



California City-County Street Light Association

Energy Conference #56
Southern California

Update on CPUC Rate Cases

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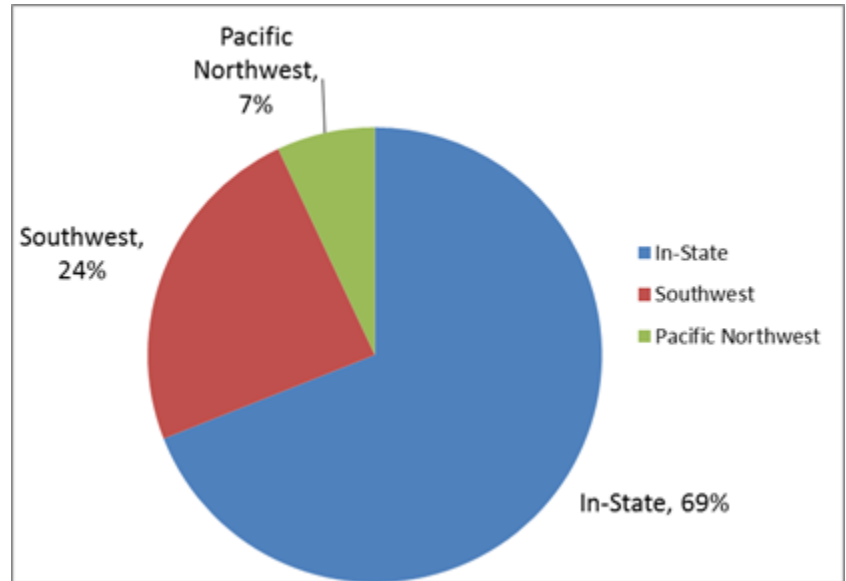
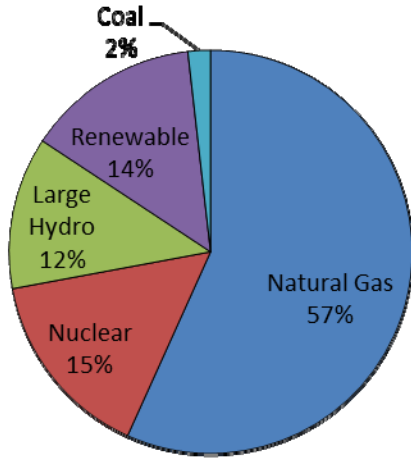
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May 25, 2011

In-State Electric Generation 2009



Hot Electric Issues at CPUC

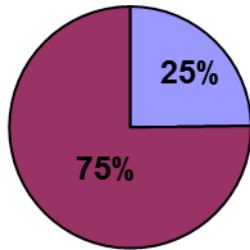
- Smart Meters
- Long-term procurement plan (AB 57)
- Renewable energy planning and supply
 - 33% Goal (SB 2x)
 - Renewable energy credits
- Demand response and critical peak pricing
- Residential customer charge
- Global warming and greenhouse gas emissions (AB 32)

