



February 15, 2020

112 West Street
Annapolis, MD 21401

**OPPOSE – Senate Bill 376
County and Municipal Street Light Investment Act**

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) **oppose Senate Bill 376 County and Municipal Street Light Investment Act.** Senate Bill 376 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 governments would be authorized to install alternate energy street lighting technologies. Utilities would be required to offer customer-owned street lighting 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 six prior sessions in Maryland. In each of those years, like Senate Bill 376 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. Senate Bill 376 does not take this value into account—rather it refers to book value only.

Senate Bill 376 is also unnecessary. The current valuation process is well-defined in the Pepco and Delmarva Power tariffs: after a customer requests to purchase Company-owned streetlights, an assessor is sent to conduct a valuation of the streetlight assets and then the customer is sent the price of those assets. This valuation accounts for revenues the company would forgo if it no longer owns the lights. Pepco and Delmarva Power have been responsive to local governments who have expressed interest in purchasing their streetlights and we remain willing to negotiate the terms of streetlight sales with the municipalities in our service areas. By creating a definition of “Fair Market Value” that does not include the value of the revenues, Senate Bill 376 would require Pepco and Delmarva Power to accept an artificially low price for these streetlights that, in fact, does not represent the fair market value of the asset, which would be an unconstitutional taking. Additionally, the section of the bill related to a jury trial for streetlight condemnation would be costly and unnecessary for all parties involved.

In 2021, Pepco proposed a plan 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 would decrease greenhouse gas emissions and create smarter, brighter lighting options for municipalities. Unfortunately, the Public Service Commission (PSC) did not approve this program but did reserve Pepco’s ability to seek similar programs. Taking into account the feedback provided by the PSC, local stakeholders, and customers, Pepco anticipates re-filing a streetlight

upgrade program in the near future. In addition, Pepco and Delmarva Power also plan to file updates to our streetlighting tariffs to further clarify the point of ownership of streetlights. The ownership agreement provided to the customer will stipulate that the service conductor attaching the luminaire to the Company's distribution system is purchased by the customer. Customers who purchase their streetlights and perform their own maintenance would be billed accordingly. Customers who own their streetlights and provide their own maintenance would not be charged monthly fixed or maintenance charges.

For the above reasons Pepco and Delmarva Power respectfully request an unfavorable vote on Senate Bill 376.

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