

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 1105  
Economic Matters

(Delegate Miller, *et al.*)

Finance

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Investor-Owned Electric Companies - Acquisition of Substantial Influence -  
Prohibition

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This bill prohibits a person from acquiring, directly or indirectly, the power to exercise substantial influence over the policies or actions of an investor-owned electric company (IOU) if the person would become an affiliate of *each* IOU in the State as a result of the acquisition. The bill specifies the conditions under which a person is considered to have acquired such power to exercise substantial influence. The Public Service Commission (PSC) may adopt regulations to implement the bill. **The bill takes effect June 1, 2019.**

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Fiscal Summary

**State Effect:** The bill does not materially affect State finances or operations.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** Without prior authorization from PSC, a person may not acquire, directly or indirectly, the power to exercise any substantial influence over the policies and actions of an electric company, gas and electric company, or gas company, if the person would become an affiliate of the electric company, gas and electric company, or gas company as a result of the acquisition. A person must apply to PSC for such authorization, as specified. PSC must approve, conditionally approve, or deny the application based on its finding of whether or not the proposed acquisition is consistent with the public interest, convenience, and necessity, including benefits and no harm to consumers.

**Background:** There are currently four IOUs operating in Maryland: Baltimore Gas and Electric Company; Delmarva Power and Light Company (DPL); Potomac Edison Company (PE); and Potomac Electric Power Company (Pepco). With the exception of PE, which is owned by First Energy Corporation, the remaining three IOUs are owned by Exelon Corporation. Exelon acquired the corporate parent of Pepco and DPL, Pepco Holdings, Inc., in 2016. Exelon companies serve about 80% of customer accounts in Maryland. PE serves about 10% of customer accounts. The remaining customers are served by electric cooperatives and municipal electric companies.

According to PSC, among other transactions, the bill precludes:

- a merger between First Energy and Exelon;
- the complete or partial transfer of PE to Exelon; and
- the complete or partial transfer of all three of Exelon's Maryland IOUs to First Energy.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Public Service Commission; Office of People's Counsel; Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2019  
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