PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-4421**
September 22, 2011

R E S O L U T I O N

Resolution E-4421. Pacific Gas & Electric Company (PG&E)

PROPOSED OUTCOME: This Resolution approves PG&E's Advice Letter (AL) 3874-E.

ESTIMATED COST: $150,000

By AL 3874-E, filed on July 15, 2011

SUMMARY

This AL requests approval of a Special Contract to deviate from PG&E's existing street lighting Rate Schedule LS-2, Customer-Owned Street and Highway Lighting. The AL will create a new Pilot Program that can provide an adjustment to energy consumption charges for dimmable streetlights for up to five cities or counties for three years. Under existing street lighting tariff LS-2, customers cannot receive credit for dimming streetlights because their energy use is unmetered. The Special Contract will govern the reporting of street lighting energy consumption by the customer to PG&E. PG&E's annual audit report of the administrative cost of the pilot program will be provided to the Energy Division by AL.

BACKGROUND

Pursuant to the terms of the filed Motion of the Settling Parties for Adoption of Streetlight Rate Design Supplemental Settlement Agreement in Application 10-03-014 (General Rate Case (GRC) 2011, Phase 2), PG&E proposes to deviate from the standard provisions of Electric Rate Schedule LS-2, "Customer Owned Street and Highway Lighting." To this end PG&E submitted the instant Tier 3 AL 3874-E on July 15, 2011, followed on August 1 and 18, 2011 by Substitute sheets seeking approval of a Special Contract for Unmetered Service for a limited pilot program establishing

bill adjustments for network controlled dimmable streetlight systems. Because the City of San Jose expects its network controlled dimmable streetlight system may become operational as early as August 2011, it wishes to begin concurrently receiving bill adjustments per this Pilot Program so that cost saving benefits can be realized as soon as possible. Although the CPUC has not yet acted on the GRC settlement, PG&E has filed this tariff on its own motion. If the CPUC's disposition on the PG&E GRC case should alter or cancel this Special Contract, PG&E would need to submit a conforming AL at that time.

Current unmetered streetlight tariffs specify timed or photo-controlled operation at constant wattage level. Photo-controlled usage is based on the assumed average daily time below a certain natural light level at given latitude over a year. The programming for the current LS-2 rate schedule does not allow for direct billing of varying energy usage as would be needed for network controlled dimmable lights.

NOTICE

Notice of AL 3874-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

PG&E's Advice Letter AL 3874-E was not protested.

DISCUSSION

Energy Division has reviewed PG&E's proposal.

1. PG&E's proposal

PG&E requests Commission approval for a Pilot Program, limited in the number of participants, scope and duration, that will allow PG&E to provide adjustments to account for unmetered energy saved by Pilot Program participants who install Network Controlled Dimmable Streetlights. The pilot will last for three years or until a decision is issued in PG&E's next GRC Phase 2 and will accommodate up to 5 cities or

counties during this pilot period. The Pilot will also provide PG&E and participants the opportunity to test and evaluate these newly emerging control system technologies as well as the methods for PG&E to provide billing adjustments to account for the unmetered energy savings allowed when the customer dims streetlights, such as during low traffic periods after midnight.

The Motion of the Settling Parties for Adoption of Streetlight Rate Design, Supplemental Settlement Agreement in Application (A.) 10-03-014, included the agreement that PG&E will submit the instant AL without waiting for a final decision on all GRC Phase 2 issues. The Motion was not protested.

Submitted with the instant AL is Electric Sample Form 79-1129, "Special Contract for Unmetered Service - Agreement for Energy Use Adjustments for Network Controlled Dimmable Streetlights - Limited Pilot Program," and associated attachments to the contract that identify proposed terms, conditions and implementation details.
PG&E proposes to fund the $150,000 projected total administrative pilot cost, including set up and administration of the accounts and billing, and auditing after one year, from "previously approved GRC funding managed as necessary through the internal budgeting process." *Following the first year's audit, if it is determined that costs will exceed the proposed $150,000 threshold, a cost-sharing agreement will be negotiated with the pilot program participants. If the parties cannot agree on mutually acceptable terms for cost-sharing, the participating customers have the option of withdrawing from the pilot and the Company has the option of suspending participation in the pilot program for such participants.* ~~Any additional costs will be negotiated with the customers after the first year's audit.~~

2. Analysis

This AL requests to implement a Pilot Program for adjusting bills of up to five cities or counties for reduced consumption of electricity for street lighting achieved by operating and reporting energy consumption of dimmable street lighting. The current LS-2 rate schedule is for unmetered constant lighting at rated lamp wattage. A new tariff for dimmable street lighting may be developed in the next General Rate Case proceedings, pending the experience with the Pilot Program. Meanwhile a Special

Contract is the proper instrument to affect the Pilot Program. Per G.O 96-B, Rule 5.1 and Energy Division Rule 5.3(8), a Tier 3 AL is the required process to request such a deviation from tariff.

