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**COMMITTEE:** ENVIRONMENT AND TRANSPORTATION COMMITTEE

**TESTIMONY ON: INVESTOR-OWNED ELECTRIC, GAS, AND GAS AND ELECTRIC COMPANIES - UTILITY RATE CHANGES (PUBLIC SERVICE COMPANY TRANSPARENCY ACT)**

**POSITION: OPPOSE**

**HEARING DATE:** FEBRUARY 10, 2026 AT 1:00 P.M.

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT IN **OPPOSITION** TO **HOUSE BILL 540 - INVESTOR-OWNED ELECTRIC, GAS, AND GAS AND ELECTRIC COMPANIES - UTILITY RATE CHANGES (PUBLIC SERVICE COMPANY TRANSPARENCY ACT)**

### **Commitment to Transparency**

Washington Gas Light Company (“WGL” or “Company”) acknowledges its obligation to provide adequate and timely information with its customers that informs them of pending base rate changes and their opportunity to participate in any case docketed by the Public Service Commission (“Commission”).

### **Customer Notification of Proposed Rate Changes**

HB 540 would impose new customer notification requirements on utilities that seek Public Service Commission authorization to change rates. The new requirements include a 10-year rate change trend featuring a visual graphic of rate changes over the prior 10 years; a break-out of costs associated with transmission, distribution and standard-offer or commodity service; an accounting of all customer bill line items including rate riders; and a 70-word paragraph summarizing the role of the Commission.

HB 540 also would direct the Commission, in consultation with the Office of People’s Counsel (“OPC”), to issue an “annual rate report” for each Maryland utility, to be published on the Commission’s website. HB 540 would require that each Maryland utility distribute its annual rate report to customers and post same on the Commission’s website.

Finally, HB 540 would authorize OPC to bring a case to the Commission if OPC determines that annual rate report published by the Commission includes incorrect or misleading information.

## **Bill Analysis**

**HB 540 burdens Maryland’s public service companies with duplicative and unnecessary information-gathering, reporting and notification requirements. The costs associated with the new requirements will be passed on to utility customers, with no corresponding benefit to them.**

## **Existing Law**

Under § 4-202 of the Public Utilities Article (“PUA”), a public service company must maintain a tariff – the Commission-approved schedules of rates, terms and conditions – for public inspection at all times. Washington Gas keeps a copy of its tariff at its walk-in offices and posts the tariff on the Company’s webpage.

PUA § 4-203 requires a public service company to provide notice to the Commission of any new rate, or change in rate, at least 30 days before the new rate is established or current rate is changed. The public service company must publish the change in rate for the 30-day period and its notice and publication must plainly set for the changes proposed to the rate schedules currently in force as well as the effective date of the changes. Attachment 1 appended hereto is Order No. 92110 in Order No. 9849, WGL’s pending rate case, which directed the Company to publish at least two (2) notices prior to January 23, 2026, describing the case and the date and time of a prehearing conference.

The Commission’s Rules of Practice and Procedure, COMAR 20.07.04.07, 20.07.04.09 and 20.07.04.10 contain additional filing and notice requirements for utilities proposing to change their rates. Notably, COMAR 20.07.04.10 outlines a specific form of notice that utilities must use to describe their proposed rate changes, and how persons may file written comments with the Commission. A copy of WGL’s most recent rate case notification, in Case No. 9849, is appended hereto as Attachment 2. Further, the Commission formally schedules multiple public hearings, often in the evening, at various locations around a utility’s service area to afford customers the opportunity to learn more about and comment on proposed rate changes.

Finally, in 1983 the Commission adopted guidelines entitled, “INFORMATION TO BE FILED CONCURRENTLY WITH ANY BASE RATE APPLICATION.” These guidelines require a utility filing a base-rate case to provide approximately 160 types of information in a standardized format. The Commission noted that it was adopting the 1983 guidelines “to expedite the rate-making process, as well as to facilitate the comprehensive investigation of any rate increase proposal.” Washington Gas is providing the Commission guidelines as an example of rate-case filing requirements that have served the purposes outlined by the Commission for more than 40 years, as Attachment 3 hereto.

