February 28, 2023

Honorable President and Members of the Board of Estimates 204 City Hall 100 N. Holliday St. Baltimore, MD 21202

Re: Continued Concerns about BGE Agreement regarding City-Owned Conduit

Dear Honorable President and Members of the Board of Estimates:

The undersigned are taxpayers and users of the City's underground conduit system pursuant to various agreements with the City (the "Conduit User Group"). On February 14, 2023, we filed a conditional "statement of opposition" to the above-referenced agreement ("Agreement") between the City and Baltimore Gas & Electric ("BGE"). Our filing stated that the Conduit User Group lacked sufficient information about the Agreement and its potential effects on our services and customers in Baltimore to support or oppose it at the Board's February 15, 2023 meeting. We therefore asked for a deferral of action on the item.

Shortly before and since the February 15 meeting, the Conduit User Group has had preliminary discussions and communications with the Mayor, the City Law Department, and BGE regarding the Agreement. Copies of the written communications are attached for your reference and the record. Representatives of the Conduit User Group were also invited to attend and discuss our questions and concerns at the City Council hearing on February 23, 2023. Although these initial efforts have not resolved our serious concerns about the Agreement, they have been productive and identified important areas of apparent common ground.

The Mayor and Law Department have emphasized that the Agreement is not intended to change existing agreements, practices, or protections for other users of the City conduit. The Mayor and Law Department have also contended that certain prior conduit agreements between the City and BGE remain in place and should preserve the status quo for the Conduit User Group, including a 1903 Conduit Lease, a 1982 Master Agreement, a 2004 Memorandum of Understanding ("2004 MOU"), and the 2016 Settlement Agreement.

The Conduit User Group is still reviewing these various agreements, only one of which (the 2016 Settlement Agreement) is mentioned in the new Agreement. The older agreements are not referenced or expressly incorporated in either the 2016 Settlement Agreement or the new Agreement. The new Agreement also includes an "integration clause" (paragraph 27) that incorporates *only* the 2016 Settlement Agreement. It is thus unclear how or whether the older agreements remain binding on the City and BGE. Even if they are, it is also unclear how a conduit user that is not a party to those agreements could enforce their terms. However, there are terms and protections in certain agreements that, if made applicable to and enforceable by the Conduit User Group, would address at least some of our concerns.

For example, section A of the 2004 MOU includes liability and remediation provisions for damage to the conduit and other users' facilities. If the City intends for such protections to

continue to apply and be enforceable by third party conduit users, such as the Conduit User Group, that intent should provide a pathway to be memorialized in writing. Doing so would remove any ambiguities or uncertainties as to whether the older agreements remain in effect and who can enforce their provisions.

In other cases, however, the Law Department's responses have confirmed our concerns, including whether the Agreement will materially change the way our Conduit User Group is compensated for facility relocations. The Law Department's response states that the City would view BGE as the City's "contractor" to the extent it is undertaking capital improvement work that provides some "benefit" to other conduit users. Under such a framework, BGE could take the position that current agreements require that Conduit User Group members bear the costs to relocate their facilities for projects that are driven by and primarily benefit BGE. That would constitute a significant and unfair change from the status quo, under which BGE must pay the cost of such relocations.

The Conduit User Group also continues to lack access to information that is critical to understanding how the Agreement will affect them. This includes information for how much the City plans to spend on its own capital improvement work under the Agreement. The Law Department's response indicates such information will not be available until later this month—although we understand the Mayor and Acting Solicitor contend the Agreement has already been entered. This timeline makes it impossible for the Conduit User Group to understand the Agreement's impact on their future capital and operating expenses. Nonetheless, we remain hopeful that areas of common ground can be identified and confirmed through further discussions and negotiations, and memorialized in a contract.

The Board did not act on or otherwise address our "statement of opposition" during the February 15 meeting. Given subsequent events, and for the reasons explained above, we appreciate this opportunity to inform the Board of our ongoing efforts to work with the City and BGE to ensure that all providers are able to share the conduit system on fair and nondiscriminatory terms. These terms should promote, rather than impede, use of the conduit to expand essential services to Baltimore residents and business. And, like BGE, these terms should benefit our customers by

putting downward pressure on monthly service costs. We hope the Board will support and help us achieve that outcome.

Sincerely,

Dawn Kirstaetter

Director, Government & Community Affairs Comcast

dawn kirstaetter@comcast.com

Ann Brooks

Government Affairs Manager, East Area Crown Castle

ann.brooks@crowncastle.com

Joanne M. Petersen, Esq.

Corporate Counsel

FiberLight

joanne.petersen@fiberlight.com

Kevin Brown

Chief Executive Officer

Quantum Telecommunications, Inc.

kevin@qis.net

<u>CC</u>:

Hon. Brandon M. Scott, Mayor

Hon. Nick Mosby, City Council President

Hon. Eric Costello, Committee Chair

Hon. Bill Henry, Comptroller

Ebony Thompson, Esq., City Solicitor

Jason Mitchell, Director, Department of Public Works

Corren Johnson, Interim Director, Department of Transportation

Ola Olamide, P.E., Conduit Division Chief

Attachments:

A. Conduit User Group Letter (Feb. 9, 2023)

- B. Conduit User Group Statement of Opposition (Feb. 14, 2023)
- C. Law Department Response to Conduit User Group Letter (Feb. 14, 2023)
- D. Conduit User Continued Concerns Letter (Feb. 17, 2023)
- E. Law Department Response to Conduit User Group Continued Concerns Letter (Feb. 23, 2023)

Danett Kennedy

Senior Manager, Network Infrastructure

Services

Lumen (Broadwing Communications, LLC;

CenturyLink Communications, LLC; Level 3 Communications, LLC; Level 3 Telecom of

Maryland, LLC; TelCove Operations, LLC; Wiltel Communications, LLC)

danett.kennedy@lumen.com

Gillian Leytham, Esq.

Vice President, Underlying Rights &

Government Relations

Zayo Group LLC

gillian.leytham@zayo.com

Attachment A

Conduit User Group Letter (Feb. 9, 2023)

February 9, 2023

The Honorable Brandon M. Scott Mayor, City of Baltimore City Hall - Room 250 100 N. Holliday St, Baltimore, MD 21202 mayor@baltimorecity.gov

Re: Questions/Concerns about BGE Agreement for Control of City-Owned Conduit

Dear Mayor Scott:

The undersigned are users of the City's underground conduit system pursuant to various agreements with the City. It has recently come to our attention that the City has reached an agreement with Baltimore Gas & Electric ("BGE") that will significantly alter how the City's conduit is managed, upgraded, and maintained. The agreement will also result in other material changes to the terms and conditions of BGE's use of the City's conduit.

As you might expect, any meaningful change in control over the City's publicly-owned conduit is of direct interest and concern to us.

The agreement was reached without our involvement. We have thus not had an opportunity to discuss and better understand the agreement and its effect on us and the Baltimore residents that depend on the telecommunications, Internet access, and other services we provide. Given these circumstances, it is important to identify some threshold questions which must be considered before the City cedes control over these aspects of the conduit to BGE.

