California City-County
Street Light Association

General Rate Case Review

May 7, 2018

Alison Lechowicz
Utility Rate Economist
Lechowicz & Tseng Municipal Consultants
alison@ltmuniconsultants.com
510-545-3182
General Rate Case Overview

General Rate Case - 3 year rate plan
General Rate Case

Bueller?

Bueller?

Bueller?
## SCE Rate Cases

<table>
<thead>
<tr>
<th></th>
<th>SCE Phase 1</th>
<th>Energy Efficiency</th>
<th>SCE Phase 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeding #</td>
<td>16-09-001</td>
<td>17-01-013</td>
<td>17-06-030</td>
</tr>
<tr>
<td>Application Date</td>
<td>September 1, 2016</td>
<td>January 17, 2017</td>
<td>June 30, 2017</td>
</tr>
<tr>
<td>Description</td>
<td>Capital and operations revenue requirement</td>
<td>Funding of energy efficiency programs</td>
<td>Revenue allocation and rate design</td>
</tr>
<tr>
<td>CALSLA Issues</td>
<td>LED rebates, acquisition program fees</td>
<td>LED rebates</td>
<td>Rates for street lights, traffic controls, LEDs, ancillary devices, and dimmable lamps</td>
</tr>
<tr>
<td>Status</td>
<td>Active – new filings for tax leg.</td>
<td>Proposed decision</td>
<td>Settlement negotiations</td>
</tr>
</tbody>
</table>
SCE 2018 Phase 1 Case

- Phase 1 (operating and capital programs) was filed September 1, 2016
- CALSLA became a party to the case October 25, 2016
- Filed multiple data requests
- Filed testimony on May 2, 2017 regarding the
  - street light acquisition program
  - LED rebates
CALSLA filed testimony along with:

- City of Downey
- City of Huntington Beach
- City of La Verne
- City of Norwalk
- County of Orange
- City of Palmdale
- City of Rialto
- City of Santa Ana
- City of Temecula
- City of Tustin
- Western Riverside Council of Governments

21 jurisdictions & 110,000 street lights
Street Light Acquisition Program

- In 2012, SCE offered to sell street lights to customers
- $10,000 to receive a valuation, take it or leave it price
- Many added taxes and fees
- August 2015, SCE closed the acquisition program to new customers
- In 2016, the CPUC approved the City of Lancaster’s sale and 82 customers were in the queue.
CALSLA Phase 1 Arguments

- Eliminate tax assessments and properly attribute profits from sales to customers
- No transition fees – no double counting of inventory management costs
- Immediate possession of lamps
- Sell lamps on shared poles
- Continue to offer LED rebates
SCE Phase 1 Status

• CALSLA filed testimony May 2017
• Rate case was extended through March 2018 due to tax legislation
• Waiting for ruling on acquisition program fees
• LED rebate issues bumped to the energy efficiency proceeding
SCE Energy Efficiency Proceeding

- CALSLA requested that LED rebates be extended
- LEDs represent only 1% of lamps in SCE territory
- SCE proposed $11.3 million of LED rebates through 2025
- First-come, first served for both LS-1E and LS-2 lamps
- Baseline year unknown
- Approved by the judge in a proposed decision on April 4
SCE Phase 2 - Rate Design

- SCE proposes a 6% increase for street lights
- SCE’s projection of street light sales keeps changing
  - Impacts facilities charges of LS-1 lamps
  - Average age and depreciation of remaining lamps?
  - SCE proposes adjustments to facilities charges over next 3 years
- CALSLA proposes 1.6% cap and reduction to LS-1E (LED) rates
- Currently in settlement negotiations
SDG&E 2016 Rate Case

• Filed April 13, 2015

• Proposed decision issued August 25, 2017

• Energy rates ($/kWh) and distribution charges (UDC)

• Dimmable street light rates

• Ancillary device rates

CALSLA co-sponsored testimony with the Cities of Encinitas, Oceanside, and Poway. The City of San Diego filed independent testimony.
SDG&E Outcome

TOTAL VICTORY!

• 16% rate increase capped at 1.5%
• Dimmable rate software costs dropped from $4.1 to $2.3M
• Economically feasible rate design
• Ancillary device fixed charge dropped from $10.22 to $3.18 per month
• New street light rates July 2018

• Dimmable and ancillary device rates August 2018
GRC Next Steps

• Continue to research the LED rebate issue – baseline year info

• Monitor the SDG&E dimmable street light program

• Engage in settlement on SCE rate design

• Investigate the impacts on street light sales on remaining LS-1 lamps
Questions