

**OPPOSE – House Bill 0054  
HB0054 – Task Force to Study Restructuring Maryland's Electric Utility Industry**

**Environment and Transportation Committee  
Tuesday, February 3, 2026**

Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 293,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Maryland, Ohio, Pennsylvania, New Jersey, New York, and West Virginia.

**Unfavorable**

**Potomac Edison / FirstEnergy respectfully requests an Unfavorable report on HB-54 – Task Force to Study Restructuring Maryland's Electric Utility Industry**, as drafted. While we appreciate being included on the proposed 28-member task force and support efforts to improve affordability and responsiveness for ratepayers, the scope and framing of this study raise several significant concerns and could be extremely detrimental to Maryland's investor-owned electric utilities, our customers, and the communities we serve.

HB-54 directs the task force to compare Maryland's utility structure and rates with states such as Nebraska, Washington, and Oregon – states that operate largely under public power models, in environments with fundamental differences that impact utility rates but have nothing to do with utility ownership structure. This approach presumes comparability where none meaningfully exists and risks suggesting an intent to replace Maryland's investor-owned utility (IOU) model entirely.

Comparing Maryland's retail electric rate structure against those referenced in the bill is not an apples-to-apples comparison, and risks coming to unproductive and potentially harmful conclusions. Nebraska, Washington, and Oregon benefit from substantially lower-cost generation resources, including large amounts of hydroelectricity. While retail rates in these states are indeed lower, these differences are driven primarily by generation economics and different state energy policy choices - not by whether utilities are publicly or privately owned. Drawing conclusions without acknowledging these structural differences would be misleading.

The bill requires the task force to compare infrastructure investments made by IOUs versus publicly owned utilities. However, investment levels vary widely based on system size, age of existing infrastructure, regulatory requirements, geography, and state policy direction. Drawing conclusions from such comparisons are likely to produce artificially skewed outcomes – likely suggesting IOUs “underinvested” or “overinvested” without any meaningful context. The bill seeks to examine investment in isolation, without considering, for example, the reliability or resiliency of those systems. Results could easily be misinterpreted as evidence that IOUs are mismanaging assets, when in reality differences would naturally arise from differing regulatory obligations and operational needs.

One of the most consequential elements of HB 54 is the directive to study the legal implications of the State or local governments taking “all or part” of an IOU service territory, including via eminent domain. A forced acquisition involving only a part of a system would be extremely disruptive. Partial territorial carveouts would fundamentally alter an IOU’s operational and financial structure, reduce economies of scale, introduce significant system fragmentation, and almost certainly lead to higher costs and reduced reliability for customers. Such actions would also likely involve years of litigation and sizable compensation payments that would ultimately fall on taxpayers or ratepayers.

HB-54 also directs the task force to examine withdrawing from PJM Interconnection or joining or creating another regional transmission organization (RTO) – an idea that poses substantial risks. Exiting PJM would require Maryland to assume transition, market settlement, and transmission cost reallocation charges - costs that could be significant and long-lasting. In addition, PJM’s large regional footprint provides resource diversity, emergency response capabilities, and system planning coordination that cannot easily be replicated. Creating a new RTO would require Maryland to rebuild complex market, governance, and reliability functions from scratch, introducing years of uncertainty and reliability risk. Furthermore, establishing or joining an alternative RTO would be an expensive, multi-year undertaking that would divert attention and resources from Maryland’s ongoing reliability, resiliency, and decarbonization goals.

Potomac Edison / FirstEnergy stands ready to work on constructive policies that truly advance affordability, reliability, and help Maryland achieve its energy goals. However, the framework of this bill does not support those aims and instead risks wasting resources on studies – resources that could be better focused on evaluating productive solutions that can be achieved in the near term to meet the needs of the State’s consumers – instead of exposing the State to significant risk. For these reasons we respectfully request an **Unfavorable report on HB-54**.