We hope these initial questions, along with more technical questions we can discuss in person, can be addressed and satisfactorily resolved before the City enters into a definitive conduit control agreement with BGE or any other party.

Questions and Concerns:

- 1. Although "capital improvements" and "maintenance" are vaguely defined in the agreement, there is insufficient information included in the definitions to practically distinguish between the two. For example, do capital improvements include the replacement or betterment of crushed or damaged conduit? Further, the definitions of the terms do not appear to take any users/occupants of the conduit system other than BGE into account.
- 2. The agreement appears to allow BGE to fulfill its capital contribution requirement with any projects "in support of and connected with the Facilities." The term "Facilities" is not defined, and the 2016 settlement agreement's definition does not limit this term to facilities located in the City-owned conduit. For this reason, this provision could be read to encompass any project that is "connected with" BGE's City-wide electricity distribution system. It is unclear why the scope of such projects is not expressly limited to those in support of and connected with the *conduit system*.
- 3. Given that the agreement appears to give BGE the final say on any capital improvement projects, how can the City ensure such investments are made equitably and in the interest of all conduit users, their customers, and the citizens of Baltimore?

- 4. Given that management of capital improvements can have a significant impact on subsequent maintenance costs, how has the City accounted for the risk that BGE's oversight of capital improvements may result in an increase in maintenance costs, which would remain the City's responsibility?
- 5. How would other conduit users request conduit replacement or betterment from BGE where they identify a need for capital improvements? In making such requests, how would a conduit user determine whether to contact the City or BGE?
- 6. The agreement indicates that the City reserves the option to make capital improvements to the conduit system. Assuming the City does so, how will that activity be coordinated with BGE, and who will determine which entity (BGE or the City) is taking on a particular project?
- 7. Will other conduit users be permitted to repair their existing facilities, or will we be reliant on BGE to make repairs? If so, is there a fee schedule and are there any controls over it?
- 8. The agreement would permit BGE to conduct its own maintenance to the conduit. Will other users enjoy the same right, or would they be reliant on the City (or BGE) for all conduit repairs?
- 9. What impact will the agreement have on other conduit users' existing access to the conduit system? Will other users need to coordinate with BGE, the City, or both for access? Under what circumstances and protocols?
- 10. Would BGE, when planning its capital improvements, and/or the City, in reviewing such plans, be required to coordinate with other conduit users to avoid any conflicts or delays in the permitting and timing of any deployment projects other conduit users may already have planned?
- 11. What if BGE damages other conduit users' facilities while performing capital improvements? How is this resolved both operationally, financially, and legally among other conduit users, BGE and the City? Such damage could result in outages of critical services (e.g., 9-1-1 connectivity), but the agreement is silent on how quickly such repairs should be made and who bears the associated costs. (An "FAQ" document provided by the City states that "BGE will be liable for any system failures caused by it or as a result of any of its improvements or work in the conduit," but neither this language nor any comparable provision appears in the agreement.)
- 12. How will BGE preserve other conduit users' rights to competitively neutral and nondiscriminatory access to the conduit? How would BGE notify other users of capital improvements that affect their ability to use the conduit, e.g., adding a new conduit expansion that makes another portion obsolete because the route is modified?
- 13. The agreement requires BGE to obtain the City's consent before accessing ducts used by other users, but it does not require the City or BGE to obtain consent from or even provide notice to the affected conduit users. Why is there no requirement for advance notice to other providers of such work, which could result in damage to their facilities and potentially a loss of services to Baltimore residents? Why is the notice-and-consent provision limited only to projects for which BGE will *access* another user's duct, given that many other types of conduit work may likewise affect other users' facilities and/or disrupt service to residents?

- 14. How will BGE's capital investment commitment impact the rates paid by Baltimore residents for their electricity service? To what extent does the agreement depend on the Public Service Commission's approval of an increase in BGE's rates?
- 15. Less than two months ago, the Board of Estimates approved a \$50,000 consulting contract whose stated purpose is to explore the City's options for future management of the conduit. Doesn't this agreement with BGE preempt the report of the consultant, which is yet to be delivered and may reach a different conclusion regarding next steps?
- 16. Last year, the City undertook an audit of its conduit, requiring by law that users provide certain information about their facilities. We have never seen the results of that audit. Is it complete? If so, how does it affect the change in conduit control?
- 17. Given that the agreement would impact the way communications providers deliver service to their customers using the public rights-of-way, what analysis has the City undertaken regarding whether the arrangement complies with federal communications law?

We look forward to discussing these questions and other concerns at your earliest convenience, so we can make informed decisions as to whether the BGE agreement should be supported as consistent with the best interests of the public and the other conduit users and future conduit users. Given the importance of these issues to our continued ability to provide high quality services to Baltimore residents and businesses, it is essential that they be discussed and adequately addressed before the City enters into a binding agreement with BGE or any other party.

Sincerely,

Dawn Kirstaetter
Director, Government & Community Affairs
Comcast
dawn kirstaetter@comcast.com

Ann Brooks
Government Affairs Manager, East Area
Crown Castle
ann.brooks@crowncastle.com

Joanne M. Petersen, Esq. Corporate Counsel FiberLight joanne.petersen@fiberlight.com

Kevin Brown Chief Executive Officer Quantum Telecommunications, Inc. kevin@qis.net Danett Kennedy
Senior Manager, Network Infrastructure
Services
Lumen (Broadwing Communications, LLC;
CenturyLink Communications, LLC; Level 3
Communications, LLC; Level 3 Telecom of
Maryland, LLC; TelCove Operations, LLC;
Wiltel Communications, LLC)
danett.kennedy@lumen.com

Gillian Leytham, Esq.
Vice President, Underlying Rights &
Government Relations
Zayo Group LLC
gillian.leytham@zayo.com

cc:

Hon. Nick Mosby, City Council President
Eric Costello, Committee Chair
Hon. Bill Henry, Comptroller
Ebony Thompson, Esq., City Solicitor
Jason Mitchell, Director, Department of Public Works
Corren Johnson, Interim Director, Department of Transportation
Ola Olamide, P.E., Conduit Division Chief

Attachment B

Conduit User Group Statement of Opposition (Feb. 14, 2023)



TO: Board of Estimates, Office of the Comptroller

FROM: Ann Brooks (Crown Castle); Kevin Brown (Quantum Telecommunications, Inc.); Danett Kennedy (Lumen, including Broadwing Communications, LLC; Level 3 Communications, LLC; Level 3 Telecom of Maryland, LLC; TelCove Operations, LLC; and Wiltel Communications, LLC); Dawn Kirstatter (Comcast); Gillian Leytham, Esq. (Zayo Group LLC); Joanne M.

