

KATIE FRY HESTER
Legislative District 9
Howard and Montgomery Counties

Education, Energy, and the
Environment Committee

Chair

Joint Committee on
Cybersecurity, Information Technology,
and Biotechnology



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB2 - Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

February 3, 2026

Chair Feldman, Vice-Chair Kagan, and members of the Education, Energy, and Environment Committee:

Thank you for your consideration of SB2, a consumer protection measure designed to lower Marylanders' energy bills and place reasonable limits on how investor-owned utilities spend ratepayer dollars.

Marylanders are facing rapidly rising electric and gas delivery charges, while investor-owned utilities are reporting record profits and paying increasingly grand executive compensation, much of which is recovered directly from customers through their monthly bills.

At the same time, profits have surged. BGE's profits, which were consistently below \$150 million prior to Exelon's acquisition in 2012, reached approximately \$527 million in 2024. Pepco's profits have nearly doubled since its merger with Exelon, rising from about \$205 million in 2018 to nearly \$390 million in 2024.¹ These profits have coincided with executive compensation packages that far exceed what most Maryland families can fathom – Exelon's CEO alone received more than \$14 million in compensation in 2024.

In Maryland, thousands of households receive shutoff notices each year because they cannot pay their bills. We are all hearing from families that are forced to make impossible choices between paying their utility bills, buying groceries, or covering rent and medical expenses. Ratepayers should not be required to subsidize costs that do not improve reliability, safety, or affordability. There is a fundamental imbalance when struggling households are asked to fund bonuses, inflated base salaries, or corporate entertainment that primarily benefits shareholders rather than customers. Investor-owned utilities are entitled to earn a reasonable profit, but not at the expense of ratepayers.

¹ <https://exeloncorporation.gcs-web.com/sec-filings>

SB2 draws a clear and reasonable line. This bill does not prohibit utility companies from offering bonuses or incentives to their employees; instead, it ensures that ratepayers are not required to subsidize excessive executive compensation. Specifically, SB 2 prohibits utilities from recovering from customer rates executive compensation that exceeds 110 percent of the annual salary of a Public Service Commission Commissioner, and it bars ratepayer funding of bonus or incentive compensation.

The bill also requires utility boards to adopt policies limiting recovery of non-essential corporate expenses, such as entertainment, events, transportation services, and office renovations, while expressly protecting collectively bargained employees and honoring existing employment contracts. Health, medical, life insurance, and disability benefits are excluded, and no current contract executed on or before December 31, 2025, is disturbed.

SB 2 strengthens accountability and ensures that ratepayer dollars are used for their intended purpose: delivering safe, reliable, and affordable energy, not underwriting excessive executive pay. It is estimated that this could save ratepayers over \$100 million, according to IBEW estimations.

As more Marylanders struggle under rising energy costs, we have a responsibility to act. SB 2 is a measured, targeted response that protects consumers while preserving utilities' ability to operate and attract talent using shareholder funds.

For these reasons, I respectfully request a favorable report on SB 2.

Sincerely,

A handwritten signature in cursive script that reads "Katie Fry Hester".

Senator Katie Fry Hester
Howard and Montgomery Counties