



CALSLA Information Sheet April 5, 2016

The California Street Light Association (CALSLA) has been working hard on behalf of cities and counties throughout the State of California to reduce electric rates and facilities charges for street lights and traffic signals. We've had significant success in limiting and lowering rates in PG&E and SCE service areas this year. In addition, CALSLA is aggressively challenging SDG&E's significant proposed increase to street light rates. Please see the detailed comments below by service area, on current and upcoming issues, prepared by Rate Analyst Alison Lechowicz.

PG&E Service Area:

CALSLA negotiated a settlement in the 2014 General Rate Case (GRC) with PG&E, which was approved, and became effective on January 1, 2016. The key elements of the settlement are listed below:

- PG&E proposed a \$2.1M increase to street light rates and CALSLA negotiated it to down to a \$0.66M increase.
- LS-2 (customer owned street lights) bills will decrease due to decreasing energy rates.
- LS-1 (utility owned street lights) facilities charges will increase slightly. CALSLA was able to negotiate a shift of costs between energy and facilities charges to moderate impacts on LS-1 while achieving a decrease to LS-2 customers (the majority of customers in PG&E territory).
- Traffic control costs (TC-1) will decrease. CALSLA negotiated no change to the current customer charge at \$10/month and achieved a reduction to the energy rate.
- The dimmable/adaptable street light program will be extended and expanded, so there are no limits to the number of lights or size of jurisdictions that can participate, plus we were able to negotiate removal of several onerous recordkeeping requirements.

The rate-setting phase of the 2017 GRC will be filed June 30, 2016. CALSLA intends to fully participate.

SCE Service Area:

Two key issues are pending in the SCE service area – new rates reflecting the CPUC's final decision in the 2015 GRC and resolution of AB 719 legislation.

2015 GRC. On March 18, 2016 the CPUC issued a final decision in Phase 2 (rate-setting phase) of SCE's 2015 GRC. The decision implements the street light settlement agreement that CALSLA negotiated summer and fall of 2015, which includes across the board decreases to the facilities charges. Facilities charges are fixed monthly charges for the rental of street light lamps that make up the majority of street light bills in SCE territory. SCE proposed to leave facilities charges the same as previous years (collecting \$76M

annually). CALSLA negotiated a decrease in the facilities charges that will result in \$73M collected annually. This is a total savings of \$9M over the next three years. All types of lamps will receive decreases. HPSV (high pressure sodium vapor) LS-1 lamp rates will decrease between -6% and -8% depending on wattage. CALSLA also achieved significant reductions to the facilities charges of LED lamps. CALSLA found that SCE had not updated its LED costs in several years and that SCE's facilities charges did not reflect market conditions. The final decision in this rate case implements LED facilities charge reductions ranging from -13% to -28%. CALSLA also negotiated to keep energy rates low. We will provide an update of the energy rates when the new rate schedules are published in April 2016. Although the facilities charges are set, the energy rates are influenced by other proceedings at the CPUC.

AB 719. Assembly Bill 719 obligated California investor owned utilities to develop a program and accompanying rate structure to convert utility owned (LS-1) street lights to LED. SCE's AB719 proposed rate increased the monthly bill of participating customers rather than reduce the monthly bill. SCE's proposed rate includes very high facilities costs for retrofit of the lamps, which negates any savings from reduced energy use. On July 20, 2015, CALSLA filed a protest of SCE's AB719 rates and submitted a counter proposal with affordable LS-1 rates. The CPUC is reviewing CALSLA's protest and has extended its evaluation until a date uncertain in 2016.

SDG&E Service Area:

CALSLA, the City of San Diego and other local jurisdictions are working to force SDG&E to develop a metered street light tariff so these communities can take advantage of the investments they have already made in adaptive controls and LED retrofits. We are challenging SDG&E's 12% increase for street lights, changes to the time of use (TOU) tariff that will add peak rates when street lights are in use, and continued failure to create a dimmable/adaptable tariff. CALSLA and City of San Diego, along with other cities in the service area, are meeting bi-weekly with SDG&E on a new rate to support these cities' energy efficiency improvements.

CALSLA Background Information

The California City-County Street Light Association (CALSLA) represents the interests of counties, cities and towns before the California Public Utilities Commission (CPUC) and has done so since 1982. CALSLA advocates street light and traffic signal electric rates that are fair to local governments. We also offer technical and engineering information, public and private funding information, acquisition strategies, legal review and help in negotiating service issues with utilities. CALSLA has been very successful in reducing electric rates and in supporting street light agencies.

