



# Street lighting Update

---

City Council Study Session

August 6th, 2012



# Agenda

---

1. Street lighting overview
2. General Rate Case – Settlement Agreement
3. SCE Policy change
4. Opportunities

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*



# Street light overview

---

- Street lighting is the most visible energy service to residents
  - A brand statement for the city
- Advancing Technology
  - Old tech 1980's vs. New tech 2010's
  - Orange vs. White light
  - Business as usual (BAU) vs. lower costs and environmental impact

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*







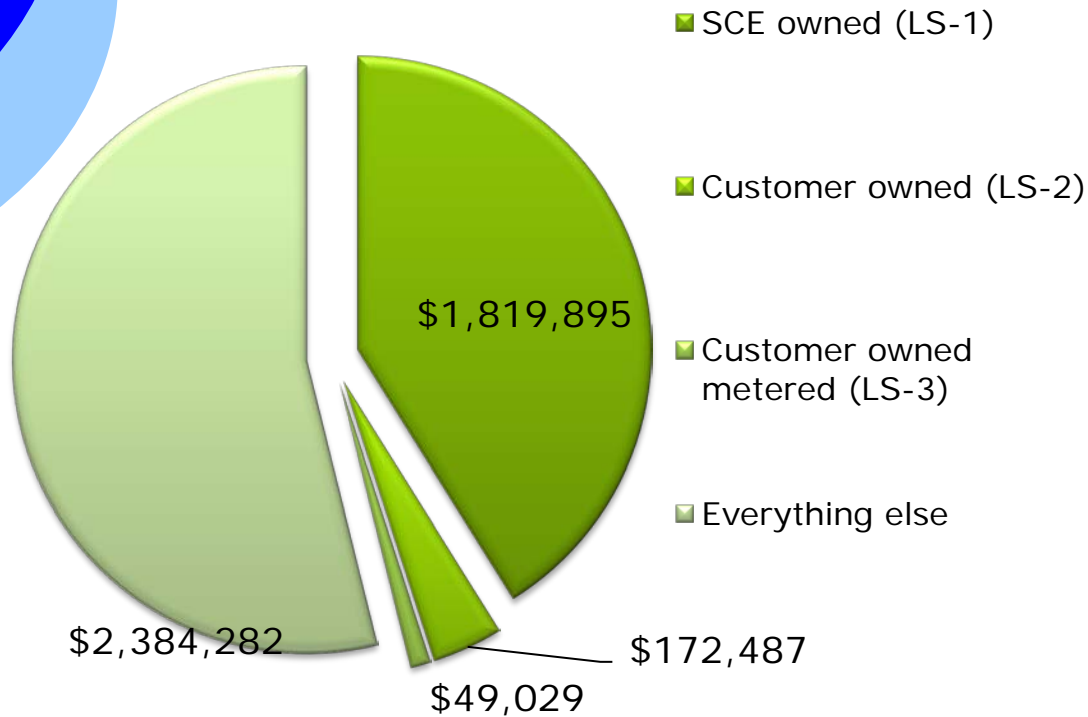




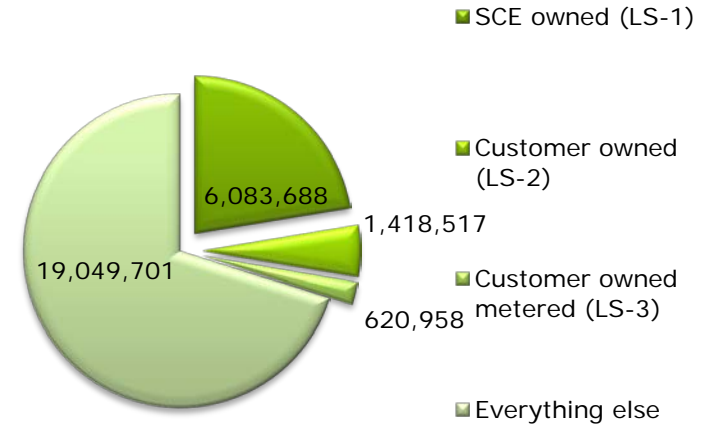


# HB FY 10/11 Electric Costs

## Electric Cost



## KWh



*State-of-the-art, streamlined, and effective  
energy efficiency & sustainability*



# Street light overview

---

- Paid out of the General Fund
- Street lighting cost containment is difficult to achieve
  - Cuts across many different organizations, cultures, departmental boundaries and skills
- Distributed nature is challenging
  - ~14,000 total poles
  - 12,347 owned by SCE

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*





# Street lighting overview

---

- 1982 Council Resolution #5170
  - Request PUC to
    - Cause rates to reflect actual use
    - Clarify procedures for purchasing street lights
    - Valuation respects source of capital funds
    - Install energy efficient, economical street lighting

