

Working with your gas/electric utility: relocations, light poles, undergrounding, and more October 8, 2016

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Key Issues

- Franchise Agreement
 - Term
 - Franchise Fees
 - Relocations
 - Undergrounding
 - Audits
 - Information to be provided
 - Default/Remedies

- What Controls - Franchise or PUC Tariff?
 - Tariff (not a complete list)
 - Performance standards for street lighting/traffic signal lighting
 - Rates for service
 - Privacy rights
 - Issues raised in Quality of Service Proceeding (QSP) in 2005-06, PUC Docket No. 05A-288E
 - Settlement approved by PUC September 27, 2006

- **What Controls - Franchise or PUC Tariff?**
 - **Franchise (from QSP settlement)**
 - Provision of information supporting billing for non-routine street light maintenance
 - Performance of emergency locates that do not conflict with applicable state statutes
 - Terms and conditions governing relocation of Company facilities in municipal rights-of-way
 - Terms and conditions governing conversion of overhead facilities to underground (cost estimates, payment obligations, time for completion, reporting and auditing relating to any undergrounding projects that the Company may be obligated to undertake)

- What Controls - Franchise or PUC Tariff?
 - Franchise (from QSP settlement)
 - Terms and conditions governing installation of new or modified utility service for municipal projects
 - Requirements for timely and understandable bills for street light service and for non-routine street light maintenance
 - Requirements for reporting of information relating to street light outages and non-routine maintenance
 - Other issues as may be negotiated between municipalities and the Company

Even if your jurisdiction was not a party to that proceeding you ARE a third party beneficiary of the agreement

- Getting Ready for Franchise Renewal?



- Read recently adopted franchises from other jurisdictions
- Compare to your existing franchise provisions
- Carefully review what is proposed to your municipality, especially in light of other recent agreements ... yours will often have changes
 - Don't be shy about asking why changes are proposed
 - Don't be shy about asserting primacy of those areas traditionally within local control



New PUC Privacy Rules

- May impact the information you are given to determine compliance with franchise obligations
 - PUC Rule 3031 controls local government access to customer data from a utility for audit
 - “A utility may disclose customer data to a local government either with an audit required to be provided pursuant to a final Commission decision (e.g., a decision approving a franchise agreement) or as reasonably necessary for an audit conducted by a governmental entity of franchise fees paid to them by the utility...”
 - » PUC restrictions on disclosure to protect customer privacy

- **New LED Street Lighting Tariff**
 - For the first time, PSCo now has a tariff that addresses conversion of Company-owned street lights to LED lighting
 - Option A: (No upfront cost for conversion) 2-5% savings versus High Pressure Sodium (HPS) rate.
 - Option B: (Local government pays conversion costs upfront) 10-20% savings versus HPS rate.



- Should Your Municipality Convert to LED Street Lighting?
 - If you plan to continue with PSCo owning the lights, it can result in a cost savings
 - If you are considering acquiring the existing Company-owned street lights, hold off until that decision is finalized



- Should Your Municipality Acquire the Street Lights – What’s Involved?

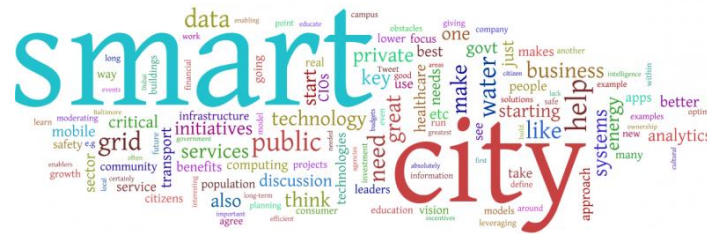
Massachusetts Town Buys 1,682 Streetlights for \$1 Each, Paves Way for LED Conversion

<http://www.govtech.com/fs/Massachusetts-Town-Buys-1682-Streetlights-for-1-Each-Paves-Way-for-LED-Conversion.html>

- Hint: easier said than done ...



- Should Your Municipality Acquire the Street Lights – What’s Involved?
 - Some cities that have studied this have determined it can save a significant amount of money
 - It provides the benefit of municipal control
 - It allows for other uses of the street light assets, such as small wireless facilities and sensors for smart city applications



- Should Your Municipality Acquire the Street Lights – What’s Involved?
 - You’ll need to inventory and identify all street lights in the municipality
 - Obtain an appraisal
 - Discuss conditions under which PSCo will negotiate
 - Remember, you have eminent domain authority under state law, and probably in your franchise



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The contents of this presentation reflect the view of the presenter, not of CML.