Petersen, Esq. (FiberLight)

SUBMITTING AGENCY: NA

DATE: February 14, 2023

SUBJECT: Amendment to City's Settlement Agreement with BGE

CONTRACT/GRANT NUMBER: NA

ACTION REQUESTED OF B/E: DEFER Amendment to City's Settlement Agreement with BGE

PERIOD OF CONTRACT/AGREEMENT: 4 years

AMOUNT AND SOURCE OF FUNDS: \$138,500,000.00, Fund 9999

BACKGROUND/EXPLANATION:

Dear Board of Estimates:

Pursuant to section 27.01.05.01 *et seq*. of the Board of Estimates' rules, we are taxpayers and users of the City's underground conduit system pursuant to various agreements with the City. It has only recently come to our attention that the City has reached an agreement with Baltimore Gas & Electric ("BGE") that will significantly alter how the City's conduit is managed, upgraded, and maintained. The agreement will also result in other material changes to the terms and conditions of BGE's use of the City's conduit. Any meaningful change in control over the City's publicly-owned conduit is of direct interest and concern to us.

We have not had an adequate opportunity to discuss and better understand the agreement and its effect on us and the Baltimore residents that depend on the telecommunications, Internet access, and other services we provide. Given these circumstances, it is important to identify some threshold questions which must be considered before the City cedes control over these aspects of the conduit to BGE. Without sufficient information, we are unable to determine whether to support or oppose the agreement. To preserve their rights and interests, therefore, we are registering this tentative statement of opposition to the agreement.

We provided this same list of initial questions to the Mayor on February 9, 2023. A copy of that February 9 letter was also provided to the Board of Estimates via email on February 13, 2023. On February 10, 2023, we met with City representatives for an initial discussion of some of these issues. We understand that the City is in the process of providing written responses to these initial questions as soon as possible. Late yesterday, February 13, 2023, representatives of BGE communicated with some of us.

BGE was provided with the same initial questions and requested to provide written responses to same.

We hope these initial questions, along with more technical questions that require more direct discussions, can be addressed and satisfactorily resolved before the City enters into a definitive conduit control agreement with BGE or any other party.

Questions and Concerns:

- 1. Although "capital improvements" and "maintenance" are vaguely defined in the agreement, there is insufficient information included in the definitions to practically distinguish between the two. For example, do capital improvements include the replacement or betterment of crushed or damaged conduit? Further, the definitions of the terms do not appear to take any users/occupants of the conduit system other than BGE into account.
- 2. The agreement appears to allow BGE to fulfill its capital contribution requirement with any projects "in support of and connected with the Facilities." The term "Facilities" is not defined, and the 2016 settlement agreement's definition does not limit this term to facilities located in the City-owned conduit. For this reason, this provision could be read to encompass any project that is "connected with" BGE's City-wide electricity distribution system. It is unclear why the scope of such projects is not expressly limited to those in support of and connected with the conduit system.
- 3. Given that the agreement appears to give BGE the final say on any capital improvement projects, how can the City ensure such investments are made equitably and in the interest of all conduit users, their customers, and the citizens of Baltimore?
- 4. Given that management of capital improvements can have a significant impact on subsequent maintenance costs, how has the City accounted for the risk that BGE's oversight of capital improvements may result in an increase in maintenance costs, which would remain the City's responsibility?
- 5. How would other conduit users request conduit replacement or betterment from BGE where they identify a need for capital improvements? In making such requests, how would a conduit user determine whether to contact the City or BGE?
- 6. The agreement indicates that the City reserves the option to make capital improvements to the conduit system. Assuming the City does so, how will that activity be coordinated with BGE, and who will determine which entity (BGE or the City) is taking on a particular project?
- 7. Will other conduit users be permitted to repair their existing facilities, or will we be reliant on BGE to make repairs? If so, is there a fee schedule and are there any controls over it?
- 8. The agreement would permit BGE to conduct its own maintenance to the conduit. Will other users enjoy the same right, or would they be reliant on the City (or BGE) for all conduit repairs?
- 9. What impact will the agreement have on other conduit users' existing access to the conduit system? Will other users need to coordinate with BGE, the City, or both for access? Under what circumstances and protocols?

- 10. Would BGE, when planning its capital improvements, and/or the City, in reviewing such plans, be required to coordinate with other conduit users to avoid any conflicts or delays in the permitting and timing of any deployment projects other conduit users may already have planned?
- 11. What if BGE damages other conduit users' facilities while performing capital improvements? How is this resolved both operationally, financially, and legally among other conduit users, BGE and the City? Such damage could result in outages of critical services (e.g., 9-1-1 connectivity), but the agreement is silent on how quickly such repairs should be made and who bears the associated costs. (An "FAQ" document provided by the City states that "BGE will be liable for any system failures caused by it or as a result of any of its improvements or work in the conduit," but neither this language nor any comparable provision appears in the agreement.)
- 12. How will BGE preserve other conduit users' rights to competitively neutral and nondiscriminatory access to the conduit? How would BGE notify other users of capital improvements that affect their ability to use the conduit, e.g., adding a new conduit expansion that makes another portion obsolete because the route is modified?
- 13. The agreement requires BGE to obtain the City's consent before accessing ducts used by other users, but it does not require the City or BGE to obtain consent from or even provide notice to the affected conduit users. Why is there no requirement for advance notice to other providers of such work, which could result in damage to their facilities and potentially a loss of services to Baltimore residents? Why is the notice-and-consent provision limited only to projects for which BGE will access another user's duct, given that many other types of conduit work may likewise affect other users' facilities and/or disrupt service to residents?
- 14. How will BGE's capital investment commitment impact the rates paid by Baltimore residents for their electricity service? To what extent does the agreement depend on the Public Service Commission's approval of an increase in BGE's rates?
- 15. Less than two months ago, the Board of Estimates approved a \$50,000 consulting contract whose stated purpose is to explore the City's options for future management of the conduit. Doesn't this agreement with BGE preempt the report of the consultant, which is yet to be delivered and may reach a different conclusion regarding next steps?
- 16. Last year, the City undertook an audit of its conduit, requiring by law that users provide certain information about their facilities. We have never seen the results of that audit. Is it complete? If so, how does it affect the change in conduit control?
- 17. Given that the agreement would impact the way communications providers deliver service to their customers using the public rights-of-way, what analysis has the City undertaken regarding whether the arrangement complies with federal communications law?

The above information is essential for the us to make informed decisions as to whether the BGE agreement should be supported as consistent with the best interests of the public and the other conduit users and future conduit users. Given the importance of these issues to our continued ability to provide high quality services to Baltimore residents and businesses, we trust that the Board of Estimates will appreciate the need

for greater clarity and transparency before the City enters into a binding agreement with BGE or any other party.

