



August 2020

For all us optimists who began the 2020 calendar year with positive visions for a productive and successful year – THANK YOU! “Challenging” is about the most conservative euphemism we can imagine regarding the monumental shift in the budgets and the work plans for local governments, for vendors, service providers, associations and organizations – like CALSLA – that support California’s governance efforts to build community.

Reinvention, Reorganization and Restructuring

Like you, we are in the process of reinventing, reorganizing and restructuring ourselves so that we can make the most of the resources available. There is no “normal” and there won’t be a “new normal” – there will only be the future that we create for ourselves and people we serve. Nor can we wait for rescue from other levels of government, philanthropists or private investors. Local governments, especially in California, and vendor and service colleagues who work with staff, elected officials and citizenry will be key sources of innovation in the weeks and months to come.

And, at CALSLA, we are here to help. We hope that you will partner with us by investing in expenditure avoidance, energy efficiency, updated and innovative control and attachment systems, climate action planning and strategic actions that limit street lights costs and thus increase city/county revenues for future investments in capital infrastructure, and the resultant community benefits.

The California Street Light Association (CALSLA) advocates on behalf of the State’s cities, towns and counties on key issues related to street light and traffic signal infrastructure. We work to limit LS-1 and LS-2 rate increases, minimize additional facilities charges and fees and implemented the first in the nation adaptive/dimmable street light rates and tariffs.

CALSLA also informs member agencies about small cell/wireless attachment device legislation, LED retrofit challenges with utilities and the California Public Utilities Commission (CPUC) and of course, promotes the transition from older, and in some cases obsolete, street lighting technologies to LED, often with adaptive controls. In recent years, our scope expanded to meet the inquiries and issues that vendors and local governments have identified to help manage these valuable assets. While priorities have quickly and dramatically shifted, costs and efficient operations related to street lighting continue to be fixed essential services. To help keep these costs in check, we annually that request you consider participating with us by making voluntary contributions to help carry out this important work.

Contribution Structure

Vendors, service providers and city/county member agencies make contributions and voluntary dues payments to support CALSLA's efforts. The savings CALSLA negotiates on street light bills easily offsets the small cost of the city/county annual dues. For vendors and service providers, CALSLA provides a neutral, information-based contact point with local governments.

We hope you will examine how your organization or company benefits from CALSLA's efforts and we would be happy to help you understand the value of the CALSLA investment. Please take a moment to consider that without CALSLA's intervention, utilities would likely be granted the 5% – 15% rate increases the utilities file for during each General Rate Case (GRC) cycle, which would limit public funds for improvements to street light infrastructure.

How CALSLA is Changing

In May 2020, CALSLA's Executive Committee, comprised of city and county officials from throughout the state, decisively addressed the issues that the pandemic and concurrent economic impacts have created for our member agencies.

- **CALSLA's Budget.** The adopted FY2020-21 budget is 26 percent lower than last year. Compensation for the already limited part time Executive Director, Rate Economist and Legal Counsel and non-contract expenses in training/travel were reduced, and the annual conferences format is being transitioned from in-person meetings to digital events.
- **CALSLA's Priorities.** The new Business Plan focuses CALSLA's efforts in rates and tariffs intervention, and on the elevation of CALSLA's on-line presence, with a revamp of the website, and new partnerships with energy efficiency consortiums and digital conferencing. This work is in progress and we expect to unveil our partnerships/digital efforts in the fall.

CALSLA Conferences

CALSLA's May 2020 annual conferences were cancelled as were most other in-person events. We are presently planning a series of short digital conferences on the status of our work with SDG&E, SCE and PG&E rate and tariff negotiations this fall. As we develop our digital plan, vendors and service providers will be invited to partner on webinars that are of interest to local government professionals. Finally, CALSLA has become allied with the California Energy Alliance and its member agencies to build our information platforms for the future.

Rates and Tariffs Update – Prepared by Alison Lechowicz, CALSLA's Rate Economist

PG&E Service Area

CALSLA is active in PG&E's 2020 Phase 1 and Phase 2 rate cases and continuing our focus on implementing a permanent dimmable street light program. As a reminder, Phase 1 requests approval for capital and operating programs and Phase 2 is rate design.

In January 2020, CALSLA filed a settlement in Phase 1 through which PG&E will make interim improvements to the dimmable street light program while the issue of a fully automated rate program is making its way through the Phase 2 case. PG&E agreed to: 1) resolve billing

issues with San José and issue past credits owed, 2) expedite the payment of future credits, 3) resolve data formatting and communication issues with San José, and 4) hold a forum with CALSLA, San José and interested customers to review the state of the technology. Then in June 2020, the CPUC filed a ruling that the Phase 1 case will be extended through December 2020.

