

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

The Long Island Power Authority ("the Authority" or "LIPA") Staff proposes to update the Tariff for Electric Service ("Tariff") as it relates to the terms included in Service Classification No. 10 - Public Street and Highway Lighting and Energy Connections ("Street Lighting").

Background:

Street lighting service is provided to state and local governments under Service Classification No. 10 for the lighting of public streets, highways, parks, parking fields, and similar public areas for the health, safety and convenience of our customers. Street lighting service is unmetered due to the relatively high cost of installing and reading meters and the relatively low usage on each individual street light. In addition, street lighting is installed and maintained by the municipalities, not LIPA, and LIPA relies on notification from the municipalities to inform the Authority of any changes to their lighting facilities, including the addition of new lights, the removal of lights, or any change in wattage at a lighting location (primarily as a result of installing more energy efficient bulbs, such as LED lighting).

PSEG Long Island communicates with the municipalities to keep its street lighting records complete and up-to-date. There has been much activity among municipalities over the past few years to install street lighting at new locations and make the existing inventory more efficient which has resulted in discrepancies between the actual inventories in the field and PSEG Long Island's billing records, and the Authority and PSEG Long Island have received feedback from our municipal customers indicating that they would benefit from additional clarity and certainty regarding how changes to street lighting inventories will be reflected in their bills.

Proposal:

The Authority Staff proposes to modify the Tariff to clarify the language regarding the notification process for lighting changes and the timing and extent of any resulting billing modifications. The Authority Staff also proposes to modify the Tariff to provide that municipal customers who reduce their street lighting wattage or inventory and notify the Authority within one year will be eligible for downward bill adjustments starting from the date of installation or removal.

Staff proposes to maintain the current practice that each municipality must inform the Authority of any changes made by the municipality to existing street lighting facilities, including: (i) the addition of new lights, (ii) the deletion of lights, or (iii) any change in wattage at a lighting location.

Since changes in street lighting inventories are sometimes reported after the changes have been made, adjustments for prior usage of street lighting service will be made within 60 days of the receipt of written customer notification, effective back to the date that the change in facilities

were implemented except as otherwise provided herein, as reported by each municipality to LIPA. Customers who do not report additions to their street lighting inventory during or prior to the billing period in which the additions are made will be subject to the terms of backbilling provided in the Tariff (for up to six years depending on who was at fault; *see* Section IV.B.4). This constitutes a clarification but not a substantive change to the Tariff. The only substantive change being proposed is that customers who report previously unreported reductions to their street lighting inventories or reduced wattage (such as energy efficiency upgrades) within 12 months of the reduction will be eligible to receive downward adjustments to prior bills issued within the past year. Previously, street lighting customers were not eligible for downward adjustments to prior bills. Bills issued more than a year prior to the date on which the updated information is received by the Authority will not be eligible for downward adjustment.

Coincident with this Tariff change, PSEG Long Island also plans to conduct a street lighting inventory reconciliation initiative that will provide the opportunity for municipalities to correct and/or update their street lighting inventories. The inventory reconciliation initiative does not require any changes to the existing Tariff language but instead is being developed pursuant to PSEG Long Island's existing authority under the Operation Services Agreement and the Tariff for resolving billing disputes with customers.

During the inventory reconciliation initiative, street lighting customers will be encouraged to notify the Authority of previously unreported changes to their street lighting inventories or wattages. Customers who reduced inventories or installed lower wattage lighting and provide documentation verifying the changes will receive adjustments to their bills and refund credits for up to two years prior to the date of notification under the initiative. To encourage development of a complete and accurate inventory, and recognizing that municipalities may not have been familiar with their obligation under the Tariff to timely notify PSEGLI of street lighting inventory changes, municipalities will not be subject to incremental backbilling charges for previously unreported inventory increases reported during the inventory reconciliation initiative.

PSEG Long Island plans to encourage street lighting customers to provide prompt notification of any inventory changes (both during the inventory reconciliation initiative and on an ongoing basis). In advance of the inventory reconciliation initiative, PSEG Long Island District Managers will contact Town Supervisors and local officials to inform them of the details of the initiative. These calls will be followed up with letters to the municipalities informing them of the initiative. PSEG Long Island major account representatives will contact the appropriate member of each municipality's staff regarding street lighting inventory adjustments. PSEG Long Island will also conduct an independent inventory of street lighting assets by conducting a pole by pole audit in the field using funds from their operations and maintenance budget. At this time, a budget amendment is not anticipated. On an annual basis, each municipality will be asked to confirm in writing that the municipality's street lighting inventory is consistent with PSEG Long Island's records or report any changes.