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*



# Street lighting overview

---

- Most OC Cities have outsourced street lighting to SCE, by default
- Operational changes currently require equipment donated to SCE
- Many unknowns – the way it has always been done

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*



# General Rate Case (GRC)

---

- IRC approved joining the Coalition for Affordable Street lights (CASL)
  - Moreno Valley, Yorba Linda, Torrance, Downey, Murrieta, Rancho Cucamonga and Upland
- Initial testimony and discovery phases
- SCE proposed ~5% annual increases for the next 3 yrs
- Reached a Settlement Agreement

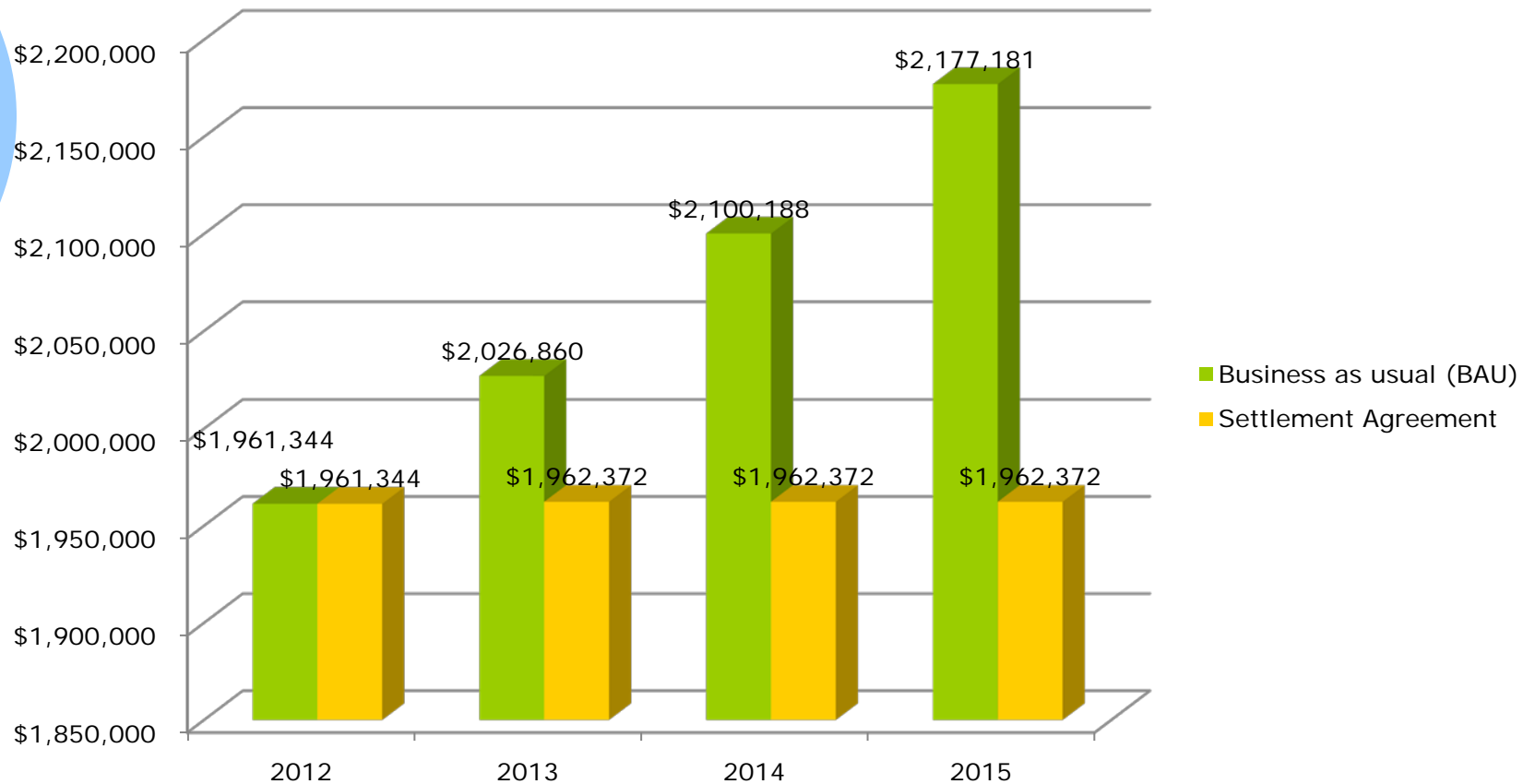
*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*





# GRC Settlement Agreement



*State-of-the-art, streamlined, and effective  
energy efficiency & sustainability*



# GRC Settlement Agreement

---

- Eliminated wood pole equivalent – SCE's capital contribution
- Shifted from modeled rates with a negotiated cap to actual costs model
- 2016 – new rate case
- CASL is a good start on containing street lighting costs, but more can be done

