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California City-County Street Light Association

Energy Conference #55 Northern California

Update on CPUC Rate Cases

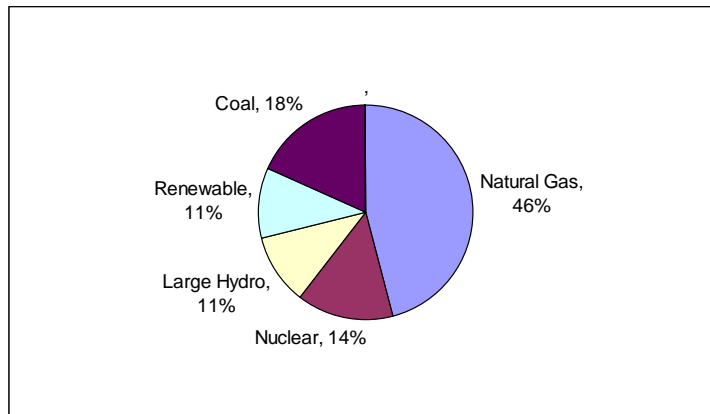
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Total Electric System 2008



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Hot Issues at CPUC

- Global warming and greenhouse gas emissions
- Renewable energy
- Smart-Grid and transmission planning
- Demand response and critical peak pricing
- End of residential rate freeze
- Return of direct access to third-party suppliers
- Community choice aggregation

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Utility Comparison Number of Street Lights

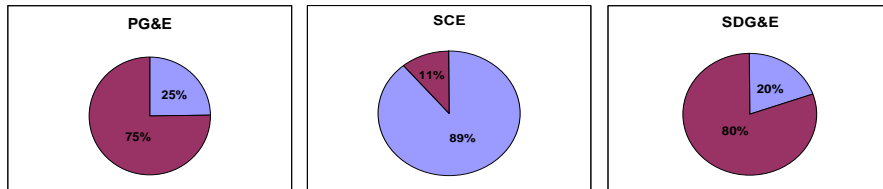
[5]

PG&E	747,105
SCE	780,070
SDG&E	142,713

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Utility Comparison Street Light Ownership

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■ Customer-Owned
■ Utility-Owned

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Utility Comparison Street Lighting Revenue

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Utility	Revenues (million)	Sales (MWh)	Avg Rate (\$/kWh)
PG&E	\$70.7	430.0	\$0.164
SCE	\$134.4	699.5	\$0.192
SDG&E	\$17.5	111.0	\$0.158

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General Rate Cases

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- Phase 1

Decides the revenue requirement for generation (non-fuel) and distribution

- Phase 2

Designs rates based on the revenue requirement decided in the first phase, which is allocated to customer classes and rate schedules using marginal costs of service

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CAL-SLA's Work at CPUC

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- General Rate Cases
 - Phase 1 sets revenue requirement; CAL-SLA has intervened in PG&E's Phase 1 rate case
 - Phase 2 designs rates to collect revenue requirement; CAL-SLA intervenes and actively participates
- Work Tasks
 - Analyze utility's application, exhibits, and workpapers
 - Submit expert witness testimony
 - Negotiate with other parties any settlement
 - Cross-exam utility witnesses
 - Prepare opening and reply briefs
 - Comment on draft decision proposed by ALJ
 - Present oral argument to Commissioners
- Monitor other CPUC proceedings
- File Protests of Advice Filings

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Street Light Rate Structure

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- Energy Charge (\$/kWh)

Recovers cost of generating, transmitting, and distributing electricity to the street light
- Non-Energy Charge (\$/lamp/month)
 - Customer accounting and billing
 - Maintenance of street lights
 - Rental of street light facilities

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San Diego Gas & Electric Street Lighting 2009 Rate Case

- CPUC approved decrease of \$310,000 in total revenues collected from street light class
- Decreases in both distribution and commodity revenues
- Two new Outdoor Lighting Schedules, which apply to sports fields

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San Diego Gas & Electric Street Light Rates - 70watt HPSV

Utility Distribution Charge (\$/lamp/month)	
LS-1A	\$8.68
LS-2A	\$1.94
Electric Energy Commodity Cost (\$/kWh)	\$0.05987
Total rate (\$/lamp/month)	
LS-1A	\$10.405
LS-2A	\$3.665

