

OPPOSE
Senate Finance Committee
02/15/2022

Senate Bill 376 County and Municipal Street Lighting Investment Act

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill 376 County and Municipal Street Lighting Investment Act*, which 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, a 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.

Maryland Code, Local Governments § 1-1309 already provides counties and municipalities the right to purchase street lighting equipment from the utility at fair market value. To date, this existing right has not been exercised by a local jurisdiction within BGE's service territory.

Of note, the bill's definition of 'fair market value' is not consistent with the commonly understood definition and is instead the definition for 'net book value.' Fair market value is the price at which an asset would change hands between a willing and informed buyer and seller and not simply the depreciated cost of the asset in a company's accounting records. In fact, Title 12 of the Real Property Article defines fair market value of property in a condemnation proceeding as "the price as of the valuation date for the highest and best use of the property which a vendor, willing but not obligated to sell, would accept for the property, and which a purchaser, willing but not obligated to buy, would pay..."

In addition to the purchase price formula referenced in Senate Bill 376, other costs and factors associated with transfer of ownership should be considered, including the fact that utility-owned streetlights are often attached to poles that are entirely or jointly owned by the utilities, such as BGE and Verizon. County or municipal purchase of streetlights may also require payment to the utility for pole rental and other associated pole attachment fees.

Although the bill states that joint use poles are not considered to be Street Light Equipment, to the extent that any of the lighting fixtures are attached to poles jointly owned by the telecommunication company, the county or municipality would be responsible for any necessary arrangements with and payments to the telecommunications company.

Additionally, BGE would need to revise the configuration of the street lighting system so that the county, municipality or third-party personnel could safely work on the fixtures, which would have associated charges.

Additionally, BGE's existing street light tariff already offers counties and municipalities the options that appear to be the goal of Senate Bill 376. BGE's street light tariff allows counties and municipalities to own and maintain unmetered street lighting just as the tariff already allows a local jurisdiction to select their own electric supplier. Furthermore, BGE's street light maintenance program is very strong, having already converted over 83 percent of the company-owned overhead street lights to LED, with multiple maintenance options. In addition, BGE offers counties and municipalities a wide variety of LED fixtures to choose from and at lower rates in most cases.

BGE strongly opposes this legislation as it attempts to deny the realization of fair market value for any street lighting equipment sold to a local government. The ability for a local jurisdiction to purchase streetlights currently exists; however, it is inappropriate to attempt to negate the costs and responsibilities associated with such a purchase.

For these reasons, BGE respectfully requests that the Committee vote unfavorable on this legislation.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 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 leading competitive energy provider.