



**UNFAVORABLE – House Bill 1532**  
**The Utility RELIEF Act**  
**Senate Education, Energy and the Environment Committee**

Columbia Gas of Maryland, Inc. (Columbia) has reviewed House Bill 1532, the Utility RELIEF Act, and opposes this legislation.

Section 4-203.1 (pages 21-22) of House Bill 1532 adopts language from House Bill 540 and attempts to enhance customer rate information knowledge but unfortunately does so through a series of unworkable mandates that create new costs on customers at a time when the General Assembly is searching for steps to reduce utility costs and bills. Columbia believes rate information should be transparent for our customers and that mandates should strike the delicate balance with customer affordability.

The immediate concern of Section 4-203.1 is the required bill insert and email notice requirement that will add new costs to utility customers. The plain wording of the bill requires the customer bill insert or email notice each time there is a proceeding that may lead to a rate change such as a base rate case, a make whole case, a fuel rate proceeding, or a modification of a utility's tariff. In 2025 for example, due to changes in natural gas commodity costs, which can produce rate decreases or increases, these provisions would have required Columbia to provide nine new bill inserts and email notifications to customers. Additional inserts in 2025 would have been required under the legislation for typical tariff revisions and other rate changes easily bringing the number of new bill insert notices to 12 or more per year, turning this process into an effectively monthly notice with more than \$80,000 in new customer costs per year.

Columbia is informed House Bill 540's sponsor had proposed amendments that were not adopted by the House Environment and Transportation Committee. Columbia supports those draft amendments (attached) and proposes an amendment to limit the notice requirement to changes in **base** rates, which are typically major, lasting changes in rates. Base rate cases tend to affect all customer classes, and thus it may be appropriate to notify all customers of changes in base rates, because all customers may be affected, but other rate changes such as those from tariff revisions and supply rate changes tend to affect one class of customers only. Without this amendment, residential customers could be notified of changes in rates for commercial or industrial customers, and vice versa, creating confusion and information overload for all customers.

Another concern is Section 7-505 (page 85 of the bill) which amends current alternative rate making procedures at the Maryland Public Service Commission (PSC). House Bill 1532 bans forecasted test years which are widely utilized as an effective and valid alternative form of regulation of utility rates. Forecasted test years, accompanied by appropriate reconciliation mechanisms to correct for any estimates that differ from actual experience, are utilized in states such as Illinois, Maine, Minnesota, New York, Washington, and Vermont. Closer to Maryland,

states such as Virginia, Pennsylvania, and Ohio permit use of forecasted test years in ratemaking.

Columbia proposes an amendment to remove part (c)(4) on page 85, the ban on forecasted test years. Banning forecasted test years has many consequences for customers and utilities, including higher, longer-term customer costs arising from increases in utility financing costs, uncertainty of utility earnings and cash flow, and prescribing what regulators can and cannot do. The better policy, which is the current law today, is not to tie the hands of regulators, but instead, allow the PSC to decide on a case-by-case basis whether forecasted test years are in the public and customer interest.

Columbia's is also concerned with Section 4-504 (pages 78-80) of House Bill 1532 which adopts language from House Bill 1. As was stated repeatedly during committee and floor debate, the intent of HB 1(SB 2) was to rein in the recovery of executive compensation from utility ratepayers. However, the language in House Bill 1 and House Bill 1532 and its impact applies far beyond executive compensation.

The legislation's impact includes any employee considered a "supervisor" which is broadly defined as an individual who is authorized to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employee; directs the work performance of other employees; and is responsible for responding to employee complaints. For Columbia Gas, this could include employees like engineers, crew leaders, and meter and regulator specialists all of whom are non-executive positions.

Columbia proposes an amendment to replace the term "supervisor" with "executive officer" as defined in the Maryland Financial Institutions Code Ann. § 12-401. The definition of "executive officer" means a president, vice president, senior officer responsible for business operations, chief financial officer, or any other individual who performs similar functions.

Columbia Gas does not believe House Bill 1532 as passed by the full House of Delegates is appropriately crafted policy for the efficient and cost-effective operations of investor-owned utilities and would urge an unfavorable report. However, should the proposed amendments in our testimony be made by the Senate Education, Energy and the Environment Committee, Columbia Gas could become neutral on House Bill 1532. Thank you for your consideration of our requests.

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Contact:  
Carville Collins  
(410) 332-8627  
[carville.collins@saul.com](mailto:carville.collins@saul.com)

Contact:  
Scott Waitlevertch  
(724) 888-9774  
[swaitlevertch@nisource.com](mailto:swaitlevertch@nisource.com)