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**OPPOSE – House Bill 1034
County and Municipal Street Light Investment Act**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) oppose **House Bill 1034 County and Municipal Street Light Investment Act**. House Bill 1034 would authorize counties and municipalities to purchase utility-owned streetlights for the utility's original purchase price, less depreciation. Upon purchasing the streetlights and any associated equipment, local government would be authorized to install alternate energy street lighting technologies. Utilities would be required to offer alternate-energy only tariffs to provide electrical service to the county and municipality-owned streetlights.

This bill, or a similar version of it, has been introduced in at least 5 prior sessions in Maryland. In each of those years, like House Bill 1034 before you, the "compensation" that would be paid to a utility company whose streetlights have been acquired through condemnation or otherwise does not properly value this equipment. Streetlights are utility assets. Any valuation of a streetlight should include the revenue to the company that would be lost as a result of the sale. House Bill 1034 does not take into account this value—rather it refers to book value only.

House Bill 1034 is unnecessary. Pepco and Delmarva Power have been responsive to local governments who have expressed interest in purchasing their streetlights and Pepco and Delmarva Power remain willing to negotiate the terms of streetlight sales with the municipalities in our service areas. A jury trial for streetlight condemnation would be costly and unnecessary for all parties involved.

Pepco has successfully negotiated streetlight purchase agreements with the Town of Poolesville and both Pepco and Delmarva Power should be allowed to continue to enter into arms-length agreements to the extent a locality or municipality expresses an interest in purchasing streetlights. Requiring Pepco and Delmarva Power to accept an artificially low price for these streetlights by creating a definition of "Fair Market Value" that does not, in fact, represent the fair market value of the asset, is nothing short of an unconstitutional taking.

Even more importantly, Pepco and Delmarva Power are planning to propose a program in the next couple of months to roll out a streetlight upgrade program across its Maryland service areas to upgrade the lights to light-emitting diodes (LEDs) with smart node technology, which will decrease greenhouse gas emissions and create smarter, brighter lighting options for municipalities. This program will be submitted to the PSC and require PSC oversight.

Pepco and Delmarva Power anticipate a near term filing with the Public Service Commission for a large-scale, coordinated conversion of all company-owned streetlights to LED fixtures. LED technologies respond to customer needs and are consistent with trends in technology and innovation in the streetlights industry. This LED streetlight conversion initiative, if approved, will be implemented over an estimated 5-year period. All LED lights will remain operational for up to 20 years, making this initiative a lasting, effective, and cost-efficient deployment. Pepco and Delmarva Power also plan to establish new, simplified lighting and rate offerings to provide options for customers.

In addition, Pepco and Delmarva Power plan to install a smart node on those streetlights, which will add communication capacities and data-capable components to light poles. These smart fixtures have the potential to unlock enhanced lighting controls, which provide customers greater flexibility in lighting times and brightness levels to meet each customer's needs. Furthermore, smart nodes can incorporate other emerging functionalities for the benefit of customers, such as parking and traffic monitoring, visibility into lighting operation, pollution monitoring, and gunshot detection. These connected lighting features are essential building blocks to other key smart city initiatives involving transportation and electricity infrastructure. House Bill 1034 will unnecessarily interfere with the conversion to smart LED lighting technology and may in fact hinder or permanently delay conversion to smart LED lighting technologies. Pepco's and Delmarva Power's initiative for a large-scale conversion of streetlights across its Maryland footprint to smart LED streetlights, which will be equipped with next generation smart communication systems, should be allowed to progress before the PSC before moving forward with legislation.

For the above reasons Pepco and Delmarva Power respectfully request an unfavorable vote on House Bill 1034.

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