MBE/WBE PARTICIPATION: NA
COUNCIL DISTRICT: Citywide
EMPLOY BALTIMORE: NA
LIVING WAGE: NA
LOCAL HIRING: NA
1% FOR PUBLIC ART: NA
The headers below are for use by reviewing departments ONLY. Please leave them as blank spaces for official endorsements and signatures.
FINANCE HAS REVIEWED:
LAW DEPARTMENT HAS REVIEWED:
MWBOO HAS REVIEWED:
AUDITS HAS REVIEWED:
APPROVED BY THE BOARD OF ESTIMATES:

Attachment C

Law Department Response to Conduit User Group Letter (Feb. 14, 2023)

BRANDON M. SCOTT, Mayor



DEPARTMENT OF LAW EBONY M. THOMPSON, ACTING CITY SOLICITOR 100 N. HOLLIDAY STREET SUITE 101, CITY HALL BALTIMORE, MD 21202

Via Electronic Mail

Dawn Kirstaetter
Director, Government & Community Affairs
Comcast

Re: Response to Questions and Concerns re: Baltimore City Agreement with BGE

Dear Ms. Kirstaetter et al.:

On February 9th, you provided a series of questions on behalf of your company and several other users of Baltimore City's conduit system in light of a recent agreement reached between the City and Baltimore Gas and Electric ("BGE") over BGE's use of the City's conduit system. Representatives from the City met with yourself as well as representatives from several of these users on February 10th to discuss some of those questions. However, to reiterate what was discussed on the call, nothing in the agreement between the City and BGE will change anything for the other users of the City's conduit, except to improve the conduit for all users. Users will retain all rights that they currently have under their agreements with the City.

Set forth below is a more comprehensive response to each of the questions you raised:

1. Although "capital improvements" and "maintenance" are vaguely defined in the agreement, there is insufficient information included in the definitions to practically distinguish between the two. For example, do capital improvements include the replacement or betterment of crushed or damaged conduit? Further, the definitions of the terms do not appear to take any users/occupants of the conduit system other than BGE into account.

Response: Capital improvements and maintenance are defined in the agreement. However, regardless of what kinds of repairs are maintenance and which are capital improvement, the City still has the power to do both maintenance and capital improvements anywhere and at any time, just as it did prior to the agreement. This agreement with BGE does not impact any other users except to the extent it results in a better conduit system.

2. The agreement appears to allow BGE to fulfill its capital contribution requirement with any projects "in support of and connected with the Facilities." The term "Facilities" is not defined, and the 2016 settlement agreement's definition does not limit this term to facilities located in the City-owned conduit. For this reason, this provision could be read to encompass any project that is "connected with" BGE's City-wide electricity distribution

BRANDON M. SCOTT, Mayor



DEPARTMENT OF LAW EBONY M. THOMPSON, ACTING CITY SOLICITOR 100 N. HOLLIDAY STREET SUITE 101, CITY HALL BALTIMORE, MD 21202

system. It is unclear why the scope of such projects is not expressly limited to those in support of and connected with the conduit system.

Response: The term "facilities" is defined in the larger 2016 BOE-approved settlement agreement in a section entitled "BGE Use of Conduit System." Under that section, BGE has the right to "access, occupy, and use the Conduit System" for the installation and/or repair of its "Facilities," a term that includes "inner ducts, cable, transformers, switchgear, communication lines, and other equipment and materials related to BGE's business as an electric utility company." The current agreement is an amendment to the 2016 agreement, and just as in the 2016 agreement, the understanding of the parties is that the term "facilities" pertains to those within the conduit system. Accordingly, it is the understanding of the parties that BGE's capital improvements will be to facilities within the conduit system.

3. Given that the agreement appears to give BGE the final say on any capital improvement projects, how can the City ensure such investments are made equitably and in the interest of all conduit users, their customers, and the citizens of Baltimore?

Response: The agreement only gives BGE a final say over which capital improvements BGE will undertake. However, the City can undertake any capital improvements it wishes to make. The City will always own the conduit, including any portions that have been improved by BGE, and the City will always be able to determine who has access to the conduit. Additionally, the agreement requires BGE to continue to meet monthly with the City to discuss capital improvement projects, as it has done in the past.

4. Given that management of capital improvements can have a significant impact on subsequent maintenance costs, how has the City accounted for the risk that BGE's oversight of capital improvements may result in an increase in maintenance costs, which would remain the City's responsibility?

Response: BGE does not have oversight over capital improvements. Rather, BGE will submit plans for the capital improvements that it will make and then the City will review to make sure standards are met before the City accepts those improvements. The capital improvements BGE makes will be treated like any other improvements to the conduit made by any other contractor and will only be accepted as complete once it has been determined that the improvements were performed to specifications. Capital improvements are designed specifically to lower maintenance costs by replacing the hundred-year-old conduit.

5. How would other conduit users request conduit replacement or betterment from BGE where they identify a need for capital improvements? In making such requests, how would a conduit user determine whether to contact the City or BGE?

BRANDON M. SCOTT, Mayor



DEPARTMENT OF LAW EBONY M. THOMPSON, ACTING CITY SOLICITOR 100 N. HOLLIDAY STREET SUITE 101, CITY HALL BALTIMORE, MD 21202

Response: The other conduit users still request maintenance and capital repairs from the City, and the City can still address them. The other users have no privity of contract with BGE and the City's agreement with BGE does not impact the City's existing agreements with other users.

6. The agreement indicates that the City reserves the option to make capital improvements to the conduit system. Assuming the City does so, how will that activity be coordinated with BGE, and who will determine which entity (BGE or the City) is taking on a particular project?

Response: The City will coordinate all of its work on the conduit with BGE and the other conduit users, as it has always done. The City and BGE will also coordinate ensuring that all users have notice of any work that BGE is preparing to do.

7. Will other conduit users be permitted to repair their existing facilities, or will we be reliant on BGE to make repairs? If so, is there a fee schedule and are there any controls over it?

Response: Conduit users will have the same permission as they are granted under their existing agreements. Users do not need to go to BGE for maintenance, they will continue to contact the City as they have always done.

8. The agreement would permit BGE to conduct its own maintenance to the conduit. Will other users enjoy the same right, or would they be reliant on the City (or BGE) for all conduit repairs?

Response: Conduit users will have the same permission as they are granted under their existing agreements. Nothing will change to the underlying rights provided in the existing agreements by virtue of this agreement between the City and BGE.

9. What impact will the agreement have on other conduit users' existing access to the conduit system? Will other users need to coordinate with BGE, the City, or both for access? Under what circumstances and protocols?

Response: Conduit users will have the same access to the conduit as they are granted under their existing agreements. Nothing will change to the underlying rights provided in the existing agreements by virtue of this agreement between the City and BGE.

10. Would BGE, when planning its capital improvements, and/or the City, in reviewing such plans, be required to coordinate with other conduit users to avoid any conflicts or delays in

BRANDON M. SCOTT, Mayor



DEPARTMENT OF LAW EBONY M. THOMPSON, ACTING CITY SOLICITOR 100 N. HOLLIDAY STREET SUITE 101, CITY HALL BALTIMORE, MD 21202

the permitting and timing of any deployment projects other conduit users may already have planned?