G.O. 96-B, Rule 8.2.3 further allows energy utilities to provide government agencies services for free or at reduced rates and charges, or under terms and conditions otherwise deviating from their tariffs then in effect. Therefore the budgeted cost of $150,000 for the program being allocated by PG&E from previously authorized funds for general utility operation is within the G.O. 96-B Rules.

The result of the audit conducted by PG&E on the administrative cost of the program after one year is made available to the Commission by AL. The proposed agreement states that the Special Contract is subject to modifications by the Commission at all times. Therefore the approval of the pending Motion of Settling Parties for Adoption of Streetlight Rate Design, Supplemental Settling Agreement, in Application 10-03-014, filed on June 3, 2011, is not prejudged.

The goal of this program is in line with the California Energy Action Plan Loading Order by reducing demand and thus preserving resources and reducing greenhouse gases. An additional benefit of the program is the reduced maintenance and operation of the employed LED technology thereby saving funds for the taxpayers of the participating jurisdictions.

In its comments PG&E recommended that the Discussion Section above be expanded to elaborate on the cost-sharing provisions agreed upon by the parties in the Special Contract for Unmetered Service - Agreement for Energy Use Adjustments for Network Controlled Dimmable Streetlights - Limited Pilot Program.

The Discussion Section has been amended per PG&E's recommendation in italics.

Furthermore, PG&E commented that Conclusion 8 be amended to specify the motion as "… for adoption of the Streetlight Rate Design Settlement Agreement in Phase 2 of PG&E's 2011 GRC 2."

Conclusion 8 has been amended accordingly.

For the reasons stated above, the Commission approves PG&E's instant AL as filed.

COMMENTS

Public Utilities Code section 311(g) (1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g) (2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

All parties in the proceeding have stipulated to reduce the 30-day comment period required by PUC Section 311(g) (1) to 13 days. Accordingly, this matter will be placed on the first Commission's agenda no sooner than thirteen days following the mailing of this draft resolution. By stipulation of all parties, comments shall be filed no later than 10 days following the mailing of this draft resolution. Reply comments shall be filed no later than 3 days following the mailing of this draft resolution. PG&E commented timely on September 12.

FINDINGS AND CONCLUSIONS

1. Current Schedule LS-2, Customer–Owned Street and Highway Lighting, is for unmetered constant consumption at a predetermined wattage for a predetermined number of hours.

2. Emerging dimmable street lighting technology provides operational, maintenance and energy saving advantages.

3. A Motion for Adoption of Streetlight Rate Design incorporating the proposal in the instant AL is pending in A. 10-03-014.

4. The City of San Jose expects its network controlled dimmable streetlight system to become operational as early as August 2011.

5. The proposed Special Contract would allow adjusting the charges for street lighting per Schedule LS-2 to five cities or counties in a Pilot Program according to actual energy consumed by the dimmable streetlights.

6. Pending the results of the three year pilot, a new dimmable streetlight rate schedule may be developed under Phase 2 of the 2014 GRC.

7. Per G.O. 96-B, Rules 5.1, and 8.2.3, and ED Rule 5.3(8) a Tier 3 AL is the correct process to request the deviation from tariff and reduced charge for a governmental customer.

8. The Special Contract includes the standard language of the Commission's authority to modify at all times; therefore approval of this AL does not prejudge the outcome of the pending motion for adoption of the Streetlight Rate Design Settlement Agreement in Phase 2 of PG&E's 2011 GRC 2.

THEREFORE IT IS ORDERED THAT:

1. PG&E's AL 3874-E, including Substitute Sheets of August 1 and 18, 2011, is approved as submitted.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 22, 2011; the following Commissioners voting favorably thereon:

/s/ Paul Clanon
Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
CATHERINE J. K. SANDOVAL
MARK J. FERRON
Commissioners