



Position Statement

Letter of Information

Environment and Transportation

2/3/2026

House Bill 54 – Task Force to Study Restructuring Maryland's Electric Utility Industry

Baltimore Gas and Electric Company (BGE) submits this letter of information regarding ***House Bill 54 — Task Force to Study Restructuring Maryland's Electric Utility Industry***. The bill would establish a task force to study alternative utility ownership models, including municipalization, and require recommendations to the General Assembly by November 1, 2027.

Our intent in providing this testimony is to offer perspective on the investor-owned utility model and to highlight key considerations for policymakers when evaluating alternative ownership structures.

BGE has a deep and longstanding history serving Maryland. Founded in 1816 as the Gas Light Company of Baltimore, BGE's predecessor, was the first gas company in the nation. Since its founding, the company has continued to provide safe and reliable energy services to Central Maryland for more than 200 years. Today, BGE delivers electricity to approximately 1.3 million customers and natural gas to more than 700,000 customers across an electric footprint of approximately 2,300 square miles and a gas service territory of roughly 800 square miles. BGE also employs over 3,300 individuals, with the vast majority being Marylanders, making the company a significant contributor to the State's economy.

House Bill 54 contemplates restructuring utilities from the investor-owned utility (IOU) model to municipal government ownership. As a regulated IOU, BGE supports informed discussions about Maryland's electric industry and recognizes concerns related to affordability, accountability, and long-term sustainability. At the same time, establishing a task force to study municipalization may introduce uncertainty for electric utilities as they work to maintain the safe, reliable, and cost-effective delivery of electricity to Maryland customers.

Under the IOU framework, utilities operate under comprehensive Public Service Commission (PSC) oversight that balances customer protection, service reliability, and long-term infrastructure investment. Importantly, financial risk is shared between customers and shareholders. While IOUs recover prudently incurred costs, recovery is not guaranteed, and shareholders absorb the risk of disallowance. By contrast, municipal utilities generally operate without comparable independent regulatory oversight and without shareholders share financial

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

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risk. As a result, all operational, financial, and infrastructure risks, including full cost recovery, are borne directly by municipal taxpayers.

Municipalization also presents substantial economic challenges. It typically requires the acquisition or condemnation of an existing IOU's assets often at fair market value totaling billions of dollars. This includes purchasing the generation, transmission and distribution infrastructure, information technology systems, and contractual obligations. For context, Exelon acquired BGE in 2016 for approximately \$7.9 billion, and current market conditions suggest such valuations would be significantly higher today.

Experience shows municipalization is rare and difficult. A January 2025 Brattle Group¹ study found that the most recent completed municipalization occurred in 2013. Since then, 21 efforts have been initiated and abandoned or rejected. Over the past 25 years, approximately 64 municipalization initiatives were launched nationwide, yet only five, about 8 percent, were completed and remain in service. Notably, all successful efforts involved very small systems, serving fewer than 20,000 customers, none approaching the scale or complexity of BGE's system.

As policymakers consider *House Bill 54*, it is critical to weigh the significant financial, operational, and risk allocation implications of municipalization, particularly for a large, integrated electric and gas system serving millions of Marylanders. Moreover, the establishment of a task force focused on restructuring may be viewed unfavorably by the investment community, signaling policy uncertainty that could affect future infrastructure investment in Maryland. At a time when both the State and utilities face growing resource constraints, diverting attention to exploratory restructuring efforts may complicate shared priorities of safety, reliability, and affordability.

Lastly, the Dept. of Legislative Services reports that the special fund expenditures for the PSC to conduct the study would increase by approximately \$667,000 in fiscal 2027 and \$333,000 in fiscal 2028. Taking on this obligation at a local or state level may not be economically practical.

BGE appreciates the opportunity to provide this information and stands ready to serve as a constructive resource on the Taskforce.

¹ [Electric Utility Municipalization: Key Statistics and Risk Considerations](#)

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