

# HOUSE BILL 1

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(PRE-FILED)

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CF SB 2

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By: Delegate Crosby

Requested: September 15, 2025

Introduced and read first time: January 14, 2026

Assigned to: Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery**  
3 **– Limitations**

4 FOR the purpose of prohibiting certain public service companies from recovering through  
5 rates any costs associated with paying certain employees a bonus except under  
6 certain circumstances; prohibiting certain public service companies from recovering  
7 through rates any costs associated with a supervisor's annual compensation once the  
8 compensation exceeds a certain amount; requiring the boards of directors of certain  
9 public service companies to adopt certain policies to place reasonable cost limitations  
10 on certain types of expenditures; and generally relating to cost recovery by public  
11 service companies.

12 BY repealing and reenacting, with amendments,

13 Article – Public Utilities

14 Section 4–504

15 Annotated Code of Maryland

16 (2025 Replacement Volume and 2025 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Public Utilities**

20 4–504.

21 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
22 **INDICATED.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   **(2) (I)** "BONUS" MEANS A FORM OF DIRECT OR INDIRECT  
2 PAYMENT, CONSIDERATION, OR COMPENSATION THAT IS PAID OR CONVEYED TO AN  
3 EMPLOYEE OF A PUBLIC SERVICE COMPANY IN ADDITION TO THE EMPLOYEE'S BASE  
4 PAY.

5                   **(II)** "BONUS" INCLUDES:

6                   1. COMPENSATION THAT THE PUBLIC SERVICE  
7 COMPANY DOES NOT FORMALLY LABEL AS A BONUS PAYMENT;

8                   2. ANY FORM OF INCENTIVE COMPENSATION THE FACT  
9 AND AMOUNT OF WHICH IS UNDER THE DISCRETION OF THE PUBLIC SERVICE  
10 COMPANY UNTIL A TIME CLOSE TO THE END OF THE PERIOD FOR WHICH THE  
11 INCENTIVE PAYMENT IS PAID; AND

12                  3. PAYMENTS GIVEN IN ADDITION TO BASE PAY THAT  
13 ARE CONTINGENT ON THE OCCURRENCE OF ONE OR MORE EVENTS OR CONDITIONS.

14                  **(3) (I)** "COMPENSATION" MEANS A FORM OF PAYMENT OR  
15 CONSIDERATION CONVEYED TO OR FOR THE BENEFIT OF A SUPERVISOR IN  
16 CONNECTION WITH THE SUPERVISOR'S WORK FOR A PUBLIC SERVICE COMPANY.

17                  **(II)** "COMPENSATION" INCLUDES:

18                  1. DIRECT AND INDIRECT METHODS OF CONFERRING  
19 BENEFITS;

20                  2. CASH AND NONCASH BENEFITS;

21                  3. SALARY, BONUSES, PERIOD PAYMENTS, AND  
22 SEVERANCE PAY; AND

23                  4. THE VALUE OF A PERQUISITE, COMPENSATORY OR  
24 PAID LEAVE, OR OTHER BENEFIT NOT EXCLUDED UNDER SUBPARAGRAPH (III) OF  
25 THIS PARAGRAPH.

26                  **(III)** "COMPENSATION" DOES NOT INCLUDE ANY EXPENDITURE  
27 OF A PUBLIC SERVICE COMPANY FOR HEALTH, MEDICAL, OR LIFE INSURANCE OR  
28 DISABILITY PAY.

29                  **(4)** "SUPERVISOR" MEANS AN INDIVIDUAL WHO:

30                  **(I)** USING THE INDIVIDUAL'S INDEPENDENT JUDGMENT:

1                   **1. IS AUTHORIZED BY THE INDIVIDUAL'S EMPLOYER TO**  
2   **HIRE, TRANSFER, SUSPEND, LAY OFF, RECALL, PROMOTE, DISCHARGE, ASSIGN,**  
3   **RWARD, OR DISCIPLINE OTHER EMPLOYEES;**

4                   **2. IS RESPONSIBLE FOR DIRECTING THE WORK**  
5   **PERFORMANCE OF OTHER EMPLOYEES; AND**

6                   **3. IS RESPONSIBLE FOR RESPONDING TO EMPLOYEE**  
7   **COMPLAINTS; OR**

8                   **(II) IS EMPLOYED IN A BONA FIDE EXECUTIVE CAPACITY UNDER**  
9   **THE FEDERAL FAIR LABOR STANDARDS ACT.**

10                  **[(a)] (B)** This section applies only to a public service company that is an  
11 investor-owned electric company, gas company, or combination gas and electric company.

12                  **[(b)] (C)** A public service company may not recover through rates any costs  
13 associated with:

14                  (1) membership, dues, sponsorships, or contributions to an industry trade  
15 association, group, or related entity exempt from taxation under § 501(c)(6) of the Internal  
16 Revenue Code; [or]

17                  (2) the acquisition, use, or allocation of costs associated with a private  
18 plane that is owned or leased by the public service company or its holding company;

19                  **(3) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION,**  
20   **PAYING A BONUS TO AN EMPLOYEE OF A PUBLIC SERVICE COMPANY; OR**

21                  **(4) COMPENSATION FOR A SUPERVISOR THAT EXCEEDS 110% OF THE**  
22   **MAXIMUM ANNUAL SALARY PAYABLE TO A MEMBER OF THE COMMISSION FOR THE**  
23   **SAME CALENDAR YEAR.**

24                  **(D) A PUBLIC SERVICE COMPANY MAY RECOVER THE COSTS ASSOCIATED**  
25   **WITH PAYING AN EMPLOYEE A BONUS THROUGH RATES IF:**

26                  (1) THE EMPLOYEE HAS A WRITTEN EMPLOYMENT CONTRACT THAT  
27 WAS EXECUTED ON OR BEFORE DECEMBER 31, 2025; OR

28                  (2) THE EMPLOYEE IS COVERED BY A VALID COLLECTIVE  
29 BARGAINING AGREEMENT.

**HOUSE BILL 1**

1           **(E) THE BOARD OF DIRECTORS OF EACH PUBLIC SERVICE COMPANY SHALL**  
2 **ADOPT A COMPANY-WIDE POLICY PLACING REASONABLE COST LIMITATIONS ON**  
3 **EXPENDITURES FOR:**

- 4           **(1) ENTERTAINMENT AND EVENTS;**  
5           **(2) OFFICE AND FACILITY RENOVATIONS;**  
6           **(3) TRANSPORTATION SERVICES, INCLUDING AVIATION;**  
7           **(4) STAFF DEVELOPMENT ACTIVITIES OR EVENTS;**  
8           **(5) PERFORMANCE INCENTIVES; AND**  
9           **(6) OTHER ACTIVITIES OUTSIDE OF THE SCOPE OF THE NORMAL**  
10 **COURSE OF BUSINESS OPERATIONS.**

11           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 October 1, 2026.