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PUBLIC SERVICE COMMISSION

February 15, 2022

Chair Delores G. Kelley
Senate Finance Committee
Miller Senate Office Building, Room 3 East
Annapolis, MD 21401

RE: SB 376 – INFORMATION – County and Municipal Street Lighting Investment Act

Dear Chair Kelley, Vice Chair Feldman, and Committee Members:

Senate Bill 376 specifies the conditions under which a local government may acquire street lighting equipment from an electric utility and requires utilities to submit relevant tariffs to the Commission. The Commission would be required to resolve resulting disputes. We appreciate the ongoing dialogue with the sponsor and believe that proposed amendments address the implementation issues outlined below.

First, SB 376 defines fair market value based on the equipment cost less accumulated depreciation and excludes up front customer contributions, which could result in customers overpaying. Second, SB 376 raises engineering and safety concerns. The “streetlight service point” should be part of the streetlight equipment definition because this is where ownership transitions from the utility to the customer and therefore determines which state and federal safety codes apply. Furthermore, a circuit disconnect must be installed in a streetlight by the utility as “make-ready” work to facilitate the purchase and safe transfer of street lighting assets to the county or municipality. SB 376 should address make-ready work, which would also include any necessary modifications or rearrangements to the utility system to ensure the safety and reliability of the system.

If disputes arise between the utility and the county or municipality over the fair market value of the equipment and/or the scope of any make-ready work required, the Commission has existing complaint procedures under § 3-102 of the Public Utilities Article, which include filings, hearings, and potential appeals. The distinct dispute resolution process outlined in SB 376, as introduced, is unnecessary; it will not be possible to afford the parties due process and issue a decision within 75 days. No other formal complaint process at the Commission has a 75-day deadline.

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Finally, SB 376 requires electric utilities to submit to the Commission a customer-owned street lighting tariff and requires the Commission to issue a decision within 75 days. No other type of tariff has a 75-day deadline for review and approval. Moreover, the stated period is unrealistic for resolving disputes arising from the new tariff in a manner that ensures fairness and process to the parties. As explained above, the Commission's existing dispute resolution process and PUA § 3-102 should be used rather than creating a new and distinct process for streetlight acquisitions.

The sponsor's proposed amendments to SB 376 resolve the Commission's concerns outlined above. If the Committee issues a favorable report on SB 376, we urge the adoption of the amendments, which address several critical issues. Please contact Lisa Smith, Director of Legislative Affairs, at 410-336-6288, if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason M. Stanek". The signature is fluid and cursive, with the first name "Jason" and last name "Stanek" clearly legible.

Jason M. Stanek
Chairman