



CALIFORNIA CITY-COUNTY STREET LIGHT ASSOCIATION

UPDATE

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The California City-County Street Light Association (CAL-SLA) continues to represent cities and counties before the California Public Utilities Commission (CPUC). During 2008-2009 CAL-SLA has been involved in rate cases for all three major electric utilities: Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric. The discussion below for Southern California Edison is a perfect example of the benefit of CAL-SLA. The correction would not have occurred without CAL-SLA

Southern California Edison

In March 2008, SCE filed an application to increase electric rates, including street lights. In the rate design application, SCE indicated a system-wide rate increase of 12.1%, but for street lighting, SCE initially requested a 20.5% increase over current rates. Moreover, SCE stated that the costs for owning and maintaining of the street lighting facilities was far greater than currently charged, and that facilities charges would significantly increase in the future — almost tripling over the next several years. (Edison owns most of the street lights in the utility's territory and, in a sense, rents them to cities and counties.) CAL-SLA submitted testimony vigorously opposing SCE's street light proposed increases and cost estimates and presented evidence that street light facilities costs were not as great as SCE asserted. CAL-SLA and SCE entered into settlement discussions and negotiated a settlement which has been submitted to the Administrative Law Judge in the rate proceeding. Under the settlement agreement, facilities charge would increase an average of 4.8% per year until 2012, when the next general rate case would be filed by SCE. The annual percent change of 4.8% equals the average annual change in street light construction costs over the last five years in the Pacific region. A CPUC decision on the settlement and this rate case is expected later in 2009.

Assuming the CPUC adopts the settlement, CAL-SLA estimates a savings of \$7.6 million from SCE's initial proposed street light rate increase and an overall savings of \$119.6 million from SCE's estimates of the "full" cost of renting and maintaining street lights.

I shared the above information provided by the CAL-SLA Economist, Reed Schmidt, at the joint City-County leadership meeting during the 2009 Public Works Officers Institute in Monterey. Southern California Edison was going to revise the electric rates effective April 4, 2009 pursuant to Advice Letter 2336-E, to implement the CPUC decision in Phase 1 of the 2009 General Rate Case (the advise filing is more than 250 pages). Schmidt reviewed the material and found that a table in Advice Letter 2336-E was incorrect for street lighting. SCE rate analysts responded to his questions and agreed with him. SCE has corrected the table, which is attached in the substitute sheets for the Advice Letter. The percentage increase in the average rate for LS-1 is

6.2%; it was previously incorrectly stated to be 11.1%. The percentage decrease in the average rate for LS-2 is -3.9%; it had been incorrectly stated to be -1.9%. The increase for the total street lighting class is 3.2%, which is closer to the system average percentage change of 2.5%.

Pacific Gas & Electric

CAL-SLA intervened in PG&E's application to upgrade its electric meters to SmartMeters™. PG&E had requested spreading the costs of this upgrade program to all customers, including street lighting, even though almost all street lights are unmetered. CAL-SLA opposed PG&E's request for a rate increase for street lighting related to the utility's SmartMeters™ program. While the CPUC denied CAL-SLA's request mainly on procedural grounds, the CPUC acknowledged that CAL-SLA can raise this issue in PG&E's next general rate case.

CAL-SLA is involved in improving energy efficiency by advocating more LED street lights. CAL-SLA is working with PG&E to add new electric rates for LED street lights owned by customers and to make sure the LED rates are fair to cities and counties.

San Diego Gas & Electric

In November 2008, San Diego Gas & Electric filed an application to update its cost allocation and electric rate design. CAL-SLA has intervened in this rate case and begun its investigation. SDG&E shows a small decrease, -1.74%, for street lighting. The major street light issue will be a new rate schedule for lighting of outdoor recreation facilities owned by customers; the question is how this proposed schedule applies to cities and counties.