On three-year cycles, investor-owned utilities in California file requests at the CPUC to increase revenues and raise street light rates. Without intervention by CALSLA, rate increases to street light customers would not be analyzed for accuracy and would go unopposed at the CPUC.

For most of the rate cases before the CPUC over the last thirty years, CALSLA has been the only organization representing street light customers. CALSLA rate consultants and attorneys testify before the CPUC and are successful in litigating and/or negotiating lower

rates for street lights and traffic controls and in gaining better levels of service from the utilities. Savings in electricity and facility costs over three decades has been in the millions of dollars.

In the next few years, the battle for local government control of street lighting assets and future uses of the facilities will become key factors in whether or not “smart city” technologies will be widely available in urban settings. In addition to challenging the utilities’ specific rate proposals, CALSLA’s strategic mission includes questioning lack of transparency on billing, inventory, asset management, maintenance & operation costs, depreciation and valuations, and examining the FERC regulations to clarify correlations between Federal and State requirements.

CALSLA’s priorities are set by its Executive Committee, representing cities and counties around the state. The priorities include:

- Adaptive Controls and Adjustable LEDs. LED street light conversions offer cities and counties exceptional savings on electric rates, carbon emissions reductions and lower operations and maintenance costs. CALSLA works with cities, counties, the CPUC and vendors to find reliable and cost effective ways to help local jurisdictions take advantage of new and powerful technologies.
- Street Light Acquisition. CALSLA encourages public agencies to own their street lights. Cities and counties can own, operate and manage street lights more efficiently and at less cost than the utilities. Through ownership, cities and counties avoid paying street light facility rental charges to the utility. Public agencies can also operate the street lights at less cost with internal city or county staffing or through a contracted service provider. If the utility owns the street lights (LS-1), now is the time to locate and value your street light assets and acquire these facilities.
- Fair Electric Rates and Facilities Charges. When the utilities submit rate increases, CALSLA reviews their assumptions, calculations and accounting methodologies for accuracy and clarity, submits testimony and advocates appropriate and justifiable adjustments to the street light rate categories. While the street light tariffs only represent about 1% of the utilities’ annual revenues, street lights represent 30% to 70% of cities’ and counties’ annual electricity/facilities costs. This disparate proportionality makes it imperative that CALSLA is at the table, since a small increase in the rates can have a costly impact on city/county budgets.
- US Department of Energy Outdoor Lighting Accelerator (OLA) Working Group. CALSLA joined OLA in 2015 and is working with local governments from around the nation on acquisition, retrofitting and rate management programs and issues. We have learned that California is the only state in the nation with a street light advocacy association like CALSLA, and other states like Rhode Island and Michigan are now considering establishing similar organizations.

CALSLA conducts annual conferences on street lighting at no cost to public agencies. CALSLA’s next conferences are planned for April 25, 2016 in San Diego and on May 9, 2016 in San Jose.

Past conferences have covered a variety of topics including:

- Opportunities and challenges in the purchase of street lights from utilities,
- Adaptive controls/networks for street lights and new revenue generating technologies,
- Designing and implementing innovative LED projects,
- Legislative and regulatory changes that affect street lighting,
- Street light mapping and inventory projects, and
- Case studies/lessons learned in design, installation, operations and maintenance of energy efficient, adaptive control street light systems.

Counties, cities and towns voluntarily fund CALSLA's activities and participation in rate cases. Member counties, cities and towns make dues payments of a few hundred dollars to less than \$5,000 a year based on population. Dues are discretionary and not every community has budgeted for this important work.

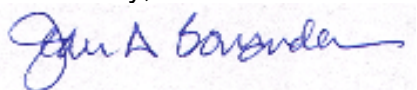
Associate Members are vendors and service providers that work with cities and counties on street light and traffic signal issues. Associate Member dues range from \$250 to \$1,000 depending on the size of the organization.

CALSLA does not accept contributions or dues from PG&E, SCE or SDG&E.

CALSLA's annual expenditures range between \$100,000 and \$150,000 depending on the number and complexity of rate cases – a minimal amount when compared to millions saved in reduced electric rates across the state of California.

I hope you find this information helpful.

Yours truly,



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