Utility Comparison Number of Street Lights

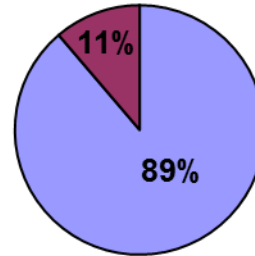
PG&E	747,105
SCE	780,070
SDG&E	142,713

Utility Comparison Street Light Ownership

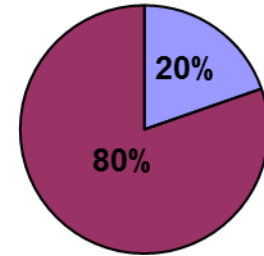
PG&E



SCE



SDG&E

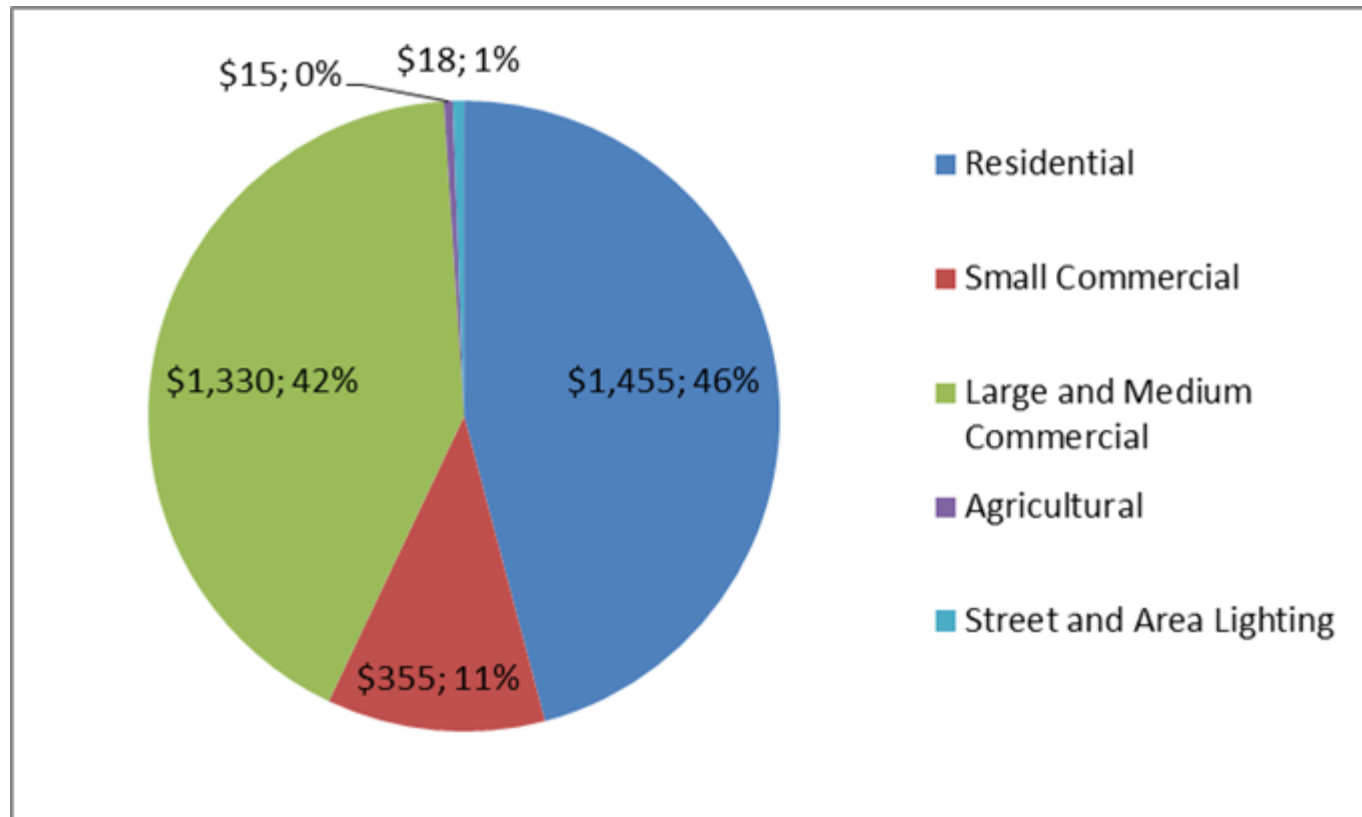


Utility Comparison

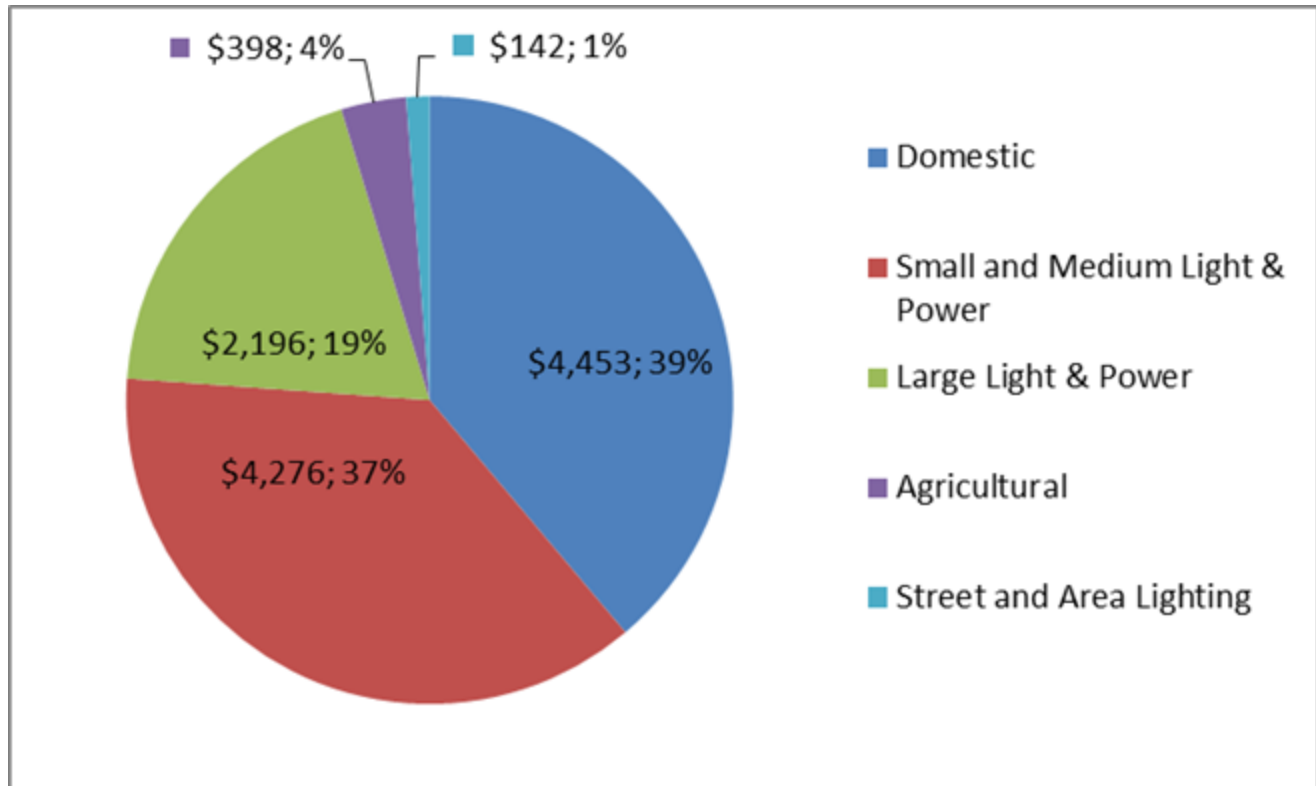
Street Lighting Revenue - 2010

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

SDG&E Revenues 2011 Customer Classes (Million Dollars)



SCE Revenues 2011 Customer Classes (Million Dollars)



General Rate Cases

■ 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.

CAL-SLA's Work at CPUC

- 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

San Diego Gas & Electric Phase 1 General Rate Case 2012

- Application filed on December 15, 2010
- Requests to increase its gas and electric revenue requirements for 2012
- Average electric rate revenue increase is \$237.5 million, or 7.5%
- Reason for increase is due to increase in capital and operating costs
- New rates effective January 1, 2012
- CAL-SLA monitoring Phase 1
- Phase 2 application to be filed by September 1, 2011

SDG&E Revenue Increases 2012 Estimated by Customer Class

Class	Revenue (Millions \$)	Percent (%)
Residential	\$114.8	7.9%
Small Commercial	47.5	13.4%
