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BILL NO.: House Bill 0054 – Task Force to Study Restructuring
Maryland's Electric Utility Industry

COMMITTEE: Environment and Transportation

HEARING DATE: February 3, 2026

SPONSOR: Delegate Allen

POSITION: Favorable with amendments

The Office of People’s Counsel (“OPC”) respectfully offers the following comments in support of House Bill 0054 with the amendments described below. HB 0054 establishes a task force, comprised of governmental, utility, and nongovernmental members to evaluate various alternative approaches and reforms to Maryland’s regulation of public service companies to reduce rates and make public service companies more responsive to the needs of ratepayers.

Specifically, the task force is comprised of 28 members including representatives of six State agencies and each chamber of the legislature; one representative of each of the State’s four investor-owned electric companies, two electric cooperatives, and five municipal electric utilities; two representatives of private generation companies; one representative of Maryland’s regional transmission system operator, PJM Interconnection, LLC; three additional representatives of ratepayer interests; one additional member of the public with expertise in Maryland’s electric utility industry; and two representatives of nonprofit organizations that focus on the electric utility industry. The bill directs the Chair of the Public Service Commission (“PSC”) to designate the chair of the task force, and the PSC to provide staff for the task force.

HB 0054 charges the task force with conducting a broad examination of different approaches to reform the electric utility industry. This includes “options for restructuring,” such as public ownership and municipalization, and other strategies for reducing utility bills and improving the responsiveness of utilities to ratepayer needs. Additionally, the task force is required to examine alternative utility governance models in other states—including Nebraska, Washington, and Oregon¹—and compare utility rates in those states to rates in Maryland. Ultimately, the task force is required to estimate the costs and benefits to Maryland residents resulting from the options studied and report recommendations to the General Assembly by November 1, 2027.

OPC agrees that the current affordability crisis necessitates a hard look at whether Maryland’s current regulatory model best serves the public interest or whether customers and the State would be better served by an alternative model. Currently, most Maryland ratepayers are served by investor-owned utilities—private companies State-granted monopolies to perform important public functions that must operate “in the interest of the public”² but that also have 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 of their customers, who have the option to leave for competitors. Because utilities are insulated from competition by their monopoly status, this discipline is absent and “extensive government control” over prices, services, and operations “takes the place of competition and furnishes the regulation which competition cannot give.”³

Additionally, most Maryland ratepayers are served by distribution utilities that are owned by large multistate or multinational holding companies that own multiple separate distribution utilities across different states. Baltimore Gas and Electric (“BGE”), Potomac Electric Power Company (“Pepco”), and Delmarva Power and Light are all owned by Illinois-based Exelon; Potomac Edison is owned by Ohio-based FirstEnergy Corporation; Washington Gas Light Company is owned by the Canadian company AltaGas; and Columbia Gas of Maryland is owned by Indiana-based NiSource, Inc. This kind of industry consolidation can result in corporate efficiencies that benefit customers, but the resulting consolidation of market power can also harm customers—for example, if the PSC is less effectively able to regulate local distribution companies, if the holding company strategy drives utility business decisions, or if the consolidation leads to the exercise of economic and political power contrary to the interests of customers.

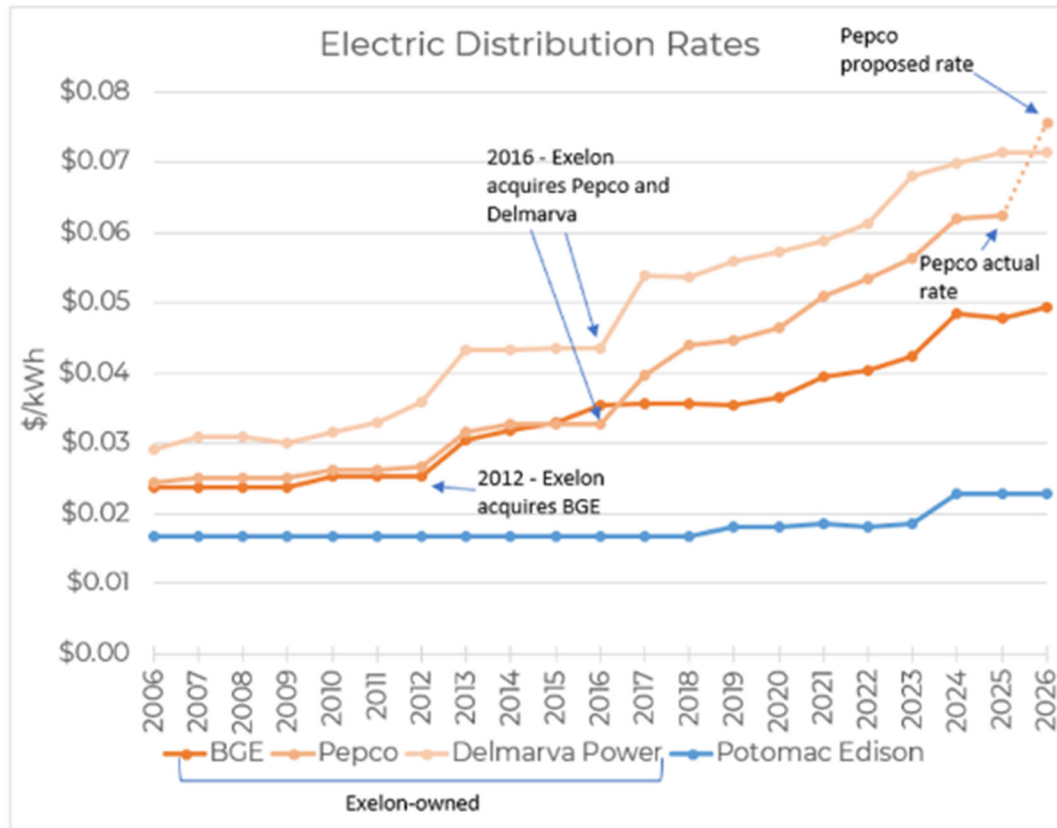
¹ Notably, Nebraska is the only state that relies entirely on a public-ownership model for utility services. Washington and Oregon have each recently enacted significant legislative reforms aimed to improve utility transparency and mitigate rising utility bills.

