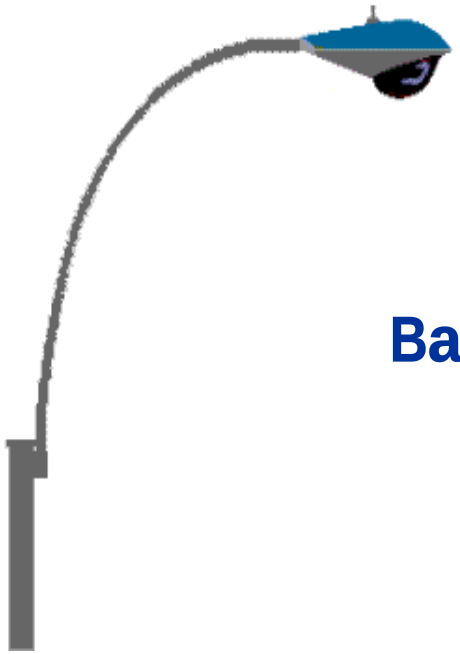
East Bay Energy Consortium

Street Light Acquisition Presentation



Monday, May 2nd 2011

8:45 AM

Baypoint Inn and Conference Center

Portsmouth, RI

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Outline

- Introduction
- Existing Conditions
- Benefits
- Examples of Acquisition from CT and MA
- PUC and National Grid Process
- In-house vs. Contractor Maintenance
- Individual towns vs. group
- Discussion

Introduction

- SourceOne Introduction
- SourceOne's Involvement at East Providence
- Why we are here today

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Existing Conditions

- National Grid Tariff Rate S-14
  - Delivery Services Charge
  - Supply Services Charge
  - Facility Services Charge – Up to 60% of Total Charges
- Current Maintenance Arrangement
  - Individual citizens or town personnel contact National Grid
  - *Response time up to 3 weeks*

City of East Providence Data from 2010

Current Annual Cost	
Delivery Services	$57,594
Supply Services	$255,331
Facility Services	$435,624
Total	**$748,549**

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Benefits

- Short Term
  - Quick turn-around on failing lights
  - Better preventative maintenance
- Long Term
  - Current system upgrade timetable – Slow!!!
  - Acquisition allows a more efficient system upgrade
  - Possibility of phased LED upgrade over next few years
  - More efficient lighting → More reduction in annual costs

→ SIGNIFICANT COST SAVINGS

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Examples of Previous Acquisitions

- Torrington, CT
  - First town in CT to purchase street lighting system from CL&P
  - 3-year process involving CT DPUC and CL&P (1998-2001)
  - 3,800 lights with a capital cost of $260,000
  - Average Annual cost pre-acquisition: $507,000
  - Average Annual cost post-acquisition: $272,000 **(includes contractor maintenance)**
  - Simple payback Period of 1.1 years
- Windsor, CT
  - 2,900 street lights with a capital cost of $270,000
  - CL&P Charges pre-acquisition: $341,000
  - CL&P Charges post-acquisition: $111,000

RIPUC and National Grid Process

- Possibly long and arduous process
- First step: Petition to RI Public Utilities Commission signed by Attorney or Town Solicitor
- RIPUC Hearing – Inform National Grid
- Expected National Grid Objections
- Agreement and Compromise
  - Details of new customer-owned street lighting tariff rate
  - Cost of system purchase

Range of System Purchase Price	
Low End	$70 per light
High End	$100 per light

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In-house vs. Contractor Maintenance

- In-house Maintenance
  - Could be managed by joint effort group from all participating towns
  - Requirements:
    - Bucket Truck(s)
    - Replacement light inventory
    - New reporting system
    - Staff training
- Contractor Maintenance
  - On-Call Services
  - Optional Quarterly Night Surveys and Annual Upgrades
  - Established On-line Reporting System

In-house vs. Contractor Maintenance (Cont)

Preliminary Financial Comparison (East Providence Only)

Current Annual Cost	
Total	$748,549

In-house Maintenance

Estimated Annual Cost after Purchase - In-house	
Total	$443,336
Annual Savings - In-House	**$305,213**
Capital Costs - In-House	
Total	$696,500
Payback	**2.28** years

Contractor Maintenance

Estimated Annual Cost after Purchase - Contractor	
Total	$448,897
Annual Savings - Contractor	**$299,652**
Capital Costs - Contractor	
Total	$596,500
Payback	**1.99** years

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Individual Towns vs. Group

- Initial Discussions with RIPUC and National Grid
  - Negotiating as a Consortium
  - More Negotiating Power
  - Better Outlook
- In-house Maintenance
  - Possibility of a joint effort maintenance team
  - Need one or two shared bucket trucks vs. one for each Town
- Contractor Maintenance
  - Possibility of group discounts

Discussion

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