Response: The City will continue to plan all capital improvements in accordance with its Capital Improvement plan. As the City has done in the past and will do in the future, the City will consider all the requests and needs of all of the conduit users. Nothing will change the underlying rights provided in the City's existing agreements with other users by virtue of this agreement between the City and BGE.

11. What if BGE damages other conduit users' facilities while performing capital improvements? How is this resolved both operationally, financially, and legally among other conduit users, BGE and the City? Such damage could result in outages of critical services (e.g., 9-1-1 connectivity), but the agreement is silent on how quickly such repairs should be made and who bears the associated costs. (An "FAQ" document provided by the City states that "BGE will be liable for any system failures caused by it or as a result of any of its improvements or work in the conduit," but neither this language nor any comparable provision appears in the agreement.)

Response: There is no change to the underlying rights of all the remaining users by virtue of this agreement. If the users' property is damaged, they will have a claim against either the City or BGE, depending on who is responsible for the damage. This is exactly as it is now when any contractor does work in the conduit as another user can make a claim against the City or the party causing damage. Language relating to liability is found in paragraph 13 of the agreement.

12. How will BGE preserve other conduit users' rights to competitively neutral and nondiscriminatory access to the conduit? How would BGE notify other users of capital improvements that affect their ability to use the conduit, e.g., adding a new conduit expansion that makes another portion obsolete because the route is modified?

Response: There is no change to the underlying rights of all the remaining users by virtue of this agreement. The City will maintain 100% ownership of every inch of the conduit. BGE has no role in permitting or excluding new or existing conduit users. BGE will let the City know what capital improvements BGE will make, and the City will perform any other capital improvements that are needed, providing the same notice to users as it has always done.

13. The agreement requires BGE to obtain the City's consent before accessing ducts used by other users, but it does not require the City or BGE to obtain consent from — or even provide notice to — the affected conduit users. Why is there no requirement for advance notice to other providers of such work, which could result in damage to their facilities and potentially a loss of services to Baltimore residents? Why is the notice-and-consent

BRANDON M. SCOTT, Mayor



DEPARTMENT OF LAW EBONY M. THOMPSON, ACTING CITY SOLICITOR 100 N. HOLLIDAY STREET SUITE 101, CITY HALL BALTIMORE, MD 21202

provision limited only to projects for which BGE will access another user's duct, given that many other types of conduit work may likewise affect other users' facilities and/or disrupt service to residents?

Response: The existing users have all the same rights and responsibilities under their own existing contracts. What BGE and the City agree to concerning notice does not in any way change the City's notice provisions in any existing contracts with existing users. The City will coordinate with BGE to ensure that all users have the same notice as under their existing agreements with the City.

14. How will BGE's capital investment commitment impact the rates paid by Baltimore residents for their electricity service? To what extent does the agreement depend on the Public Service Commission's approval of an increase in BGE's rates?

Response: BGE must present its proposed rates to the Public Service Commission (PSC) as it always has been required under state law. The PSC will ultimately determine the rates that BGE charges their customers. The proposed rates will increase regardless of whether BGE pays a higher conduit occupancy fee or, instead, commits to conduit capital improvements under this agreement. But because BGE will likely realize an overall savings when making capital improvements as opposed to paying higher occupancy fees, it should result in a lower rate increase for rate payers than were BGE to simply pay occupancy fees as it has in the past.

15. Less than two months ago, the Board of Estimates approved a \$50,000 consulting contract whose stated purpose is to explore the City's options for future management of the conduit. Doesn't this agreement with BGE preempt the report of the consultant, which is yet to be delivered and may reach a different conclusion regarding next steps?

Response: BGE is one occupant seeking to renew its conduit occupancy agreement as it has done for over 100 years. FMI was providing the City with information about the value of the conduit as a whole with all of its existing users. FMI's contract has no bearing whatsoever on the renegotiation of the terms of BGE's occupancy of the conduit.

16. Last year, the City undertook an audit of its conduit, requiring by law that users provide certain information about their facilities. We have never seen the results of that audit. Is it complete? If so, how does it affect the change in conduit control?

Response: There is no change in control of the conduit. The City continues to own and control every inch of the conduit. The audit has no impact on the agreement reached between the City and BGE over the terms for BGE's continued use of the conduit.

BRANDON M. SCOTT, Mayor



DEPARTMENT OF LAW EBONY M. THOMPSON, ACTING CITY SOLICITOR 100 N. HOLLIDAY STREET SUITE 101, CITY HALL BALTIMORE, MD 21202

17. Given that the agreement would impact the way communications providers deliver service to their customers using the public rights-of-way, what analysis has the City undertaken regarding whether the arrangement complies with federal communications law?

Response: The agreement will not impact the way providers deliver service to their customers except by resulting in a better functioning conduit system.

18. How will notification about any capital work or relocation of services be communicated? Will it be mailed or emailed? How many days in advance?

Response: The City and BGE will coordinate to provide notice to all customers in accordance with their existing agreements with the City. This agreement does not—and cannot—change the terms of those agreements.

19. Is there any language in the agreement re amount of time the lessees have to respond and schedule the cut overs.

Response: The City and BGE will coordinate to provide notice to all customers in accordance with their existing agreements with the City. This agreement does not—and cannot—change the terms of those agreements.

20. What happens when BGE elects to build a new path instead of repairing existing path. Will the lessees have any input on this decision? Will the lessees receive any compensation? Example BGE opts to create a new path. Comcast has existing 288ct fiber (potential cost could be over \$25,000 for cut over)

Response: If BGE were to build a new path, just as with any contractor that builds new paths, the City would retain complete ownership over that new infrastructure and would handle occupancy requests in the new portion just as it does in existing portions of the conduit.

21. Does the language in the new agreement stipulate how much conduit space BGE is required to build. i.e. will there be adequate space for the additional lessees?

Response: The City will retain 100% ownership over any additional conduit and have complete control over who is able to use it. The City will review any plans for conduit improvements before they are undertaken and review for quality post construction. Existing conduit users will not lose any rights they have under their existing agreements with the City.

22. Will BGE be required to cover the relocation costs of conduit user that must relocate (temporarily or otherwise) its facilities to accommodate BGE's capital improvement work.

BRANDON M. SCOTT, Mayor



DEPARTMENT OF LAW EBONY M. THOMPSON, ACTING CITY SOLICITOR 100 N. HOLLIDAY STREET SUITE 101, CITY HALL BALTIMORE, MD 21202

The answer under the current lease agreement appears to be that the conduit user would pay for relocation if the relocation is requested by the City, but the third-party would pay if the relocation was requested by the City on behalf of a third-party. Thus, the concern would be that BGE could claim that it is just the City's contractor, such that the conduit user always has to bear its own relocation costs.

Response: The users will retain all the rights that they have under their current agreement with the City.

Hopefully, these responses have shed more light on the City's agreement with BGE, and have dispelled some of the misinformation related to the agreement. Should you have additional questions, please feel free to reach out to my office.

