



HB981: Investor-Owned Public Service Companies - Base Rate Proceeding - Equity Market Return

Position: Favorable

February 24, 2026

The Honorable Marc Korman, Chair
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401
Cc: Members of the Committee

Chair Korman and members of the Environment and Transportation Committee,

Economic Action Maryland Fund urges a favorable report on HB981, which with the Sponsor amendments may be the most impactful bill for ratepayers before the committee this legislative session. This bill ties the return on equity (ROE) to the actual rate necessary to attract capital, putting ratepayers before corporate profits.

As the members of this committee are painfully aware, energy rates have risen dramatically in recent years due to a variety of factors. Thousands of Marylanders each year face shutoff notices due to nonpayment, while many others are forced to juggle multi-hundred-dollar utility bills alongside the ever-increasing costs of rent, groceries, and other necessities. In fact, when Economic Action Maryland Fund surveyed our members and other stakeholders this winter, 63% stated utility bills were their primary concern.

While it is true that utility companies must attract capital for infrastructure investments, these companies are unique in their ability to attract investors. As a state granted monopoly, these companies do not compete in a free market but rather operate in a regulated market with a guaranteed return on equity (ROE). Because of that regulatory framework, investing in utility companies carries no risk, and these companies do not require a robust ROE to attract investment.

The ROE for utility companies in Maryland has been too high, enabling companies to secure massive profits while ratepayers struggle to pay their bills. This legislation seeks to right-size and rebalance the ROE to ensure ratepayers, not just corporate shareholders, are protected.

The ROE on investments should be set at the lowest rate possible to attract investment, not the rate best for corporate profits. Setting the ROE too high does not just overly burden ratepayers, it incentivizes wasteful and unnecessary capital spending to maximize profits. Captive ratepayers should not be forced to subsidize expenses that provide them no direct benefit.

For these reasons, we urge a favorable report on HB981 with the sponsor amendments.

Sincerely, Jennifer Bevan-Dangel, Deputy Director

Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

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