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*



# SCE policy change

---

- SCE is willing to amicably sell street lights
  - Replacement costs new less depreciation model
  - SCE's capital investment (2012) \$642 or \$710 per pole
- 2/3rds of HB's street lights are beyond one or more of the expected useful lives

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*





# SCE policy change

---

- Unknowns still lurk
- Costs for:
  - Calibrating valuation studies
  - Deferred maintenance
  - Confidential design standards differentials between SCE and Customer owned service
  - Long-term maintenance provisions

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*



## Opportunity – Purchase

---

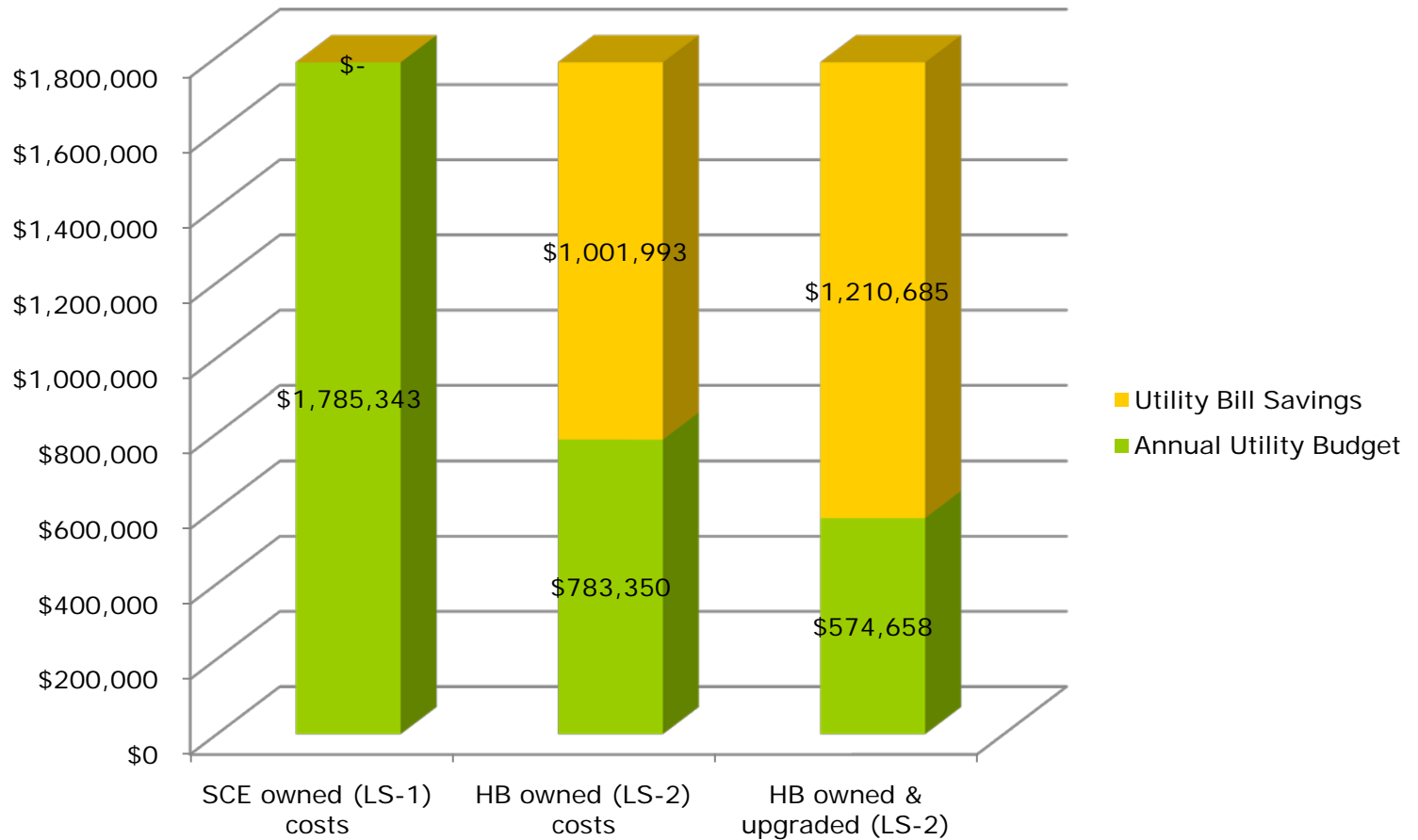
- Budget realities are forcing re-structuring of services
  - Pension reform
  - Layoffs
  - Reduced service levels
  - **Street lights should not be an exception**

