

OPPOSE – House Bill 0540
HB0540 – Investor-Owned Electric, Gas, and Gas and Electric Companies - Utility Rate Changes
(Public Service Company Transparency Act)

Environment and Transportation Committee
Tuesday, February 10, 2026

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 293,000 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 electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Maryland, Ohio, Pennsylvania, New Jersey, New York, and West Virginia.

Unfavorable

Potomac Edison / FirstEnergy requests an Unfavorable report on HB-540 – Investor-Owned Electric, Gas, and Gas and Electric Companies - Utility Rate Changes (Public Service Company Transparency Act) as drafted. While we appreciate the intent of the bill to enhance customer engagement, rate transparency, and public participation in Public Service Commission (PSC) proceedings -- there are several operational, fiscal, and policy concerns that would create unintended burdens and additional costs without delivering proportional benefits for customers.

Requiring utilities to notify *all* customers of potential rate changes via either bill insert or email poses significant operational and cost challenges. While the goal of informing customers is appropriate, the practical reality is that we do not have email addresses for every customer we serve - nor are customers required to provide one when establishing service. As a result, we would be required to produce a bill insert for every applicable rate filing, even when electronic communication might otherwise have been feasible. Mandatory universal bill inserts introduce substantial recurring operational and printing costs, factored into revenue requirements, and ultimately resulting in increasing electricity rates. We encourage the Committee to consider whether the fiscal note for this bill fully reflects these unavoidable operational impacts.

In HB-540, the definition of “initiating a proceeding that may lead to a rate change” is overly broad, and as written could require customer notifications for any filing that could influence rates. These filings could include routine surcharge updates for programs like EmPOWER Maryland, and other small revisions. These filings are typically technical, non-litigated, and relatively minor - and do not represent the type of distribution base rate cases most customers associate with a “rate change.” To avoid excessive, costly, and ultimately confusing notices - we recommend narrowing the requirement to only base rate case filings or other clearly defined, substantive rate-setting proceedings. This clarification would allow HB-540 to meet its intended goal, without overwhelming customers with frequent, routine notifications.

HB-540 mandates that every customer bill and automatic payment email include instructions on how customers may participate in PSC proceedings. While we support public involvement in meetings, this approach could obscure the statutory role of the Office of People’s Counsel (OPC), which is specifically tasked with representing the interests of residential customers. If this bill were to move forward, we would recommend

revising the language to direct customers to the OPC, so customers can receive accurate guidance on how to engage in the process through the entity designed to represent them.

We find it concerning and confusing that only OPC can challenge the required PSC-issued Annual Rate Report after it has been published. For accuracy and transparency purposes, we suggest utilities be given the opportunity to provide input during the development of the annual report. In addition, the bill should clarify why OPC is granted authority to challenge the report, as this agency is already listed as a contributor in the process of its development. A more collaborative and clearly defined approach would ensure the report is accurate, comprehensive, useful to the public, and not subject to risk of challenge on the basis that it contains incorrect or misleading information after publication.

We share the General Assembly's commitment to ensuring Marylanders have clear, accurate information about utility rates and regulatory proceedings. However, as currently drafted, HB-540 presents operational challenges, unnecessary costs, and ambiguities that could reduce - not enhance - customer understanding and engagement.

For these reasons, Potomac Edison / FirstEnergy respectfully requests an Unfavorable report on HB-540. We do welcome the opportunity to work with the bill sponsor, Committee members, the PSC, and OPC to refine the bill in a way that meets its goals while ensuring practical, cost-effective implementation.