² Public Utilities Article § 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.”

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

For example, since its acquisition of Maryland’s utilities—BGE in 2012 and PHI, the parent of Pepco and DPL in 2016—Exelon has drastically increased capital spending at each of its Maryland utilities. This aggressive capital spending has corresponded to significant distribution rate increases—shown in the figure below—and driven significant growth in profits. BGE’s profits have steadily grown to \$527 million in 2024 compared to pre-acquisition profits of less than \$150 million.⁴

Figure 2: Electric Distribution Rates



Source: *Utility Rates and Basics*, Office of People’s Counsel, <https://opc.maryland.gov/Consumer-Learning/Utility-Rates-and-Basics>.

While HB 0054 does not offer an immediate fix to continuously increasing distribution rates and high customer bills, it takes an important step by directing a robust exploration of alternative pathways to the provision of essential services—for example, through utilities that are owned by the public rather than investors. OPC supports such an exploration and offers the following friendly amendments to better focus the task force’s

⁴ Bria Overs, [Your BGE bill has definitely gone up. Here’s why](#), Baltimore Banner (Jan. 16, 2026). Exelon’s other utilities also have seen growth. Exelon’s total 2024 profits exceeded \$2.4 billion. *Id.* Exelon’s federal regulatory filings explain that PHI and BGE profits reflect “[f]avorable impacts of rate increases.” Exelon Corp., [Annual Report \(Form 10-K\)](#) (Feb. 12, 2025) at 42.

analysis on the bill’s intent to reduce rates and make public service companies more responsive to the needs of ratepayers.

First, as written, HB 0054 only examines the electric utility industry. The affordability crisis, however, is not limited to electric bills. As OPC’s gas spending reports explain, the accelerated pace of investment Maryland’s gas utilities are making in long-lived gas infrastructure is rapidly driving up customer bills.⁵ **OPC recommends broadening the bill’s scope to encompass a similar evaluation of the gas utility industry and gas rates.**

Second, the composition of the task force, as written, allows for the potential of undue utility influence. The views and perspectives of the utility industry are essential to ensure robust analysis, but given the potential impact of any recommendation on, particularly, investor-owned utility companies with substantial financial interests at stake, **OPC recommends amending the bill to limit the potential for such influence. This could be accomplished by reducing the number of utility representatives on the task force or reserving voting privileges to representatives of state governmental entities and establishing an alternative pathway for participation by non-governmental and utility entities.**

Third, as drafted, the task force’s main charge—“to study options for restructuring Maryland’s electric utility industry”—may be overly broad and could be interpreted to include evaluating the further entrenchment of for-profit investor-owned utilities, such as returning to a vertically integrated regulatory model, that would be counter to the bill’s apparent intent. **OPC recommends amending the bill to limit the task force’s inquiry specifically to public, cooperative, or municipal ownership models.**

OPC appreciates the sponsor’s commitment to exploring alternative models to better align the State’s regulation of its public service companies with the public interest and is available to work with the sponsor and the committee on language effectuating the recommendations above.

Recommendation: OPC requests a favorable Committee report on HB 0054 with the amendments described above.

⁵ See [Gas Spending and Analysis](#), Office of People’s Counsel. For more on gas-specific topics, see the [Future of Gas](#) page of OPC’s website.