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OPPOSE – House Bill 0459
HB0459 – County and Municipal Street Lighting Investment Act
Economic Matters Committee
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Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 280,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington Counties). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, New York, West Virginia, and Maryland.

Unfavorable

Potomac Edison / FirstEnergy opposes House Bill 0459 – County and Municipal Street Lighting Investment Act. HB-0459 would allow a county or municipality to convert its street lighting service to a customer-owned street lighting tariff, acquire certain street lighting equipment by purchase or condemnation, enter into an agreement to purchase electricity, and contract for the maintenance of the street lighting equipment. Counties and municipalities already have the authority to install their own street lighting systems and shop for an electricity supplier in Maryland. This legislation seems only to allow the acquisition of a street lighting system at a significantly reduced cost, in lieu of paying for their own system.

Potomac Edison / FirstEnergy requests an Unfavorable report on HB-0459 for the following reasons.

This legislation allows for the “taking” of street lighting and street lighting equipment without the need of public benefit. Beyond the assumption of lower cost, there is no “greater good” identified for the public at large in this bill.

The “Customer-Owned Street Lighting Tariff” portion of HB-0459 is also concerning, as it does not cover all the costs associated with providing service. The distribution of electricity requires more than just the specific facilities used to serve a streetlight. Distribution service includes an allocated share of the supporting distribution infrastructure and back-office support needed to provide electricity. Distribution service is based primarily on fixed costs and does not necessarily vary with the amount of energy consumed. Customer-owned streetlights would be useless if it were not for the support of the entire distribution grid -- and other customers should not have to subsidize these costs.

It is true that local governments pay electric companies to light their streets, but streetlights are an elective service that the counties and municipalities have requested. Counties and municipalities determine streetlighting placement by selecting exactly where they want fixtures located, the utilities install the lights, and the Public Service Commission determines just and reasonable rates for that service.

As for maintenance, Potomac Edison / FirstEnergy operates in a highly regulated industry and adheres to strict safety standards. Communities need to consider the serious safety and liability issues associated with working around high voltage energized facilities. The current Maryland tariff states that Potomac Edison will replace burned-out lamps and

maintain the equipment during regular daytime working hours as soon as practicable, following notification by the customer seems reasonable. The liability for a community to do this in-house should be seriously taken into consideration.

HB-0459 is not in alignment with Potomac Edison's duty to provide street lighting solutions that ensure the safety of residents and the general public. The issues contemplated by this legislation are already subject to Maryland Public Service Commission oversight, and any community with issues can get them resolved through their process. In addition, legislation is not needed for energy efficiency or better illumination, as Potomac Edison offers a menu of streetlighting options.

For the above reasons, Potomac Edison / FirstEnergy respectfully request an **Unfavorable** report on House Bill 0459.