDUCATION, ENERGY, AND THE ENVIRONMENT COMMITTEE

**TESTIMONY ON:** UTILITY RELIEF (REDUCING ENERGY LOAD INFLATION FOR EVERYDAY FAMILIES) ACT

**POSITION:** LETTER OF INFORMATION

**HEARING DATE:** MARCH 25 AT 1:00 PM

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT OF **INFORMATION TO HOUSE BILL 1532 – UTILITY RELIEF (REDUCING ENERGY LOAD INFLATION FOR EVERYDAY FAMILIES) ACT**

Washington Gas Light Company (“Washington Gas” or “WGL”) respectfully submits this testimony for information to discrete provisions of HB 1532 that would (1) eliminate gas utility participation in the EmPOWER Maryland program, (2) impose rigid statutory restrictions on employee compensation recoverable in rates, and (3) require advance customer notification of rate changes in a manner that increases costs without improving customer understanding. While WGL supports affordability, transparency, and accountability, these provisions would undermine proven regulatory frameworks, increase customer costs, and reduce flexibility for the Public Service Commission (“PSC”) to protect Maryland ratepayers.

### **I. Elimination of Gas Utility Participation in EmPOWER Maryland**

HB 1532 would prohibit gas utilities from participating in the EmPOWER Maryland energy efficiency program. This change would dismantle one of the State’s most cost-effective and successful consumer protection tools.

EmPOWER is a win-win-win for Maryland—delivering lower bills, improved system reliability, and meaningful emissions reductions. Since joining EmPOWER in 2015, Washington Gas programs have generated over \$272 million in projected customer bill savings, compared to approximately \$135 million in program costs. In 2025 alone, more than 197,000 Washington Gas customers participated, producing \$17.4 million in lifetime bill savings from that single year’s investments.

Washington Gas’ programs are among the most cost-effective in the State, with the lowest cost per unit of greenhouse gas reduction and the lowest average monthly EmPOWER surcharge of any EmPOWER utility. Removing gas utilities from EmPOWER would not reduce customers’ overall energy burden; it would instead eliminate access to low-cost efficiency investments that

permanently reduce energy usage and long-term costs, particularly for low- and moderate-income households who benefit disproportionately from weatherization and efficiency upgrades.

Importantly, the PSC already has full authority to scale, modify, or discontinue any EmPOWER program that does not meet statutory cost-effectiveness tests. A blanket legislative prohibition replaces that evidence-based oversight with an inflexible mandate that harms customers and weakens a program that demonstrably works.

**Recommendation:** Retain gas utility participation in EmPOWER Maryland and allow the PSC to continue administering the program based on performance, cost-effectiveness, and customer benefit. If the General Assembly determines that overall EmPOWER funding levels should be reduced, Washington Gas respectfully requests that gas utilities be subject to the same ramp-down or phased reduction framework applied to electric utilities, rather than an outright elimination. A measured reduction would produce customer savings that are virtually equivalent on a monthly basis to eliminating gas programs altogether, while preserving the proven benefits of EmPOWER and continued customer access to high-efficiency gas equipment, weatherization, and cost-effective program offerings.

## **II. Employee Compensation Provisions**

HB 1532 seeks to statutorily cap or exclude categories of compensation from rates. These provisions would preempt the PSC's long-standing authority to evaluate compensation based on prudence, reasonableness, and direct relation to providing utility service.

Maryland's regulatory model entrusts the PSC with reviewing compensation on a case-by-case, evidence-based basis. The Commission already has the authority to disallow excessive or imprudent costs and routinely does so. Rigid statutory caps ignore market realities, operational risk, and the need to recruit and retain skilled professionals responsible for safety, emergency response, system reliability, and customer service.

Compensation is not a material driver of customer bills. Energy costs are driven primarily by fuel and supply prices, infrastructure investment, compliance mandates, and weather volatility. For a multi-jurisdictional utility like Washington Gas, only a portion of total compensation is even allocated to Maryland rates. Statutory compensation limits will therefore not produce measurable bill relief, but they will increase workforce instability, turnover, and long-term costs, which ultimately harms customers.

**Recommendation:** Preserve the PSC's discretion to review compensation under existing prudence standards rather than imposing inflexible statutory mandates. If the General Assembly elects to proceed with statutory limitations, any such provisions should be narrowly tailored and limited to executive officers of the company, and should not extend to supervisors, managers, or other non-executive employees whose compensation is directly tied to day-to-day operations, safety, reliability, and customer service. Finally, the General Assembly should clarify that compensation subject to any statutory limitation should be Maryland-direct or Maryland-allocated compensation

for utilities that offer service in two or more states. This will avoid regulatory taking challenges before the PSC or Maryland courts.

### **III. Advance Customer Notification of Rate Changes**

HB 1532 would require utilities to provide advance customer notification of rate changes beyond existing law. Washington Gas supports transparency and already complies with robust notice requirements under the Public Utilities Article, COMAR, and PSC orders. However, additional prescriptive mandates risk increasing costs and confusing customers.

Under the bill, utilities may be required to notify customers before final rates are known, meaning any advance notice may be incomplete or misleading. Moreover, bill inserts and mailings are costly, and all prudently incurred costs are ultimately borne by customers.

If the General Assembly wishes to enhance customer awareness, WGL recommends that any new notification requirements be:

- Limited to base rate cases, where customer impact is most significant; and
- Satisfied through utility websites and digital communications, rather than mandatory bill inserts, to reduce costs while still ensuring public access to information.

This approach balances transparency with affordability and leverages existing Commission processes that already provide multiple opportunities for customer engagement.

**Recommendation:** If adopted, limit notification requirements to base rate changes and allow utilities to meet obligations through online postings rather than costly mailings.

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### **About Washington Gas**

Washington Gas Light Company provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. Washington Gas has been providing energy to residential, commercial, government, and industrial customers for more than 177 years, and currently serves nearly 520,000 Maryland customers in Montgomery, Prince George's, Charles, St. Mary's, Frederick, and Calvert Counties. The Company employs over 600 employees in Maryland, and hundreds of outside contractors, plumbers, union workers, and other skilled tradespeople. The Company strives to improve the quality of life in our communities by maintaining a locally-based workforce, working with suppliers that represent and reflect the communities we serve, and giving back through its charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services

to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.

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