**The information HB 540 addresses is readily and transparently available to Maryland utility customers.**

Taken together, PUA, COMAR, Commission orders initiating rate cases and scheduling public hearings, and the Commission's 1983 rate case guidelines, compel Maryland utilities to file and make public hundreds of pages of rate information and rate change information, along with instructions on how customers might communicate with or appear before the Commission. This information is routinely shared with Commission Staff, OPC, the Maryland Energy Administration, the federal government via the General Services Administration, and traditional intervenors in WGL's cases. Rate case information is posted on WGL's website ahead of and for the duration of each docketed case.

HB 540's requirement that utilities portray rate case requests in historical and graphical comparisons will likely serve to confuse and even frustrate utility customers. Utility rates are not made in the vacuum of comparison to prior rates. Rather, they are made upon an examination of a public service company's actual cost-of-service as reviewed and established by the Commission, and taking into account federal and state constitutional protections for the utility to recoup its prudent expenditures and to exercise its opportunity to earn a reasonable return upon investment.

Further to the point of customer frustration, as referenced in the Fiscal Note for HB 540, on the date when utilities must send the new notice to customers, the utilities will not know what final rates the Commission will approve 180 days after rate case is filed under PUA 2-204. Thus, the 10-year rate trend report included in a bill insert will be necessarily incomplete or, if the proposed rates are included, misleading.

The annual rate trend report requirement suffers from similar deficiencies, and will not advance customer interests, lower cost, or provide meaningful guidance on the true value of utility service.

**HB 540 will not lower utilities' cost-of-service or rates.**

HB 540's requirement that utilities provide electronic and hard copy versions of rate case notifications and annual reports will keep upward pressure on the cost of providing utility service in Maryland, and will not serve to lower rates. Incremental costs include:

- Each hard copy bill insert costs a minimum of \$42,000, covering bill stock, letterhead, impression and insertion costs;
- WGL employee-related processing costs are estimated at \$5000-10,000 per bill insert; and
- WGL employee-related costs if the Commission conducts a substantive review of each bill insert are estimated to total several thousand more dollars; and
- All prudently incurred bill insert costs will be passed on to customers for information they are already provided under PUA, COMAR and Commission orders.

## **HB 540 gives OPC an unwarranted and legally dubious enforcement role.**

As noted above, HB 540 would authorize OPC to bring a case to the Commission if OPC determines that annual rate report published by the Commission includes incorrect or misleading information. This authorization appears to fundamentally change OPC's role from that of the statutory representative for the economic interests of residential ratepayers to a supernumerary overseer of Commission orders or other issuances. This new oversight role for OPC conflicts with PUA § 2-204(a)(3), which provides: "As the Office of People's Counsel considers necessary, the Office of People's Counsel shall conduct investigations and *request* the Commission to initiate proceedings to protect the interests of residential and noncommercial users." (Emphasis added.) And OPC's new responsibility clouds the exclusive authority that Maryland's judiciary enjoys in receiving and ruling on appeals from Commission decisions.

OPC already has the statutory authority to request that the Commission initiate any proceeding that OPC believes involves users' interests. HB 540 only serves to confuse that vital role with that of content overseer.

### **Closing Recommendation**

WGL respectfully requests that the Committee maintain Maryland's existing transparency framework under PUA § 4-203, COMAR and Commission precedent. The Company recommends that interested stakeholders work within current Commission processes rather than layering new statutory requirements that increase costs without measurable customer benefit.

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### **About Washington Gas**

Washington Gas Light Company provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. Washington Gas has been providing energy to residential, commercial, government, and industrial customers for more than 177 years, and currently serves nearly 520,000 Maryland customers in Montgomery, Prince George's, Charles, St. Mary's, Frederick, and Calvert Counties. The Company employs over 600 people within Maryland, as well as hundreds of contractors, plumbers, union workers, and other skilled tradespeople. The Company strives to improve the quality of life in our communities by maintaining a locally-based workforce, working with suppliers that represent and reflect the communities it serves, and giving back through its charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.

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# **ATTACHMENT 1**

**Case No. 9849 - Order No. 92110**

# **ATTACHMENT 2**

**Case No. 9849 – WGL Notice of Publication**

# **ATTACHMENT 3**

## **Commission Rate Case Guidelines**