Large and Medium Commercial	72.4	5.4%
Agricultural	2.4	16.7%
Street and Area Lighting	<u>0.4</u>	<u>2.4%</u>
Total	\$237.5	7.5%

San Diego Gas & Electric Street Light Rates - 100watt HPSV Current March 1, 2011

Utility Distribution Charge
(\$/lamp/month)

LS-1A \$9.72

LS-2A \$2.95

Electric Energy Commodity
Cost (\$/kWh) \$0.05157

Total rate (\$/lamp/month)

LS-1A \$11.783

LS-2A \$5.013

Southern California Edison

Phase 1 General Rate Case 2012

- Application filed on November 23, 2010
- Request an increase of \$866 million (7.55%) in 2012 electric revenues for generation and distribution
- Reasons for increase
 - Connect new customers and undergrounding
 - Replace aging distribution infrastructure
 - Meet regulatory requirements
 - Contribute more money to defined benefit pension fund
- DRA filed its testimony on May 11, 2011 and recommended a revenue increase of \$92 million
- Revenue increases effective January 1, 2012
- CAL-SLA monitoring Phase 1
- Phase 2 to be filed no later than June 6, 2011

SCE Revenue Increases 2012 Estimated by Customer Class

Class	Revenue (\$000)	Percent (%)
Domestic	\$393,146	8.83%
Small and Medium Light & Power	308,663	7.22%
Large Light & Power	131,941	6.01%
Agricultural	28,785	7.23%
Street and Area Lighting	<u>3,356</u>	<u>2.37%</u>
Total	\$865,891	7.55%

