September 23, 2026

FISCAL AND POLICY NOTE

TO: Transportation, Infrastructure, Energy & Environment Committee (TIEE)

THRU: Kenny Battle
Committee Director

FROM: Alex Hirtle
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-081-2026 Moratorium on Utility Price Increases

CR-081-2026 (*proposed by*: Councilmember Adams-Stafford and Councilmember Hunter)

Referred to the Transportation, Infrastructure, Energy & Environment Committee (TIEE)

A RESOLUTION CONCERNING A MORATORIUM ON UTILITY PRICE INCREASES, for the purpose of requesting the Maryland Public Service Commission to impose a three-month moratorium on utility price increases for low-and moderate-income households, certain senior households, and households with persons with certain medical conditions in Prince George's County; to evaluate the cause of current utility rate increases for residents of Prince George's County, with special attention on the role of data centers in neighboring communities, as well as the impact of last winter on utility increases; requesting additional customer protections; and generally regarding utility rate increases in Prince George's County.

Fiscal Summary

Direct Impact:

Expenditures: Negligible administrative costs will likely be incurred with this Resolution.

Revenues: No foreseen revenue impact.

Indirect Impact:

Potentially favorable.

Legislative Summary:

CR-081-2026 was introduced on September 1st, 2026, and to be referred to the Transportation, Infrastructure, Energy & Environment Committee (TIEE). The Resolution requests that the Public Service Commission (PSC) place a three-month moratorium on utility prices for low-and-moderate income households, certain senior households, and households of persons with certain medical conditions in Prince Georges County.

Furthermore, the Bill requests upon commencement of the moratorium that the PSC study patterns of utility use and associated customer costs to determine if a moratorium needs to be extended in the jurisdiction. The legislation also requests that the PSC assess the role of data centers in the PJM (Regional Transmission Organization) network on rates and usage in the County and State and seek further input from the PSC and Office of People's Counsel (OPC) regarding data centers. The Bill further requests that the PSC and PJM partner to conduct a comprehensive review of policy mechanisms to lower utility rates for State and County customers.

The Resolution also recognizes the need for a "formal emergency shutoff halt authority" during crises, enhanced seasonal shutoff protections, required post-moratorium payment stabilization measures, prohibition of shutoffs for seniors and medically vulnerable residents, and implementation of a performance-based relief or forgiveness program to address accumulated balances.

Current Law/Background:

Title 4, Subtitle 1, Section 4-102 of the Public Utilities Article, Annotated Code of Maryland permits the Public Service Commission to set just and reasonable rates for a public service company, as maximum rate, minimum rate, or both. Maryland is also part of a large electrical transmission network for electricity known as a Regional Transmission Organization (RTO), an entity called PJM, the Pennsylvania-New Jersey-Maryland Interconnection. The PJM area consists of 13 states as well as the District of Columbia that shares electrical interconnection. This organization is regulated by the Federal Energy Regulatory Commission (FERC)[1], and has a Board of Managers that is responsible for overall oversight and strategic decisions.[2]

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[1] https://www.pjm.com/library/governing-documents.aspx

[2] https://marec.us/wp-content/uploads/2023/10/MAREC-Action-PJM-Governance-and-Membership-Structure-Fact-Sheet.pdf

The PSC is an independent administrative agency, established in 1910 (Chapter 180, Acts of 1910) by the General Assembly, which provided that "the powers of the Commission shall be liberally construed" to deal with the dynamic nature of public service companies, per Code of public utility companies Article, section 2-112.[3]

The Office of the People's Counsel is an independent Maryland State agency that advocates for Maryland residential utility consumers and represents the interests of the residential customer of natural gas, electricity, private water, and telephone utilities regarding cases that go before the PSC, federal regulatory agencies, and the court system. The head of the agency is appointed by the Maryland Attorney General.[4]

The Maryland OPC issued a press release on March 19th, 2026, stating that data center load forecasts are highly uncertain, raising concerns about unnecessary transmission infrastructure, and if data center demand in the PJM interconnection is overestimated, Maryland customers will pay for unnecessary transmission infrastructure. OPC also provided a press release on June 23, 2026 indicating that the PJM's staff proposal for addressing data centers was detrimental to residential customers, and included alternatives to protect residents from higher costs including: establishing a registry to track data centers that bring their own new generation, capacity-procurement obligations, and their "connect and manage" status; procure generation capacity only for data centers that have made binding commitments to pay for the capacity; and other requirements that would protect Maryland customers from higher rates through over-construction, price manipulation, and "connect and manage" process.