Sincerely,

Ebony Thompson Acting Solicitor

Attachment D

Conduit User Continued Concerns Letter (Feb. 17, 2023)

February 17, 2023

The Honorable Brandon M. Scott Mayor, City of Baltimore City Hall – Room 250 100 N. Holliday St., Baltimore, MD 21202 mayor@baltimorecity.gov

Re: Continued Concerns about BGE Agreement regarding City-Owned Conduit

Dear Mayor Scott:

On February 14, 2023, the undersigned users of the City's underground conduit system ("Conduit User Group") received a response from the Law Department ("Response") to the preliminary questions and concerns about the BGE Agreement ("Agreement") that we previously shared with you. That Response is attached to this letter. Although we appreciate the opportunity to have preliminary communications with the Law Department and other City representatives about the BGE Agreement, the Response does not resolve our concerns; in fact, it raises further questions and additional concerns. These have been heightened by the procedural irregularities of the February 15, 2023 gathering of only three members of the Board of Estimates ("Board"), which generated greater uncertainties about the Agreement and its legal status. We submitted our preliminary questions and concerns for the Board's consideration in a Statement of Opposition on February 14, 2023. We did so given the lack of sufficient information to determine whether the Agreement is something other conduit users can or should support. We requested that the Board defer this matter to allow time for these issues to be adequately addressed.

As previously indicated, the Conduit User Group was not part of the negotiations between the City and BGE. Our primary objective remains ensuring that each member's continued use of the City conduit is based on fair and reasonable terms that preserve and protect existing facilities, enable further deployment of important services for the residents and businesses in Baltimore, and provide a level playing field rather than resulting in one conduit user, BGE, having unfair advantage over Other Conduit Users. The Conduit User Group is ready and eager to continue a productive dialogue with the City and BGE to achieve this result. As currently drafted, however, the BGE Agreement does not address these essential objectives. For example:

1. **Damage to Other Conduit User Facilities:** The Conduit User Group's letter noted that BGE's capital improvement work is reasonably likely to damage Other Conduit Users' facilities, potentially leading to outages of critical communications services, including emergency connectivity (e.g., 9-1-1). Throughout the Response, the Law Department emphasizes that Other Conduit Users will continue to have the same access, permissions, and rights that the currently have. But that does not appear to be the case. Under their current lease agreements, if a third-party conduit user like BGE damages the facilities of another Conduit User, BGE is liable for that damage. By contrast, as the Response makes clear,

under the Agreement, BGE would become the City's "contractor." The current lease agreements expressly immunize the City *and its contractors* from any liability for any damage resulting from conduit work. By placing BGE into the shoes of the City, the Agreement affords BGE the same broad immunity even as it takes over all or nearly all capital improvements over the next four to seven years. Because BGE will no longer share the same status as Other Conduit Users, each member of the Conduit User Group would apparently have to pay for any damage to its network caused by BGE. This is a fundamental shift in potential risk and costs. The Response's assurance that Other Conduit Users would have recourse against BGE for such damage fails to account for the actual terms of existing lease agreements.

- 2. Relocation of Other Conduit User Facilities: Similarly, the Response validates our concerns that Other Conduit Users would have to bear all costs associated with relocating their facilities as needed to accommodate BGE's work. In this respect, too, the Response's statement that Other Conduit Users "will retain all the rights they have" is not accurate. Under the existing lease agreements, if BGE needs another Conduit User to relocate its facilities, BGE would have to submit a request to the City, demonstrate that a "material public interest" supports the relocation, and pay the Other Conduit User's costs associated with the relocation. Under the Agreement, by contrast, BGE would be the City's contractor rather than a third party. In that scenario, the current lease agreements would require the Other Conduit User to bear its own costs for any relocation requested by BGE.
- 3. Oversight and Control Over Capital Improvements: The Response repeatedly disputes that the City would be ceding any control over capital improvements to BGE, but it fails to address the fact that any duty BGE has to take City input into account is expressly subject to the qualification that, "[n]otwithstanding the foregoing, BGE shall determine in its sole discretion whether to pursue" any particular project. The Response stresses that the City retains authority to inspect BGE's work for compliance with the City's "standards" and "specifications." But if BGE pursues (in its sole discretion) and completes a project that meets all applicable standards and specifications, nothing in the Agreement would permit the City to reject the work on the grounds that BGE should have undertaken a different project altogether. The terms "sole discretion" and similar language giving BGE ultimate control over these projects seem unambiguous.
- 4. **Discrimination:** The Response largely disregards our concerns regarding compliance with federal communications law. But elsewhere, the Response confirms that the Agreement would afford preferential treatment to BGE over Other Conduit Users in numerous ways. The City has a legal responsibility to provide competitively neutral and nondiscriminatory access to its conduit system because it is the only feasible way for communications providers to deploy telecommunications facilities in the public rights-of-way throughout much of Baltimore City. This legal requirement has been confirmed in prior litigation involving the conduit. Yet, as discussed above, the Agreement gives BGE "sole discretion" to engage in future capital improvement projects. There is no provision for Other Conduit Users to

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¹ Response to Question 4 ("The capital improvements BGE makes will be treated like any other improvements to the conduit made by any other contractor"); Response to Question 11 (similar); Response to Question 20 (similar).

² Response to Question 4.

participate in the planning of any such projects, and no requirement for BGE to take any proposals from Other Conduit Users into account. Further, while Other Conduit Users will likely bear the costs of relocation of their facilities on top of their annual conduit fees (as shown above), BGE would be able to include the costs of relocating *its* facilities as part of its committed capital funds for the projects and in lieu of any conduit fees. The Response likewise concedes that, under the Agreement, BGE would be permitted to conduct its own conduit maintenance, while Other Conduit Users do not have that right.³ The Agreement also promises that the City will "prioritize" BGE's permit applications over those of Other Conduit Users. And it affords BGE alone an expedited 15-day approval timeline for such applications. This discriminatory treatment raises serious legal concerns that are so far unanswered.

5. Overbroad Scope of Capital Improvement Work: The Response downplays our concerns regarding the overbroad scope of capital improvements under the Agreement. The Response states that the definition of "Facilities" is from BGE's 2016 settlement agreement, where it includes all "cable, transformers, switchgear, communications lines, and other equipment and materials related to BGE's business as an electric public utility company." The Response then describes an "understanding" between the City and BGE that, contrary to this broad language, "Facilities" includes only BGE facilities "within the conduit system." This "understanding" appears nowhere in writing, and the 2016 settlement agreement expressly states that it "constitutes the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter of this Agreement."

