

DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
DEPUTY PEOPLE'S COUNSEL

JULIANA BELL
DEPUTY PEOPLE'S COUNSEL

— **OPC** —
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

6 ST. PAUL STREET, SUITE 2102
BALTIMORE, MARYLAND 21202
WWW.OPC.MARYLAND.GOV

BRANDI NIELAND
DIRECTOR, CONSUMER
ASSISTANCE UNIT

CARISSA RALBOVSKY
CHIEF OPERATING OFFICER

BILL NO.: House Bill 0509 – Campaign Finance - Contributions by Gas and Electric Utility Companies - Prohibition

COMMITTEE: Government, Labor, and Elections

HEARING DATE: February 11, 2026 (GLE)

SPONSOR: Delegates Vogel, Behler, and Boafo

POSITION: Favorable

The Office of People’s Counsel (OPC) respectfully offers the following comments in support of House Bill 0509, Campaign Finance - Contributions by Gas and Electric Utility Companies – Prohibition, which proposes to prohibit electric and gas companies doing business in the State from, directly or indirectly, making a contribution to (1) the campaign finance entity of a candidate for a nonfederal public office in the State or (2) any other campaign finance entity organized in support of a candidate for nonfederal public office in the State. Maryland currently has a similar statutory prohibition on campaign finance contributions from owners and licensed operators of video lottery facilities.¹

Public utility companies are unlike any other business or regulated industry. The State grants utilities monopolies to perform important public functions, and in turn, utilities are required to operate “in the interest of the public.”² At the same time, Maryland’s largest utilities are private companies with fiduciary obligations to earn profits for their investors. In competitive markets, the risk of losing customers incentivizes such private companies to balance the interests of their investors with those

¹ Md. Code Ann., Election Law § 13-237.

² Pub. Util. Art. § 2-113(a) requires the Commission to “supervise and regulate the public service companies subject to the jurisdiction of the Commission to ... ensure their operation in the interest of the public.”

of their customers. When companies in competitive markets make political contributions that don't reflect the interests of their customers, those customers can—and often do—choose to take their business elsewhere. But utilities are insulated from competition by their monopoly status. Captive utility customers have no option to take their business elsewhere, and this discipline is absent. For these monopolies, “extensive government control” over prices, services, and operations “takes the place of competition and furnishes the regulation which competition cannot give.”³

In 1935, in recognition of the vast political power of utility monopolies, Congress passed the Public Utility Holding Company Act, which among other things, barred certain utility holding companies from making political contributions “in support of any political party or committee or agency thereof,” regardless of a state’s campaign finance regulations.⁴ The law covered gifts, subscriptions, loans, advances, or anything of value. In 2005, that restriction was repealed,⁵ leaving the states to fill in the gap, which many states have done.⁶ At least one analysis has shown that capping campaign contributions leads to lower rates.⁷

In such a highly regulated industry with captive customers, placing clearer restrictions on campaign spending—and helping to fill the gap left in federal law—is appropriate and necessary.⁸

Recommendation: OPC requests a favorable Committee report on HB 0509.

³ *Delmarva Power & Light Co. v. Pub. Serv. Comm'n of Md.*, 370 Md. 1, 6 (2002).

⁴ Public Utility Holding Company Act of 1935, ch. 687, 49 Stat. 803 (1935), 15 U.S.C. § 79(h).

⁵ Energy Policy Act of 2005, Pub. L. 109-58, 119 Stat. 594 (2005).

⁶ Mark Van Orden, *Power Play: Political Contributions and Regulatory Capture in the Electric Utility Industry*, Center for Growth and Opportunity at Utah State University (Oct. 31, 2023), <https://www.thecgo.org/research/power-play/>.

⁷ *Id.*

⁸ Under Public Service Commission regulations, utility companies are prohibited from using ratepayer money to fund political contributions. See COMAR 20.07.04.08(b) (providing that “Charitable contributions, penalties, and lobbying expenses recorded in Account 426.1, 426.3, and 426.4, respectively, of the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission will not be allowed for rate making purposes in rate matters.”). But nothing stops these companies from using other sources of revenue—like shareholder profits—to make such political contributions, even if those contributions do not reflect the interests of their customers.