Maryland OPC also produced a report in June 2024 (updated in March 2025) revealing that most Maryland utility customers have seen their gas and electricity rates increase substantially over the past 10-15 years, with some rates increasing by multiples of two and three.

Resource Personnel:

Kathy Canning, Legislative Attorney
Taylor N. Ware, Chief of Staff, Council District 5

Discussion/Policy Analysis:

It is first important to understand that the Public Utility Commission is an independent State agency, and its purpose is to set a *just and reasonable* rate of a public service company, as a maximum rate, minimum rate, or both (italics are the author's emphasis). The Commission's ratemaking authority is subject to the constitutional requirement established by the US Supreme Court that a utility's rates be just and reasonable, as codified in Maryland PUA §§ 4-101 and 4-

[3] https://2004mdmanual.msa.maryland.gov/msa/mdmanual/25ind/html/62pubsf.html
[4] https://opc.maryland.gov/Our-Office/What-We-Do

201 (see *Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679 (1923) and *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944)). This requires ensuring a utility has the opportunity to cover its costs and expenses through rates—including the costs of debt and equity—and that ratepayers are only paying for what is necessary to achieve that standard.

For this reason, distribution rate proceedings require a very detailed and careful analysis of a utility's investments, costs, reliability, and service. The procedural process is outlined in Title 4 of the Public Utilities Article. When a utility files a new distribution rate with the Commission, PUA § 4-204 gives the Commission the broad authority to suspend that rate immediately for a term up to 180 days. During that time, Commission Staff, OPC, and other stakeholders--including Maryland counties, if they wish to intervene--participate in an evidentiary hearing that allows for discovery, expert testimony, a hearing, and briefing, and in which they may present a case on what rate is just and reasonable for the utility. The Commission sits in its adjudicatory role to hear evidence and make findings of fact and law. The public also has the statutory right to comment and those comments become part of the official record.

The Commission issues an order at the end of the suspension period setting a just and reasonable distribution rate for the utility based strictly on the record of the case, as is required. Thus, a utility's distribution rates that go into effect have already been subject to a 6-month suspension and thorough proceedings to allow the Commission to make a determination as to what is just and reasonable. Because the utility is constitutionally and statutorily entitled to rates that meet that standard, the Commission cannot impede those rates from being in effect.

Just and reasonable rate may allow for seasonal variation, bill stabilization adjustments, time of use adjustments, budget billing, or other mechanisms that could cause a customer's billed rate to vary in a particular month or season. A utility is provided an opportunity to collect a particular level of revenue required to operate its business fairly, so those rate mechanisms are evaluated as part of the rate case to achieve that required revenue and must also be deemed just and reasonable to go into effect.

The Commission recently adjudicated a rate case filed by Pepco in which several stakeholders, including Commission Staff, OPC, and MEA, gave testimony and briefs. Ultimately the Commission decided that Pepco was entitled to less than half of its requested revenue increase, and approved rate increases that are less than the rate of inflation. See Commission Case No. 9820, Order No. 92607.

It is also important to note that the Commission's rate setting authority extends only to distribution rates. A customer's total billed rate consists of charges for supply, transmission, and distribution. The wholesale supply and transmission rates are FERC-regulated and outside of the jurisdiction of the Commission. Aside from generally ensuring that supply auctions are conducted fairly, the Commission does not have authority to change those rates.