Moreover, even if "Facilities" only included those "within the conduit system," the scope of capital improvements would still be overbroad and discriminatory. Under current lease agreements, Other Conduit Users pay rental fees in exchange for their use of the conduit. Those fees are used by the City for capital improvement work *on the conduit*, such that it benefits *all conduit users*. Under the Agreement, in lieu of paying such rental fees for the benefit of all conduit users, BGE could exercise its "sole discretion" to focus much of its capital improvement work on its own "cable, transformers, switchgear, communications lines, and other equipment and materials related to BGE's business as an electric public utility company," all of which are "Facilities" under the Agreement. That would not be capital improvement work *on the conduit*, and any benefit from such work would accrue *exclusively to BGE*. To our knowledge, the City's current contractor is not doing any such work on BGE's facilities, but rather is being funded by our conduit fee payments to improve the conduit for all users. In this way, the Agreement could provide an enormous windfall to BGE by permitting it to convert its conduit fee payments into facilities investments that benefit its own operations alone and that BGE might have made anyway.

6. Lack of Transparency on Capital Improvement Projects to be Undertaken by the City: The City has promoted the Agreement as shifting the costs and other overhead of future capital improvement projects to BGE, while resulting in a better conduit system. Although the City reserves the right to undertake other capital improvement projects on its own, we are unaware of any such plans, budget forecasts, or other information beyond Fiscal Year 2023.

³ Response to Question 8.

This raises further concerns about the potential prioritization of one conduit user's needs over all others.

We look forward to a more productive dialogue among the City, BGE, and the Conduit User Group, with the objective of reaching an agreement that affords all users of the conduit their right to reasonable, nondiscriminatory, and competitively neutral access to the City's conduit system, as the law requires. Any transfer of capital improvement, maintenance, and other responsibilities from the City to just one of the conduit users must be accompanied by appropriate protections for other users.

Sincerely,

Dawn Kirstaetter
Director, Government & Community Affairs
Comcast
dawn kirstaetter@comcast.com

Ann Brooks
Government Affairs Manager, East Area
Crown Castle
ann.brooks@crowncastle.com

Joanne M. Petersen, Esq. Corporate Counsel FiberLight joanne.petersen@fiberlight.com

Kevin Brown Chief Executive Officer Quantum Telecommunications, Inc. kevin@gis.net

cc:

Hon. Nick Mosby, City Council President
Eric Costello, Committee Chair
Hon. Bill Henry, Comptroller
Ebony Thompson, Esq., City Solicitor
Jason Mitchell, Director, Department of Public Works
Corren Johnson, Interim Director, Department of Transportation
Ola Olamide, P.E., Conduit Division Chief

Danett Kennedy
Senior Manager, Network Infrastructure
Services
Lumen (Broadwing Communications, LLC;
CenturyLink Communications, LLC; Level 3
Communications, LLC; Level 3 Telecom of
Maryland, LLC; TelCove Operations, LLC;
Wiltel Communications, LLC)
danett.kennedy@lumen.com

Gillian Leytham, Esq.
Vice President, Underlying Rights &
Government Relations
Zayo Group LLC
gillian.leytham@zayo.com

Attachment E		
Law Department Response to Conduit User Group Continued Concerns Letter (Fe	υ. 23, 2023)	

BRANDON M. SCOTT, Mayor



DEPARTMENT OF LAW EBONY M. THOMPSON, ACTING CITY SOLICITOR 100 N. HOLLIDAY STREET SUITE 101, CITY HALL BALTIMORE, MD 21202

February 23, 2023

Via Electronic Mail

Dawn Kirstaetter
Director, Government & Community Affairs
Comcast
dawn kirstaetter@comcast.com

Ann Brooks Government Affairs Manager, East Area Crown Castle ann.brooks@crowncastle.com

Joanne M. Petersen, Esq. Corporate Counsel FiberLight joanne.petersen@fiberlight.com

Kevin Brown Chief Executive Officer Quantum Telecommunications, Inc. kevin@qis.net Danett Kennedy
Senior Manager, Network Infrastructure Services
Lumen (Broadwing Communications, LLC;
CenturyLink Communications, LLC;
Level 3 Communications, LLC;
Level 3 Telecom of Maryland, LLC;
TelCove Operations, LLC;
Wiltel Communications, LLC)

danett.kennedy@lumen.com

Gillian Leytham, Esq.
Vice President, Underlying Rights &
Government Relations
Zayo Group LLC
gillian.leytham@zayo.com

Re: Continued Concerns regarding City-Owned Conduit System and February 15, 2023 Amendment to November 30, 2016 Settlement Agreement between the Mayor and City Council and Baltimore Gas and Electric Company

Dear Conduit Users:

I am writing to respond on behalf of Mayor Brandon M. Scott to your letter dated February 17, 2023, presenting your continued concerns regarding the City-owned Conduit System and the February 15, 2023 Amendment to the 2016 Settlement Agreement between the Mayor and City Council of Baltimore (the "City") and Baltimore Gas and Electric Company ("BGE"). For reference, enclosed are my February 14, 2023 letter to Ms. Kirstaetter and your letter of February 17, 2023.

First and foremost, please be assured that the Mayor, the Department of Transportation ("DOT"), and the Conduit Division value your use of the City's Conduit System and we respect your rights under your Conduit Lease Agreements (and, in respect to Comcast, also its franchise agreement). Over the years, the City has strived to improve its Conduit System and keep it in excellent condition, for your benefit and for the benefit of all residents of Baltimore. It is for this reason that the City entered into the recent Amendment with BGE.

Second, so that we are understanding each other as to the structures that may be replaced, improved, or extended by BGE and how that work may or may not impact you, permit me to clarify the structures and systems within the City's Conduit System. The City's Conduit System is a 700-mile system of newer concrete pipes and aging Orangeburg pipes and terra cotta pipes. Within the City-owned conduits are inner ducts, individual to and controlled by each of you and other users (which are often referred to as each user's "Facilities"). Portions of the City's Conduit System have multiple users, some portions have a single user, and other portions are empty. The City, in order to provide an excellent Conduit System for itself and for you and other users, has replaced old conduit when damaged and has undertaken a program to replace the aging portions of its Conduit System. Under the Amendment, BGE will undertake certain Capital Improvements to the conduit. When doing so, BGE may not interfere with your inner ducts, except as may be necessary for a particular Capital Improvement Project, in the same way that the City's capital improvement projects might have resulted in an impact on your facilities. This work will be in accordance with plans and specifications submitted to and approved by the City, in respect to which the City will provide notice to you.

In respect to the City's Conduit System, I also note that for many years entities other than the City, whether BGE (under its longstanding rights and various pre-Settlement Agreement agreements) or other third parties (typically, under DOT's customary Developer's Agreement for Public Improvements), have constructed extensions or additions to the City's Conduit System, all of which upon completion are then owned by the City. Much of the present Conduit System, now entirely owned by the City, was originally constructed by BGE and its predecessors. In such instances, the City presently requires that the newly constructed conduit contain inner ducts for other users. This will not change.

