



January 23, 2025

112 West Street
Annapolis, MD 21401

Oppose – House Bill 81: Real Property - Condemnation - Compensation for Farm and Agricultural Property (Protect Maryland Farm Lands Act)

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) oppose **House Bill 81 - Real Property - Condemnation - Compensation for Farm and Agricultural Property (Protect Maryland Farm Lands Act)**. House Bill 81 mandates a compensation of 350% of the highest appraisal value for properties actively used for farming or agricultural purposes when acquired through condemnation for the construction or maintenance of a transmission line. The legislation applies retroactively to condemnation proceedings initiated on or after January 1, 2024.

Pepco and Delmarva Power are concerned that this legislation has the potential to impact Maryland ratepayers economically, impede progress in addressing regional resource adequacy challenges, and jeopardize the State's net-zero goals.

This legislation could result in much higher property acquisition costs for necessary energy infrastructure, increasing costs for utility ratepayers. House Bill 81 mandates that utilities and transmission owners pay these premiums, even if that appraisal is unreasonable, and ratepayers will bear the costs without regulatory intervention, even if the premiums are against the public interest.

House Bill 81 will also create challenges for the state as it continues to work to move the clean energy transformation forward. The State's ambitious decarbonization goals, as well as the exponential growth in energy demand, coupled with the retirement of generating plants, requires a significant investment in electric infrastructure to serve current and future load reliably. Major infrastructure components, including new transmission lines, substations, and feeder lines, are needed in both the near and long term to achieve the State's climate goals. The proposed premium of 350% above the highest appraisal compensation requirement, could discourage the development of necessary infrastructure investment by raising the cost to transfer ownership of property necessary for these critical infrastructure projects. This has the potential to lead to the delay or abandonment of projects, or create a lack of desire to build in the state.

Pepco Holdings, the parent company of Pepco, an electric utility serving Washington, D.C., and suburban Maryland; Delmarva Power, an electric and gas utility serving Delaware and portions of the Delmarva Peninsula; and Atlantic City Electric, an electric utility serving southern New Jersey. Anthony and his team are responsible for guiding the company's delivery of reliable and excellent service to more than two million customers in the Mid-Atlantic. Pepco Holdings is a subsidiary of Exelon Corporation, one of the nation's leading energy services companies.

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Should this legislation receive a favorable committee vote, the legislation should clarify that the fair market value applies to the “property interest condemned”, and not generally the “property” (which assumes a full taking of a fee simple interest). In cases where the utility condemns only an easement interest (a lesser interest than fee simple), these agreements allow the owner to continue to own the land and the owner may even continue farming. Thus, the loss of value to the owner is much less than a full fee simple acquisition and disruption to farming activities may be minimal since such owner may continue their operations uninhibited by the utility’s overhead lines. Allowing the utilities and owners to reach agreement on a lesser interest than fee simple, and payment of just compensation commensurate with that lesser property interest (not assuming 350% of fee simple) will support lower acquisition costs thus more reasonable rate impacts for necessary infrastructure and still further the State's goals of promoting farming.

Pepco and Delmarva Power are committed to supporting and advancing Maryland’s clean energy and climate goals, with a focus on equitable and affordable solutions. For the reasons stated, Pepco and Delmarva Power oppose House Bill 81 and request an unfavorable report.

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