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SCE 2009 GRC Phase 2 Settlement [13]

- Facilities Charges
 - Increase in 2009 due to Phase 1 decision
 - Between 2009 and 2012 (next GRC), target an average annual change 4.8%, which will serve as cap in future changes
 - Change in Handy-Whitman CCI for mast arms and luminaires for Pacific Region over prior 5 years equal 4.8%
 - SCE and CAL-SLA will work together on a joint study of the costs to install street lights prior to the next GRC
- Estimated reduction from SCE's initial capped request \$7.6 million and from full cost-of-service \$119.6 million
- CPUC adopted settlement
- Phase 2 rates went into effect October 1, 2009

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Southern California Edison Street Light Rates - 70watt HPSV [14]

Facilities Charge (\$/lamp/month)	
LS-1A	\$8.77
LS-2A	\$1.97
Energy charge (\$/lamp/month)	\$1.72
Total rate (\$/lamp/month)	
LS-1A	\$10.49
LS-2A	\$3.69

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Pacific Gas & Electric Phase 1

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- Increase in generation and distribution revenue requirements by \$887 million, or 7.2%.
- Application filed in December 2009
- Requests to replace all utility-owned street lights with LED -- \$20.5 million each year for five years
- Intervenor Testimony mailed on May 19, 2010
- Evidentiary Hearings June-July 2010
- Briefs August 2010
- Final Decision December 16, 2010
- New Rates Effective January 1, 2011

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Pacific Gas & Electric Phase 1 Street Light Issues

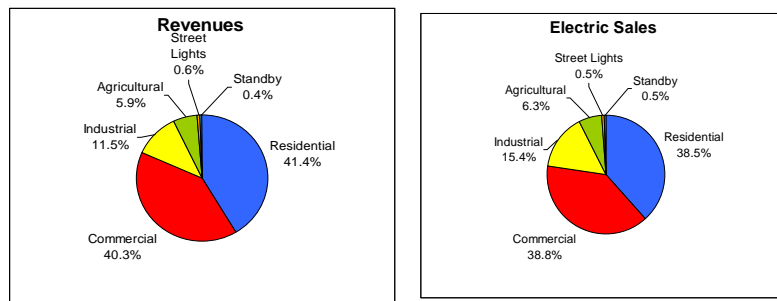
[16]

- Proposed LED Conversion Project
 - Applies to only PG&E-Owned Street Lights
 - Spend \$20.5 million annually over 5 years
 - No timeline and no real plan
- Street light rate base, which is used to set facilities charges for street lights owned by PG&E
- Operation and maintenance expenses related to PG&E street lights.

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PG&E Revenues and Sales 2010 Customer Classes



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Pacific Gas & Electric Phase 2

- Application filed on March 22, 2010
- Proposes at “full cost of service” 25% increase in street lighting revenues -- \$17.8 million
- But proposes to cap increase at 7.5%, or \$5.3 million
- No change in the overall electric system revenue requirement
- Case has just started; CAL-SLA has intervened at the May 19 prehearing conference.
- New rates effective June 1, 2011

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Pacific Gas & Electric Phase 2 Issues

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- Allocation of generation and distribution revenue requirements to customer classes, including street lighting
- Use marginal costs to do the revenue allocation
 - Generation marginal costs
 - Transmission marginal costs
 - Distribution marginal costs
 - Customer access marginal costs
- Rate Design

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Pacific Gas & Electric Street Light Rate Design

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- Facilities charges do not significantly change from prior levels.
- Why no new LED rates in Schedule LS-1?
- Universal charge increase from \$0.187 per lamp per month to \$0.215. Increase by 15% increase.
- Energy charge increases from \$0.12486 per kWh to \$0.13378. Increase by 7%.
- LS-2 rates would increase by 7.5%; LS-1 by 1-2%.
- Reason for increase: More of the distribution revenue requirement is allocated to street lighting than in prior General Rate Case.

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**Pacific Gas & Electric
Street Light Rates - 70watt HPSV
Current March 1, 2010**

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Facilities Charge (\$/lamp/month)	
LS-1A	\$6.465
LS-2A	\$0.187
Energy charge (\$/kWh)	\$0.12486
Total rate (\$/lamp/month)	
LS-1A	\$10.086
LS-2A	\$3.808

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