Lastly, before I address your specific concerns, please recognize that this Amendment cannot be examined in a vacuum. The February 15, 2023 Amendment amends a 2016 Settlement Agreement between the City and BGE, approved by the Board of Estimates to resolve litigation. The 2016 Settlement Agreement, in turn, addresses the allocation of rights and obligations and the allocation of costs between the City and BGE arising from State and City laws and grants in the 1800's and more than a dozen agreements over more than a century, including, principally, a 1903 Conduit Lease and a 1982 Master Agreement.²

In respect to your specific concerns, please be advised as follows:

1. Damage to Other Conduit User Facilities:

¹ Under Section 2 of Article III of the 1982

¹ Under Section 2 of Article III of the 1982 Master Agreement between the City and BGE, which applies to conduit constructed by BGE under the February 15, 2023 Amendment, BGE is obligated, at the City's request, to include up to three 3-inch inner ducts for use by the City and non-BGE users leasing space from the City. It is easy to imagine that a newly constructed portion of the Conduit System, extending to a new development project, would be used by BGE, Comcast, one or more telecommunications providers, and perhaps others.

² Contrary to the assertion in your February 17, 2023 letter, the 2016 Settlement Agreement did not supersede and replace the 1903 Conduit Lease and the other prior agreements. As stated in Section 16 of the Settlement Agreement, the 1903 Conduit Lease and other "Current Agreements" therein described (except as inconsistent with the 2016 Settlement Agreement) "remain in full force and effect."

Nothing in the February 15, 2023 Amendment alters the existing allocation of risk and liability under Section VII.B of DOT's customary form of Conduit Lease Agreement.³ The Capital Improvements to be undertaken by BGE will constitute a public improvement and will benefit the City's Conduit System. In the event of any "negligence, willful misconduct, or gross negligence, whether Losses are based upon contract, warranty, tort, strict liability, or otherwise," by BGE or its contractors, the indemnification provisions of Section 13 of the Amendment shall apply. If a claim is made against the City or the City is sued because of any Capital Improvements or emergency Maintenance undertaken by BGE in respect to the Conduit System, BGE shall indemnify, defend, and hold harmless the City.

If BGE, apart from any Capital Improvements to the Conduit System, were to damage the Facilities of other users while it was replacing, moving, or working on its own Facilities, the liability limitation provisions of Article VII.B would not apply. Again, in considering these and other scenarios, one must distinguish between the Conduit on the one hand and the inner ducts on the other.

2. Relocation of Other Conduit User Facilities:

Under the Amendment, all Capital Improvement Projects "undertaken by BGE shall be designed to enhance the Conduit System in a manner that will help improve its safety, efficiency, and reliability for all users of the Conduit System." In this respect, nothing in the February 15, 2023 Amendment limits or changes the existing City right to request under Section III.I.1 of each Conduit Lease Agreement that a particular lessee protect, alter, remove, or relocate its Facilities at the lessee's cost, whether to enable a planned Capital Improvement Project or otherwise. Looking to Section III.I.2 of the Conduit Lease Agreement, which you have invoked, if BGE were to request that another user's Facilities should be protected, altered, removed, or relocated purely for BGE's own purposes in respect to its Facilities within a section of the Conduit System, apart from the Capital Improvements that it will construct for the benefit of all, the cost-shifting provisions of that Section may then apply. BGE's role in the Capital Improvement Projects, in and of itself, does not shift the responsibility for costs under Sections III.I.1 and III.I.2.

3. Oversight and Control Over Capital Improvements:

The City, through its Department of Transportation and the Department's Conduit Division, will continue to maintain oversight and control over Capital Improvements to the Conduit System. Regularly planned upgrades, replacements, and other improvements to the conduits will require City-issued permits, City review of the plans for the improvements, and – at the end of the project before the City accepts the completed Capital Improvements – City inspections. All Capital Improvements will be owned by the City and the City, through DOT's Conduit System, may undertake additional Capital Improvement Projects.

4. **Discrimination:**

³ Section VII.B, in relevant part, states that the City, "its officers, agents, servants, employees, attorneys, consultants or independent contractors shall not have any liability to the LESSEE for any damage as a result of or in connection with the protection, breaking through, movement, removal, alteration, or relocation of any part of the FACILITIES by or on behalf of the LESSEE or the [City] in connection with any public work, public improvement, alteration of any municipal structure, any change in the grade or line of the SYSTEM/any Public Right-of-Way, or the elimination, discontinuation, closing or demapping of any part of the SYSTEM."

⁴ See Section 6 of the February 15, 2023 Amendment.

The City, in its granting of its Conduit Lease Agreements to and its setting of user fees for the telecommunication providers within the Conduit System, is mindful of the nondiscrimination requirements of the Federal Telecommunications Act of 1996 and other applicable Federal law. Each telecommunication provider is treated similarly and each has control (subject to the terms and conditions of its Conduit Lease Agreement) over its assigned inner duct. As stated in Section III.F of your Conduit Lease Agreement, the standards for the repair and maintenance of your Facilities within the City's Conduit System apply generally to all users. No telecommunications provider has any right to make any Capital Improvements to the Conduit System, so in this respect all telecommunication providers are being treated the same.

The anticipated Capital Improvements will benefit all users by providing a more stable Conduit System and, over time, lessening the City's Maintenance costs, resulting in lower maintenance-driven costs being passed through in the rent charged equitably under the Conduit Lease Agreements.

5. Overbroad Scope of Capital Improvement Works:

The \$120,000,000 in Capital Improvement Projects that BGE will undertake will include replacements, capital repairs, additions, and extensions to the City's Conduit System, and do <u>not</u> include any changes to BGE's Facilities or to any Facilities owned by you or any other users. As I have already observed, all Capital Improvement Projects "undertaken by BGE shall be designed to enhance the Conduit System in a manner that will help improve its safety, efficiency, and reliability for all users of the Conduit System." None of the \$120,000,000 may be expended upon BGE's own cables, transformers, communication lines, or other equipment and materials. Contrary to your assertion, BGE may not expend these committed CIP funds into a Facilities investment that benefit its own operations alone.

6. Lack of Transparency on Capital Improvement Projects to be Undertaken by the City:

Enclosed is the Department of Transportation, Conduit Division's FY 2023-2027 Conduit Capital Improvements Program which is referenced in the Amendment and has been a publicly available document. The 2024-2028 Conduit CIP, which will account for additional funding arising from the Amendment, should be available in March 2023.

Information on the Capital Improvement Projects being undertaken will continue to be available to the public and we encourage you to share any site-specific concerns with DOT's Conduit Division.

We trust that these responses will address at least some of your concerns and explain the importance of the February 15, 2023 Amendment to improving and maintaining the City's Conduit System for the benefit of you, other users, and the citizens of Baltimore. Should you have any additional questions, please feel free to reach out to my office. Looking ahead, please be assured that DOT's Conduit Division will be notifying you of any Capital Improvement Projects (whether undertaken by BGE, the City, or others) that may impact your Facilities.

Sincerely,

Ebony Thompson Acting Solicitor

cc

Hon. Nick Mosby, City Council President Eric Costello, Committee Chair Hon. Bill Henry, Comptroller Jason Mitchell, Director, Department of Public Works Corren Johnson, Interim Director, Department of Transportation Ola Olamide, P.E., Conduit Division Chief