Regarding issues of data centers and its impact on Maryland's residential electric bills, the Commission issued a report to the Maryland General Assembly on the potential impacts of large loads co-located with grid-connected generation. The report can be viewed here. The report focuses on utilization of end-use electricity customer load physically connected to generation facilities. In short, the impacts of having large load electric facilities, like data centers hooked up directly to a power plant varies case by case, but such scenarios could present significant risks to reliability and notably raise electricity prices due to demand dynamics. Although the report confirms that FERC and State public utility commissions (including Maryland PSC) continue to study this issue, the PSC notes the (Maryland) General Assembly has not clarified co-located loads which would allow the PSC to regulate some or all of the grid costs to the (facility) applicant, thus mitigating these costs from residential consumers. The PSC also recommends that the General Assembly establish a State agency review process for co-located applicants to determine better public interest outcomes for each request. The Commission acknowledges that despite the expected employment and tax revenue of facilities, like data centers, provides to jurisdictions, these new additions to the (PJM) grid could affect reliability and prices for rate payers. Elected officials, in coordination with State and local governments and in conjunction with data center developers, should develop and enact policies to ensure the new economic opportunities of these facilities are balanced with their locations throughout the State.

The Commission has also further investigated large load projects by opening dockets (PC 72 and RM 93) to create specific utility tariffs for large loads. We will also be implementing the requirements of HB 1532 (2026) with respect to adopting a large load registry by mid-2027. The Commission is also participating as a member in PJM proceedings related to management of data center load and costs.

Pertaining to partnering with PJM, the Commission has and continues to participate in several PJM proceedings related to matters that impact rates of Maryland customers, including ongoing proceedings dealing with the management of data center load and costs, to ensure policy alignment as far as is practicable and beneficial to Maryland. Additionally, there are provisions in HB 1532 (2026) related to large load data that are meant to facilitate an efficient transfer of information between PJM and the Commission so that planning inputs are as accurate as possible on both sides.

Related to formal shut-off halt authority for rapid response during crises, the Commission can place a moratorium on service disconnections during emergencies and crises, and has done so on several occasions – e.g., during the COVID pandemic, during weather events, and as a measure to protect customers from the effects of poor customer service by a utility. Additionally, the Commission has extensive regulations governing service disconnection requirements found in COMAR Title 20 Subtitle 31, which include seasonal weather and temperature related protections. This Title also deals with post-moratorium payment stabilization measures: see Case No. 9449, Mail log 301994. This joint motion (later granted by the Commission) documents negotiated terms for conditions applicable to Washington Gas's resumption of service

disconnections after a moratorium caused by poor customer service. For shut-off prohibitions for seniors and medically vulnerable residents (i.e. *enacted* protections), these standards are also found in the same title.

Finally, a utility has the discretion to establish programs like performance-based debt relief or forgiveness programs to address accumulated utility bill balances. However, such a program must be carefully considered because uncollectable or uncollected debt ultimately becomes a part of rates charged to all customers, which would raise bills even higher for customers who pay their bills on time. If a utility must "forgive" a substantial amount of arrearages, rates for all customers will increase to account for that lost revenue as well as the risk of future losses that could be caused by the intentional use of a program of this nature by a large amount of customers.

Fiscal Impact:

- *Direct Impact*

Adoption of CR-081-2026 will likely have a negligible adverse fiscal impact on the County in terms of administrative costs in requesting additional action from the PSC and other parties, like State delegates and senators, regarding utility rate constraints as well as large load and co-load regulations, moratoriums, and other consumer protections.

- *Indirect Impact*

Adoption of CR-081-2026 could have a favorable indirect impact on the County, to the extent that lower utility rates and increased protections for a sizable percentage of ratepayers would provide increased discretionary spending for County residents, possibly increasing County government revenues and tax base.

- *Appropriated in the Current Fiscal Year Budget*

No.

Policy Implementation Resource/Project Timeline:

Legislative Initiative
Milestone 1 (9/1/2026) – County Council
a. Resolution Introduction
b. Sends to TIEE Committee
Milestone 2 (Early/mid fall 2026) – Final reading
a. Vote favorably
Milestone 3 (Fall 2026) - Administrative
a. Committee Director & Council Clerk forward correspondence request to PSC and others

Milestone 4 (undetermined)- Implementation

a. PSC, General Assembly, PJM, FERC, and others implement stricter regulations to provide relief for ratepayers.

Disclaimer - *Relative timeline based on County Agency and OMB input at a point in time.*

Effective Date of Proposed Legislation:

This Resolution goes into effect on the date of its adoption.

If you require additional information, or have questions about this fiscal impact statement, please reach me via phone or email.