

STATE OF MARYLAND



OFFICE OF THE CHAIRMAN

JASON M. STANEK

PUBLIC SERVICE COMMISSION

March 27, 2023

Chair Brian Feldman
Education, Energy and Environment
2 West, Miller Senate Office Building
Annapolis, Maryland 21401

RE: HB 459 – INFORMATION – County and Municipal Street Lighting Investment Act

Dear Chair Feldman and Committee Members:

HB 459 clarifies the conditions under which a county or municipality may acquire street lighting equipment from an electric utility, by purchase or condemnation. The bill also provides that after such acquisition, the county or municipality may convert its street lighting service to a new, Customer-Owned Street Lighting Tariff; purchase electricity from a retail supplier; and contract with the electric utility for street lighting maintenance. Additionally, HB 459, as amended, requires the utility to report to the Commission with an inventory of its street lighting equipment by July 1, 2024. The Bill authorizes certain disputes to be submitted to the Commission for resolution in accordance with existing complaint procedures. As described below, this legislation overlaps with a pending street light tariff matter before the Commission.

Section 1-1309 of the Local Government Article already provides that a county or municipality may purchase some or all of an electric utility's street lighting equipment located within the jurisdiction and pay the utility the "fair market value" of that equipment. However, the statute does not define fair market value, which has led to wide disagreement between the utility and counties or municipalities over how to value the used equipment. HB 459, as amended, defines the term "Fair Market Value," and it outlines a process by which the local government and the utility can obtain an appraisal of the street lighting equipment if the parties cannot agree on the value of the equipment. The legislation further recognizes that additional infrastructure modification costs may be involved to facilitate the safe and reliable transfer of street lighting equipment.

HB 459 prohibits utilities from charging jurisdictions for certain undefined items and services. This restriction raises a concern that certain utility costs incurred due to the transfer of street lighting equipment will be socialized to other utility customers. By prohibiting any non-enumerated fees the electric 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.

As noted above, the Commission is presently addressing the issues raised with this legislation in a contested matter between Pepco and certain local townships. Last April, Pepco filed a revised street lighting tariff to clarify the terms and conditions for transferring ownership of its overhead street lighting equipment to counties and municipalities, similar to the goal of HB 459. The municipalities and other stakeholders opposed Pepco's proposed changes, raising the same issues covered under this legislation, including the purchase price for the street lighting equipment and what, if any, additional fees should be allowed in connection with a customer-owned street light tariff and pole attachment agreement with the utility. The Commission is currently facilitating this discussing and allowing parties time to work out their concerns. A final status conference is scheduled for April 7, 2023. Thereafter, the Commission will resolve any unsettled issues and the disposition of this matter will guide other utilities in future transfers of street light ownership.

I appreciate the opportunity to provide information on HB 459. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288 if you have any questions.

Sincerely,



Jason M. Stanek
Chairman