



TESTIMONY OF
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MARYLAND DIRECTOR
—
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EXECUTIVE DIRECTOR

**HB0981- INVESTOR-OWNED PUBLIC SERVICE COMPANIES- BASE RATE
PROCEEDING- EQUITY MARKET RETURN
FAVORABLE
FEBRUARY 24TH, 2026**

Chair Korman, Vice Chair Guyton, and Members of the Environment and Transportation Committee,

Utility bills have skyrocketed in Maryland due to four factors. Two of these factors are outside of the control of investor-owned utility companies: mismanagement of the PJM grid and data center energy demand/demand forecasts. However, two of these factors are squarely in the control of investor-owned utility companies: the increases in distribution rates over time and increased utility spending on transmission infrastructure captured on the supply side of the utility bill. **The Exelon-owned utilities have been the absolute worst offenders when it comes to increasing costs for consumers in this way.**

When the electric grid was being constructed and expanded from the 1900s until the 1970s, the logical way for states to encourage investments in the electric grid was to offer monopoly utility companies a return on investment on capital expenditures. This guaranteed return on investment ensured that utility companies would have a motive to build a grid large enough to serve their entire service territory.

However, in recent years, this model has not been as effective to drive the type of tailored, innovative, efficient, and clean investments needed to transition our legacy grid to a modernized grid.

Exelon purchased BGE in 2012 and Pepco and Delmarva Power in 2016. Since these acquisitions occurred, there has been a steady, intentional increase in capital expenditures over time. These expenditures have driven up rates and multiplied the utility's profits, with no added benefit to consumers.¹ This bill will allow the Public Service Commission to revisit the utility's current return on investment percentage to ensure the profit level allows for prudent investments while reducing financial incentives for wasteful spending.

I respectfully request a favorable report of HB0981.

¹ <https://content.govdelivery.com/accounts/MDOPC/bulletins/3e8ea36>