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Prior GRC Phase 2 Issues

- 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

SCE 2009 GRC Phase 2 Settlement [18]

■ 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

Preparation of SCE 2012 GRC Phase 2

- SCE, CAL-SLA, and Los Angeles County have been jointly reviewing (1) the costs to install and maintain street lights and (2) how local governments pay for street light service.
- Phase 2 Application expected to be filed June 2011.
- How much generation and distribution revenue is allocated to street lights determines the energy charge.
- Facilities charges based on the costs to install a standard installation.
- Hope to limit any increases in facilities charges to 4.8% cap agreed to in the last GRC.
- New rates probably effective October, 2012.

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Two Tariff Issues

- Difference Between Standard and Non-Standard Installations – Who Pays for What
- Changing Service for a SCE-Owned Street Light
 - Turning off the electricity of a LS-1 light
 - Removal, relocation, or modification of street light facilities owned by SCE

Street Light Rate Structure

- 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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Street Light Rates - 100watt HPSV

Current March 1, 2011 (\$/lamp/month)

Non-Energy
(Facilities) Charge

LS-1A \$9.24

LS-2A \$1.97

Energy charge \$2.45

Total rate

LS-1A \$11.69

LS-2A \$4.42

SCE Standard Installation

- Includes overhead multiple service
- Where SCE furnishes the following components:
 - bracket or mast arm
 - overhead wiring
 - standard luminaire
 - wood pole
- The cost of a standard installation is established by a CPUC decision in a general rate case

Southern California Edison Standard Street Light Installation

Wood pole	\$780
Distribution pole adjustment	(161)
Attachment (includes overhead wiring)	754
Luminaire (100watt HPSV)	277
General plant	<u>97</u>
Total installed cost	\$1,747

Real economic carrying charge 13.9%

Annual rental rate \$243

Monthly rental rate \$20.24

Current tariff rate \$9.24

SCE Non-Standard Installation

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- Non-standard: poles other than wood and including underground service
- SCE will install the requested equipment provided the applicant agrees to advance the estimated difference in installed cost between non-standard equipment and a standard installation
- For a governmental agency, the installed costs of the “differential facilities” may be paid as a one-time payment or monthly charge

Southern California Edison Differential Facilities Costs

	Non-Standard Installation	Standard Installation	Difference Paid by Applicant
Street Light Facility			
Pole	\$2,000	\$780	\$1,220
Distribution pole adjustment	(161)	(161)	0
Attachment plus wiring	1,754	754	1,000
Luminaire (100watt HPSV)	500	277	223
General plant	<u>241</u>	<u>97</u>	<u>144</u>
Total installed cost	\$4,334	\$1,747	\$2,587

Non-standard installation assumes a concrete pole, underground wiring, and a decorative luminaire

Standard installation assumes a wood pole, overhead wiring, and a standard cobra head

Customer Requests Turn Off Electricity on SCE-owned Street Light

- Customer is not billed the energy charge. For example \$2.45 per month for a 100watt HPSV lamp.
- But the customer is still billed the non-energy charge. For example \$9.24 per month for a 100watt HPSV lamp.
- Pursuant to Special Condition 5.b., Schedule LS-1
“Total non-energy charge(s) shown under the Rates section shall be applicable under this Schedule when SCE has been requested to discontinue the existing service by the customer and the customer has stipulated, in writing, that the facilities are to be left in place for future use.”

Customer Requests To Remove, Relocate, or Modify a SCE-owned Street Light

- Customer is not billed the energy and facilities charges.
- But the customer may have to pay removal costs to SCE. Pursuant to Special Condition 6 of Schedule LS-1

“6. Removal, Relocation or Modification of Facilities:

- “a. Where street lighting service and facilities are ordered removed by a customer and such facilities, or any part thereof, were in service for a period of less than 10 years (120 consecutive months), the customer shall pay to SCE a nonrefundable amount equal to the total estimated cost installed less any customer contribution, plus the estimated cost of removal less the estimated net salvage value of the facilities.
- “b. Where street lighting service and facilities were ordered removed or modified by a customer and such service and facilities, or their equivalent, are ordered reinstalled within 36 months from the date of the order to remove or to modify, the customer shall pay to SCE, in advance of the reinstallation, a nonrefundable amount equal to the cost of removal or modification of the prior facilities and the estimated cost of such reinstallation.”