



February 16, 2023

112 West Street
Annapolis, MD 21401

OPPOSE – House Bill 459 County and Municipal Street Light Investment Act

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) respectfully oppose **House Bill 459 County and Municipal Street Light Investment Act**. House Bill 459 would authorize counties and municipalities to purchase utility-owned streetlighting equipment 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.

Over the last seven months Pepco has been working diligently with interested municipalities on the process for the sale of streetlighting equipment in a regulatory proceeding at the Public Service Commission (PSC). Several discussions with interested municipalities have taken place regarding the calculation of a "fair market value" price, as well as streetlight attachment and purchase agreements. As recently as January 25, 2023 all interested parties in the sale of streetlighting equipment were before the PSC for a status conference. At the conference all parties were directed to file a document, by April 7, 2023, that expresses areas of agreement and areas of disagreement. On the items of disagreement, the PSC will hold a hearing to adjudicate the contested matters.

Pepco and Delmarva Power are not opposed to the sale of streetlighting equipment to municipalities. However, we are opposed to the definition of "net book value" as defined in this legislation. The proposed definition of net book value would require Pepco and Delmarva Power to accept what we believe to be an artificially low price for streetlighting equipment that, in fact, does not represent the average net book value of the asset. Additionally, House Bill 459 prohibits utilities from charging jurisdictions for certain undefined items and services. This restriction raises concerns that certain costs associated with the transfer of street lighting equipment would be socialized to other customers. By prohibiting any non-enumerated fees, the utility would otherwise seek to collect directly from the street light customer, HB 459 would require the utility to socialize those costs among its remaining customers.

Pepco and Delmarva Power respectfully request that the PSC proceeding already underway addressing the sale of streetlighting equipment be allowed to proceed to its conclusion before considering House Bill 459. All identified parties interested in this matter are participating in that PSC proceeding. We consider the PSC to be the appropriate entity to make a final determination on the sale of streetlighting equipment based on current deliberations occurring at this time. For the reasons stated, Pepco and Delmarva Power respectfully request an unfavorable report on House Bill 459.

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