The Phase 2 rate case (the rate design phase) testimony is due September 25, 2020. Earlier this month PG&E filed revised testimony. Alison will review and draft our testimony later this summer.

SDG&E Service Area

CALSLA is currently most active in the SDG&E rate case. There have been multiple settlement calls although the CPUC's future schedule is unclear. SDG&E agreed to meet with street light customers prior to the next rate case to collaborate regarding the dimmable street light and ancillary device program. CALSLA is also concerned about distribution rates (the main factor behind increases to LS-2 rates) and fixed customer fees for traffic controls. Customer fees and distribution rates pertain to all parties in the case and are heavily contested. No settlement has been reached and Alison will attend future settlement calls. Hearings have been cancelled until August 2020 because the CPUC doesn't have adequate IT infrastructure to hold virtual meetings. The upside is that CALSLA has a few extra months to settle the case.

SCE Service Area

The 2021 Phase 2 case will be filed in October 2020. In the meantime, Jean and Alison have been researching and providing information regarding Series Street Lighting in SCE territory, the cost to replace regulated output (RO) transformers, and who is responsible (the customer or SCE) for the expense.

In addition, CALSLA continues to focus on street light acquisition issues. On February 3, 2020 CALSLA, SCE and the CPUC hosted a phone conference with the purpose of developing joint proposals to resolve the issues prior to SCE's 2021 General Rate Case. Unreasonable taxes and fees, an unwillingness to sell lamps on shared distribution poles, delays in the transfer process caused by SCE and the potential loss of grant funds due to delays were the identified issues. CALSLA and multiple jurisdictions, including the cities of Stanton, Palmdale, Laguna Beach, Santa Clarita and Norwalk, and Los Angeles County, Orange County, and Western Riverside Council of Governments (WRCOG) commented during the call or provided advance written comments.

Two key topics were identified through our efforts: resolving discrepancies following the field verification of assets, and delays in applying the LS-2 rate after the lamps were purchased and transferred. On March 27, 2020, we received SCE's summary of the February call. SCE stated it is not willing to make improvements to the acquisition program. CALSLA disagrees with SCE's stance and will continue to raise the identified issues in the 2021 General Rate Case data requests and testimony.

CALSLA Summary

CALSLA's success in negotiating for reduced electric rates is exemplary. On three-year cycles, and in the future on four-year cycles, investor-owned utilities (IOUs) in California file requests at the CPUC to increase their revenues and raise street light rates. Without CALSLA's intervention, rate increases to street light customers would not be analyzed for accuracy and would go unopposed at the CPUC.

At 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's rate consultant and attorneys testify before the CPUC and litigate and/or negotiate fairer rates for street lights and traffic controls, and to gain better levels of service from the utilities. Savings in electricity and facility costs over three decades has been in the multiple tens of millions of dollars.

Whether or not local governments or for-profit entities control public infrastructure should be a concern for any vendor or service provider. Ownership and management of these assets will determine if vendors and service providers have an equitable platform from which to offer "smart city" and other new technologies, digital attachments, upgrades, fair net neutrality and public services, ethically delivered and reasonably priced.

CALSLA's strategic mission also includes questioning 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.

The utilities' administrative and governance challenges have become more noticeable in the past three years with litigation and bankruptcy proceedings illuminating the IOU's decisions about maintenance and operations of the distribution and transmission infrastructure that supports street lighting and traffic control devices. Verifiable reports have surfaced that the utilities' funds for maintenance, operations, and replacement of aging and obsolete vertical infrastructure such as transmission, distribution and transformer facilities were used for other purposes. It is vital that critical facilities underlying California's electric infrastructure be maintained and operated safely and effectively, and CALSLA will continue to highlight these issues with the CPUC.

If you would like to join or partner with CALSLA, be assured that we will be judicious and thoughtful with your investment on behalf of counties, cities, towns and special districts to fund for our activities and participation in rate cases. We hope you recognize CALSLA's importance and can make the contribution, for which we thank you.

An invoice template is attached at the end of this report, and you are welcome to join us at any time throughout the year. If you represent a local government, dues are based on community population, so please contact me by email and I will be happy to provide you with specific dues information.

Yours truly, Jean



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Attachment: CALSLA FY 2020-21 Invoice Template

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