

An aerial night photograph of Moreno Valley, California, showing a dense grid of streetlights illuminating the city. The lights are primarily yellow and white, with some blue and green accents. The city is viewed from an elevated position, with dark, rocky terrain in the foreground. The sky is a deep blue, and distant mountains are visible on the horizon.

# Moreno Valley Street Lighting Program

July 12, 2016

# Street Light Inventory

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- 11,500 Street Lights – Utility Owned
  - 87% SCE Owned (approx. 10,000)
  - 13% MVU Owned (approx. 1,500)
- Ownership Determined at Time of Installation
  - Utility Owned - (tariff = \$12.06/pole/month)
    - Utility provides operations & maintenance, liability, replacements & energizes street light
  - City Owned - (tariff = \$5.72/pole/month)
    - City provides operations & maintenance, liability, replacement costs; Utility energizes the street light

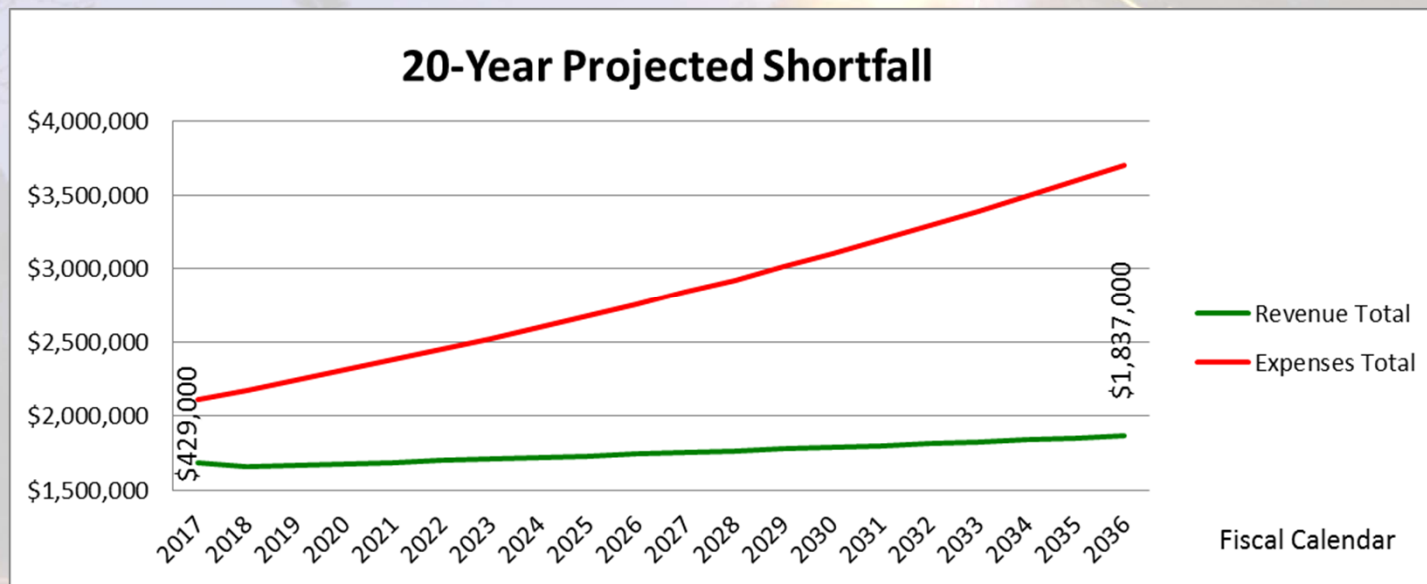
# Program Costs

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- Revenue - \$1.7 million (FY 15/16)
  - Parcel Charges – property tax bills
  - Other revenue – advanced energy fees, property tax
- Expenditures - \$2.1 million (FY 15/16)
- Revenue has not kept pace with expenditures
  - \$400,000 shortfall (FY 15/16)
- General Fund bridges the shortfall (since 2010/11)



# Projected Revenue/Expenditures



\*Assumes 5% annual increase in tariff

# Options Considered to Reduce Expenditures

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- **Remove Street Lights** (cost determined by SCE) (Nov. 2010)
- **Turn Off Street Lights** (Nov. 2010)
  - Portion of tariff still applies
- **Convert to LED** (\$400/street light) (Nov. 2010)
  - Utility provider benefits from energy savings
- **Modify SCE Tariff** (General Rate Case) (Oct. 2011-Apr. 2016)
- **Acquire Facilities** (Aug. 2012/Nov. 2015)
  - Lower tariff
  - Control operations and maintenance costs

# Purchase Street Lights from SCE

- Small Window of Opportunity
  - SCE no longer offering program
- October 27, 2016 – deadline to enter into agreement
- Purchase and Sale Agreement
  - License Agreement – perpetual use of poles for SCE wireless communication equipment

# Ownership Considerations

- Potential 20 year Cost Savings - \$3,600,000
- Control Operations & Maintenance Costs
- Energy Savings Opportunities – additional, up to \$4,400,000 (20-years)
- Increase Customer Care
- Emerging Technologies

# Ownership Considerations

- Management of Operations & Maintenance
- Loss in Franchise Fees
- Increase in Risk Management
- License Agreement with SCE



# Next Steps

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- Discuss License Agreement with SCE
- Identify Recommended Financing
- California Public Utilities Commission
- Transition – up to 17 months



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# Questions