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*



# Street light Purchase - HB



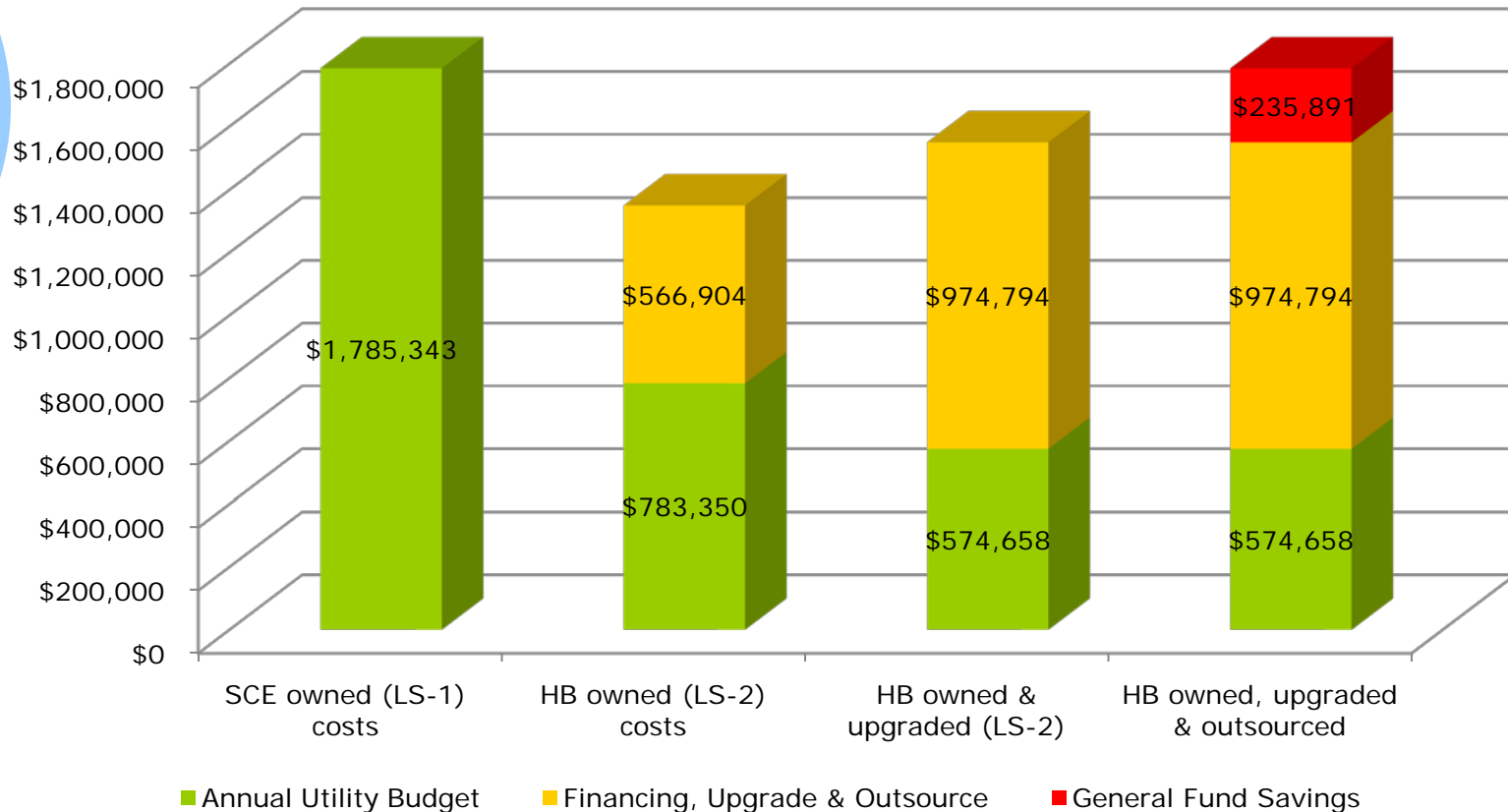
*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*





# Purchase – Pro Forma



*State-of-the-art, streamlined, and effective  
energy efficiency & sustainability*



# Public-Private Partnership

---

- HB staff have prepared an RFQ/P for a long-term partner:
  - Guaranteed savings to General Fund
  - Valuation/negotiation/purchase support
  - Leading to:
    - LED upgrades
    - Series circuits conversion
  - Operations and maintenance
  - Ongoing membership in CASL
  - Equipment replacement reserves

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*



# Street light Update

---

- Street lights are an essential service that sends a brand message about HB
- Large difficult to scrutinize item
- Never been subject to competition
- Purchasing & contracting for service can:
  - Improve branding & public safety
  - Provide near term and long-term cost savings

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*





# Street light Update

---

○ Questions?

*State-of-the-art, streamlined, and effective*

*energy efficiency & sustainability*