Financial Impacts:

The financial impacts of this proposal are estimated to be immaterial to the overall financial condition of the Authority. Total revenues from all Street Lighting customers were approximately \$20 million in 2016, and comprise less than 1% of the Authority's annual revenues. This proposal affects only the small fraction of that revenue related to unreported changes in inventories and the impact is expected to be *de minimus*. In addition, when street lighting customers install lower wattage lighting or reduce inventory, they use less electricity, so allowing those customers to receive downward bill adjustments for up to one year does not constitute a giveaway or a windfall to the customer, but rather establishes the appropriate level of sales and revenue related to this class of customer.

In addition, we believe the proposal is equitable to our entire customer base, as it will allow PSEG Long Island to update and maintain accurate billing records going forward and ensure that the municipalities, who receive street lighting service and represent LIPA customers within the municipal boundaries, will pay only for the service they actually receive going forward, which should increase customer satisfaction with the Authority's service and improve our relations with the municipalities at multiple levels.

Proposed Tariff Changes:

Update Service Classification No. 10 - Public Street and Highway Lighting and Energy Connections.

Affected Tariff Leaves: Leaf 250 and original Leaf 250A.

Reason for Tariff Change

To provide additional clarity on bill procedures and the related notification requirements of any changes to existing lighting facilities by the municipalities that require street lighting service, which include additions and removal of lighting facilities or any change in wattage.

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariff for Electric Service will revise the Service Classification No. 10 - Public Street and Highway Lighting and Energy Connections to better inform municipal customers and ease any confusion of the necessary procedures for reporting adjustment to their street lighting inventory.

The proposed revised Tariff Leaf Nos. 250 and original leaf 250A is attached.

VIII. SERVICE CLASSIFICATIONS (continued):**N. SERVICE CLASSIFICATION NO. 10****Public Street and Highway Lighting Energy and Connections (continued):****(Rate Codes: 1580, 1581)****Special Provisions (continued):**c) Service and Maintenance

- (1) If any lighting facility is out of service because of operating conditions of the Authority:
 - (a) The Authority will allow the Customer an energy charge credit for each 24-hour period the lighting facility is out of service, after being notified by the Customer, and
 - (b) If service is not restored within twenty-four (24) hours.
- (2) If any lighting facility is found to be lit during daylight hours one (1) day after the Authority notifies the Customer, the Authority will charge the Customer for each day of additional service.
- (3) The Authority will not extend its distribution circuits or install poles under this Service Classification unless special arrangements have been made with the Applicant or Customer.

d) Obligations of the Customer

The Customer shall:

- (1) Notify the Authority ~~in advance and~~ in writing of any changes to existing lighting facilities, including the addition of new lights, the deletion of lights, or any change in wattage at a lighting location.
- ~~(2) When notifying the Authority in writing of any changes to existing lighting facilities, the notification shall include the date of installation, change or removal of equipment.~~
- ~~(2) Provide the installation/removal date of equipment or average install/removal date of equipment if project duration is longer than a month.~~
- (3) Provide and maintain the lighting facilities, including the circuits needed to supply them from the energy delivery points established by the signed agreements, and
- (4) Provide Authority-approved controls.

e) Additional Terms-Billing of Street Lighting Charges

- (1) ~~Street lighting bills will be generated based on the inventory of lighting fixtures and associated wattages available to the Authority at the time the bill is rendered. Additions to or removal of lighting facilities will be billed based on installation/removal date or average installation/removal date~~
- (2) ~~Changes to existing lighting facilities, including the addition of new lights, the deletion of lights, or any change in wattage at a lighting location will be reflected in Street Lighting bills within 60 days of receipt of notification of changes. Customers who do not report changes to lighting facilities to the Authority may be subject to backbilling.~~

(3) Adjustments to prior bills will reflect changes as of the date of installation, change or removal provided in the written customer notification, except as otherwise provided herein.

(a) Adjustments to Prior Bills for Inventory Additions or Wattage Increases:

Customers who do not report additions to their Street Lighting inventory during or prior to the billing period in which the additions are made will be subject to the terms of Backbilling provided in this Tariff (see Section IV.B.4).

(b) Adjustments to Prior Bills for Inventory Reductions or Wattage Reductions:

Customers who do not report reductions to their Street Lighting inventories or reduced wattage (such as energy efficiency upgrades) during or prior to the billing period in which the changes are made will receive adjustments to prior bills issued within the past year. Bills issued more than a year prior to the date on which the updated information is received by the Authority are not eligible for downward adjustment.