



Testimony on: HB0981 – Investor-Owned Public Service Companies - Base Rate Proceeding - Equity Market Return
Committee: Environment and Transportation
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Laurie McGilvray, Co-Chair
Position: Favorable
Hearing Date: February 24, 2026

Dear Chair Korman and Committee Members:

Thank you for allowing our testimony today on HB0981. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of 32 grassroots and professional organizations focused on climate justice, urges you to vote favorably on HB0981.

Marylanders are facing escalating energy bills and it is time to examine each of the various factors driving up utility rates. One such factor is utility return on equity (ROE). Return on equity is a measure of a company's profitability in relationship to stockholder's equity. The higher the ROE the greater the earnings for investors. The average expected long-term aggregate market ROE is 6.7%. However, Maryland investor-owned monopoly utilities have an average ROE of 9.7% despite the fact that they are one of the least riskiest industries given that they are regulated monopolies. The question is why do Maryland utilities get a 30% higher ROE than the average expected long-term aggregate market ROE – especially when ratepayers are footing the bill? These utility profits make up about 15–20% of customer bills.

To highlight the contrast between electric rates for the 1.9 M customers of Maryland's investor-owned utilities (IOUs) versus the 245K customers of electric coops, currently electric coop customers pay an average of 11.56 cents/kwh while IOU customers pay an average of 18.38 cents/kwh. The range is even more startling with coop rates ranging from 6.84 cents/kwh (Hagerstown Light Department) to 16.60 cents/kwh (Choptank Electric Coop) and IOU rates ranging from 14.91 cents/kwh (Potomac Edison) to a whopping 21.31 cents/kwh for Pepco customers. (See [Power Outage.](#))

The question is why are IOU electric rates so much higher than electric coop rates? One obvious reason is that IOUs are getting a hefty ROE of 9.7%. It is time for Maryland's monopoly utilities to prove why they deserve a premium ROE that is 30% above the market average. HB0981 takes an important step in the right direction. The bill requires the Public Service Commission (PSC), in a base rate proceeding, to determine the equity market return for utility companies and authorizes the PSC to adjust the return on equity (ROE) rates based on the equity market return. Bringing utilities in line with the market ROE will save customers money and provide more equitable rates among all of Maryland's electric customers.

For all of these reasons, we support HB0981 and urge a favorable vote in committee.

350MoCo

Adat Shalom Climate Action

Cedar Lane Unitarian Universalist Church Environmental Justice Ministry

Chesapeake Earth Holders

Chesapeake Physicians for Social Responsibility

Climate Parents of Prince George's

Climate Reality Project

ClimateXChange

Coming Clean Network, Union of Concerned Scientists

DoTheMostGood Montgomery County

Echotopia

Elders Climate Action Maryland

Fix Maryland Rail

Glen Echo Heights Mobilization

Greenbelt Climate Action Network

HoCoClimateAction

IndivisibleHoCoMD

Maryland Legislative Coalition

Maryland Third Act

Mizrahi Family Charitable Fund

Mobilize Frederick

Montgomery County Faith Alliance for Climate Solutions

Montgomery Countryside Alliance

Mountain Maryland Movement

Nuclear Information & Resource Service

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Takoma Park Mobilization Environment Committee

The Climate Mobilization MoCo Chapter

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