



Spring 2019 Newsletter

Greetings in 2019 from the California Street Light Association (CALSLA) and thank you for taking the time to consider the information in this letter. CALSLA's efforts to address energy, fee based and adaptive/dimmable rates and tariffs, small cell attachment device rules and legislation, and retrofit/rebate design and policies are constant, and require continual monitoring and action. CALSLA's primary goal continues to focus on mitigation of and reduction of electric rates and facilities charges for street lights and traffic signals for California cities and counties.

In 2018, CALSLA successfully negotiated settlements that limit and lower rates in PG&E and SCE service areas, and we began the implementation monitoring process for SDG&E's new dimmable rate program. In the SCE service area, we worked with the CPUC and SCE jurisdictions to better understand the street light acquisition process. Across the country, we made contact with local governments, non-profits, vendors and service providers in support of rate and tariff monitoring, while encouraging more collaboration and better working relationships with utilities.

It is an active time for street lighting/vertical infrastructure issues. Please see the detailed comments below by service area, on current and upcoming issues, prepared by CALSLA's Rate Analyst Alison Lechowicz and Legal Counsel Daniel Denebeim.

SDG&E Service Area

The most recent SDG&E rate case was highly contentious. However, the CPUC ultimately ruled in CALSLA's favor by adopting our recommendations regarding the structure of a dimmable/adaptive street light rate, much lower than requested rate adjustments, customer costs, billing system implementation costs, ancillary (attachment) device rates and old technology transfer costs, e.g., the LS-1C rates.

At CALSLA, we have since used the dimmable rate precedent this ruling set for California's jurisdictions as the basis for initiating similar discussions in the PG&E and SCE rate cases. Many Smart City/Internet of Things (IoT) capabilities are tied to the adaptive controls in street lighting systems. We are helping the CPUC and the investor owned utilities (IOUs) develop specifically designed rates to allow local governments to monitor their street light assets and the technology and sensors attached to them, and to collect and evaluate data about the energy consumption and efficiency used to affect climate action planning and costs. The dimmable, adaptive and ancillary rates went into effect on August 1, 2018, and the process of implementation at the City of San Diego is progressing at a reasonable rate.

CALSLA intends to utilize the SDG&E decisions to lay the groundwork for managing data, systems and infrastructure into the future, and across the State of California.

SCE Service Area

On July 6, 2018 CALSLA filed a street light rate design settlement with SCE which was adopted by the CPUC in its final decision issued December 2018. We were successful in reducing SCE's proposed rate increase from +6% for street lights to a decrease of -1.7% resulting in an annual savings of about \$10 million. The settlement also caps the LS-1 facilities charge increase at +5% in 2019. This action preserves the cost savings for customers electing to convert to LED under the LS-1E tariff. In addition, CALSLA was successful in getting the CPUC to order SCE to propose a dimmable streetlight rate option for Commission consideration in the next rate case (2021).

In March 2018 and November 2018, CALSLA participated in phone and in person conferences with CPUC staff to discuss what was learned from the slow transfer of assets between SCE and the local governments that purchased street light assets. CALSLA, its SCE jurisdiction partners and vendors explained how SCE's delays and inconsistencies in completing the acquisition process, e.g., the sale and transfer of street light

infrastructure from SCE to cities and counties, threatened city and county revenue and climate action goals. Local governments also discussed some of the political, financial and staffing implementation challenges that are inherent with managing multi-million dollar and multi-year capital projects like vertical infrastructure acquisition.

PG&E Service Area

CALSLA reached a final decision in the 2017 rate case which was filed on August 17, 2018. There is a minor increase to the street light electric rate of +0.7% and the LS-1 LED conversion fee is removed (i.e., it will be an even better deal to convert). Going forward, PG&E will consider LED as the standard lighting technology. The decision orders PG&E to implement the new rates as soon as is practical.

March 2018, CALSLA and PG&E held a workshop to discuss dimmable/adaptive rates and the impact of fees and structural issues related to attachment devices. Several local governments and vendors participated in the conversation, and PG&E agreed to further study the issue. Then in August 2018, the CPUC further directed PG&E to develop and present an implementable adaptive control program, including rates, for the 2020 GRC. Unfortunately, PG&E has made limited progress on this issue.

The 2020 Phase 1 rate case was filed on December 13, 2018 and contains very little analysis of street light issues. Moreover, PG&E recommends against automated billing for dimmable lamps and did not provide a detailed cost evaluation. CALSLA intends to intervene in the case to ensure that PG&E fully vets dimmable street light issues and complies with the CPUC's August 2018 ruling. The rate design portion of the case should be filed in Phase 2 scheduled for August 2019. We will be active in both of these cases, and of course, will monitor PG&E's activities during its bankruptcy.

CALSLA Background Information

The California 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 for 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 and legal comment in negotiating service issues with utilities. CALSLA has been very successful in reducing electric rates and supporting street light agencies.

