



The Kenyon Building
344 Main Street, Suite 202
Wakefield, Rhode Island
02879

401.792.9900

PRISM

PARTNERSHIP FOR
RI STREETLIGHT
MANAGEMENT

www.wcrpc.org

August 11, 2016

Chairperson Margaret Curran
RI Public Utilities Commission
89 Jefferson Blvd
Warwick, RI 02888

RE: National Grid's filing to amend streetlighting rate tariffs

Dear Chairperson Curran and Commissioners Gold and DeSimone,

Last year in Docket 4442 your Commission approved Rate Tariff S-05 that allows RI's cities and towns to own their own streetlights and maintain or upgrade them efficiently and economically. This action has already saved the City of Providence over \$500,000 and will save \$3 million this year. 26 communities are using PRISM to take advantage of these savings. Most are still waiting for National Grid to provide purchase prices and closing documents even though the statutory 60-day deadline is months past.

You now have before you a request from National Grid to add LED fixtures to its S-06, S-10, and S-14 rate tariffs. The filing does not affect communities that have purchased or plan to purchase their streetlighting assets from the company and utilize the S-05 Customer-owned Streetlights tariff, but would affect every community that asks NGRID to upgrade its fixtures under the existing Company-owned rates. PRISM (Partnership for RI Streetlights Management) represents 26 communities across RI from North Smithfield to Little Compton. We write this letter to comment on this matter because we have concern that the tariff presented should fairly represent the costs, but we will not intervene in the docket.

This is a proposal to add LED lights to National Grid's rates on streetlights. National Grid owned lighting is not an economical choice for RI's cities and towns, and this new rate tariff proposal reinforces that. We urge you to consider these several points in your deliberations over NGRID's proposal:

1. National Grid multiplies its costs by amounts that are not competitive, thereby costing municipalities extra money. The proposal takes the initial cost of equipment (see #4 below) and then applies multipliers of 7% for taxes, then 16.83% for storage and handling. These are cumulative, and thus create a 25% markup. Then labor costs are added and an additional 34.85% is multiplied for "Plant Overhead." The multiplicative result is a 68.57% total markup, which is far beyond normal private or nonprofit sector markups of 12-30%. Based on rather extensive experience across the country LED lighting represent a significant reduction in maintenance costs and all of the associated A&G costs. We do not believe NGRID has incorporated those savings into their calculations resulting in rates that are significantly higher than needed for them to recover their costs.
2. For NGRID-owned lighting, the municipality pays the full Sales Tax on equipment, adding 7% to its cost.
3. National Grid has immense buying power, but the starting prices in this proposal are not competitive. In comparison, PRISM's starting equipment prices are 25% less than NG's.
4. Under NGRID's proposal the LED's operate at full power Dusk to Dawn. This wastes energy and produces often unwanted light late at night. National Grid claims they found no control that worked on both HPS and LED lights. Dimming HID lighting is not advised due to the complexity and added costs

of the required equipment, but LED lights benefit from it. There are numerous inexpensive control units to provide part-night or dimmed operations on LED lights. PRISM offers one to its customers that is highly cost effective. The use of LED technology opens a number of possibilities not previously available or economic in the past. Given how long it takes to get Tariffs changed in our view any approved tariff should provide for the future evolution of the technology.

5. NGRID will allow only 10% of a community's lights to be converted each year. This means the community will not benefit from full LED conversion as it would if it owned its own lights.
6. National Grid further proposes that a community pay for the existing HPS or other lighting to be removed, and then for the removal of those lights. They calculate the payment for the lights as the unamortized costs of the existing lighting inventory net of salvage value. After making this payment, the town or city will not own its lights, unlike the identical calculation to determine the asset purchase under the Municipal Streetlights Investment Act. We are not aware that the company ever imposed the same expenses to municipalities when they converted from Mercury Vapor to Hi Pressure Sodium lighting. In fact, in Massachusetts NGRID developed the S-20 tariff which shifted a community immediately to the applicable tariff as if all the lights were HPS. This approach allowed the community to receive the immediate benefit of authorizing the change but allowed NGRID to do the work at their leisure. There were no costs for the community associated with agreeing to the change.
7. Temporary Turn Off is again calculated at 60% of the cost of a fully operational light. This is exorbitant and contradicts the evidence available of the allocation of costs from the Company. We believe the Commission should request to see the underlying assumptions associated with these cost to determine if they are reasonable because a light that is red capped should incur virtually no A& G costs, no maintenance costs, etc. These costs should solely represent the depreciation of the asset and any costs associated with the labor to redcap the fixture. Based on the prices communities are being charged for lights that are on average over twenty years old these numbers seem very high.

We hope you consider these factors in your deliberations. Should your staff have any questions, we would be happy to respond.

Thank you for this opportunity to comment.

Very truly yours,



Jeffrey A. Broadhead
Executive Director, Washington County Regional Planning Council
Executive Director, Partnership for RI Streetlight Management (PRISM)

C: PRISM members
WCRPC members
RILCT staff