On three-year cycles, investor-owned utilities (IOUs) 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-five years, CALSLA has been the only organization intervening on behalf of 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 tens of millions of dollars.

The battle for local government control of street lighting assets and future uses of the facilities will hit a flash point in 2019. The FCC's overreaching rule making and orders are meant to remove local government authority over the permitting, design and custodial management of the public rights of way (PROW) and the community assets within those rights of way. Local governments, utilities and other public/private service providers have a long history of negotiating collegial franchise, joint use and collaborative maintenance agreements that may be eliminated by the FCC's actions on behalf of the telecommunications industry. Local control has consistently been a key factor in whether or not "smart city" technologies will be widely available and reasonably priced. Many CALSLA jurisdictions have individually or collectively joined in legal actions to contest Federal and State efforts to eliminate local governments' abilities to manage, control and generate revenue from the valuable integrated vertical infrastructure in communities.

In addition to addressing the utilities' specific rate proposals and monitoring legislative and regulatory issues, CALSLA's strategic mission includes questioning the lack of transparency on billing, inventory, asset

management, maintenance and operation costs, depreciation and valuations, and examining regulations to clarify correlations between Federal and State requirements.

CALSLA's priorities are set by its Executive Committee, whose members represent cities and counties around the state. The priorities include:

- Dimmable/Adaptive Controlled LED Programs. LED street light conversions offer cities and counties noticeable 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 your street lights (LS-1), now is the time to locate and value your street light assets and acquire these facilities.

In California and at the Public Utilities Commission (CPUC), utilities have successfully identified LED luminaires as "standard" fixtures no longer needing rebates to encourage retrofits by local governments. Many jurisdiction representatives tell us that LED luminaire retrofit projects are not financially feasible without rebates. Also, many jurisdictions cannot afford to include adaptive controls in their retrofit projects, and CALSLA is examining options to help jurisdictions with this challenge.

- Fair Electric Rates and Facilities Charges. CALSLA reviews the utilities' rate submittals, evaluating 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 electric/facilities costs. This disparate proportionality makes it imperative that CALSLA is at the table, since small increases in the rates can have a costly impact on city/county budgets.

CALSLA's Executive Committee has adopted additional goals for the future to help assure that jurisdictions are fairly represented in negotiations with the utilities. CALSLA's activities so far include:

- Legislative Advocacy – CALSLA continues to identify other legislative means to acquire street lights beyond eminent domain and is closely monitoring activity and rulings in other states meant to encourage local government ownership. CALSLA monitors the FCC actions concerning small cell and other telecom installations and the impact of its changes to the regulations regarding net neutrality.
- Transparency and Accountability – At local government expense, many of our members have determined that the utilities have inaccurate and incomplete billing, maintenance and operations records and little incentive to improve them, which makes it difficult for local jurisdictions to accurately evaluate street light assets, costs, benefits and opportunities. CALSLA already advocates for accuracy and clarity from the IOUs in the GRCs, yet the IOUs continue to be unreliable business partners. Local governments need clear, accurate and understandable data to make well-reasoned recommendations about street light assets to elected officials and community members, and we communicate these concerns to the CPUC.
- Local Jurisdiction Training – CALSLA has developed and tested a "Street Lights 101" training session offering local government officials a 1 to 2 hour overview of retrofit options, acquisition strategies and adaptive controls technologies. If you or any jurisdiction with which you work would like to schedule a presentation on this training, please contact me.
- CALSLA Model – We have learned that CALSLA is likely the only association in the United States to regularly intervene on behalf of cities and counties on street light and traffic signal rates, tariffs and service issues. We are identifying avenues to share the CALSLA model in other regions.

- CALSLA's annual conferences each spring are offered at no cost to city and county representatives. Our next conferences are scheduled for Monday, April 29, 2019 in Los Angeles CA and on Monday, May 6, 2019 in San José CA.

Past conferences have covered a variety of topics including:

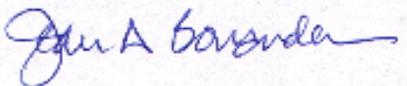
- Opportunities and challenges in the purchase of street lights from utilities,
- Adaptive controls/networks for street lights and managing the potential revenue generating/cost avoidance technologies and dark sky issues,
- Designing and implementing innovative LED projects,
- Legislative and regulatory 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.

CALSLA will continue to advocate for appropriate electric rates and facilities charges, local discretion in approving energy efficient technologies, and cost-effective street light asset management.

Counties, cities and towns fund CALSLA's activities and participation in rate cases. Member counties, cities and towns make voluntary dues payments of a few hundred dollars to less than \$5,000 a year based on population. In addition, CALSLA offers Associate Memberships for vendors and service providers active in this sector.

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.

We hope you have found this newsletter interesting and informative. If you'd like more information about CALSLA or are interesting in joining as either a local government member or an associate member, please feel free to contact me.



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