

1 **TESTIMONY OF JONATHAN CHERRY ON BEHALF OF**
2 **THE CITY AND COUNTY OF SAN FRANCISCO**
3 **PG&E General Rate Case – Application 12-11-009**
4

5 **Q1. Please state your name and title.**

6 A1. My name is Jonathan Cherry. My title is Utility Specialist for the City and County of San
7 Francisco Public Utilities Commission (SFPUC) Power Enterprise.

8 **Q2. Please describe your current job responsibilities.**

9 A2. I have been a Utility Specialist at the SFPUC since March of 2010. My responsibilities
10 include analyzing a variety of State regulatory and legislative issues that impact the energy
11 policies of the City and County of San Francisco (City or San Francisco).

12 **Q3. What is the purpose of your testimony?**

13 A3. The purpose of my testimony is to identify San Francisco's concerns related to PG&E's
14 spending requests for streetlight maintenance, repairs, and improvements in Phase I of the 2014
15 General Rate Case (GRC). My testimony will address four issues.

16 First, the Commission should reject PG&E's spending request unless PG&E establishes
17 specific reliability and performance commitments for its streetlight customers as a condition of
18 approving PG&E's streetlight spending requests, and reports regularly on its performance to the
19 Commission and to requesting municipalities.

20 Second, PG&E does not establish any specific levels of service for its streetlight
21 customers in the GRC, and does not clearly relate its spending request to efforts to reduce either
22 the duration or frequency of streetlight outages system-wide or in San Francisco.

1 Third, PG&E has not demonstrated a clear rationale for additional revenue and time to
2 complete the crucially important mapping as part of the Street Light Inventory Project. For this
3 reason, the Commission should not approve PG&E's spending request without a schedule to
4 complete an accurate inventory of PG&E-owned lights in the near future.

5 Fourth, PG&E has inappropriately excluded San Francisco from its proposed Light-
6 Emitting Diode (LED) Streetlight Program. The Commission should require PG&E to include
7 San Francisco in this program. Furthermore, PG&E has provided no justification for its proposal
8 to recover its LED capital costs within three years, rather than a longer period of time.

9 **Q4. How does PG&E generally justify its increased spending requests in this GRC?**

10 A4. PG&E's spending requests in this GRC are generally supported by claims that the
11 spending is needed to maintain and improve safety and reliability of service. In its application,
12 PG&E repeatedly states how safety and reliability are its primary concerns. PG&E speaks of
13 "rigorously benchmarking"¹ its performance results and also states that it is "critical that we
14 compare ourselves with others in the industry to better understand our strengths and areas for
15 improvement."²

16 **Q5. Does PG&E make similar statements in its GRC about safety and reliability with**
17 **regard to streetlights?**

18 A.5. Yes it does. With regard to its streetlights, PG&E explains: "Reliability is closely related
19 to safety. When wires fall, they can pose a safety hazard. And when electric service goes out,
20 often so do the traffic signals and streetlights that protect public safety. Thus, PG&E's reliability

¹ PG&E Ex. 1, page 1-3.

² PG&E Ex. 1, page 2-3.

1 improvements contribute to public safety.”³ The City agrees that functioning streetlights are
2 important to public safety.

3 **Q6. With regard to your first point, does PG&E make any commitment to its streetlight**
4 **customers regarding levels of service to support its streetlight repair and preventive**
5 **maintenance requests in the GRC?**

6 A6. Unfortunately it does not. Despite PG&E’s emphasis on safety, reliability, and
7 benchmarking performance as justification for the Commission’s approval of PG&E’s spending
8 requests in the GRC, PG&E is silent with regard to levels of service that will be provided to its
9 streetlight customers.

10 PG&E’s testimony does not contain any service level standards, benchmarks, or targets
11 related to the frequency and duration of streetlight outages. For example, although PG&E has
12 identified streetlight reliability as a justification for both the LED Streetlight Program⁴ and the
13 Street Light Inventory Project,⁵ the GRC does not include any specific commitments regarding
14 how its proposed spending on these projects, or its spending on preventive maintenance and
15 repair of streetlights, will result in either improved performance levels or better communication
16 with customers about performance. In fact, PG&E admits that its Quality Assurance Program
17 does not apply to streetlight customers,⁶ even though in the GRC PG&E acknowledges that
18 streetlights “protect public safety.”⁷

19 In response to the City’s inquiry about any applicable performance standards related to
20 streetlights, PG&E responded that it “currently has an internal standard of responding to 90% of
21 streetlight maintenance requests within 5 calendar days for those maintenance requests which do

³ PG&E Ex. 1, page 3-10.

⁴ PG&E Ex. 4, page 19-3.

⁵ 2011 GRC PG&E Ex. 4, page 8-12 (a copy of which is Attachment A hereto).

⁶ See PG&E’s Response to CCSF Data Request 6.a (a copy of which is Attachment B hereto).

⁷ PG&E Ex. 1, page 3-10.

1 not require underground or other extensive repairs. . . .”⁸ In addition, PG&E’s Utility Operations
2 Standard S2309 for Street and Outdoor Lighting, effective February 2003, states that “[s]pot
3 replacements for premature burnouts, vandalism, etc., should normally be made in 3 to 5 days
4 after notification by the customer.”⁹ It’s entirely unclear what methods PG&E uses to measure
5 its performance against this “internal standard” or what recourse customers have if PG&E fails to
6 meet this standard.

7 **Q7. What should the Commission do in this GRC to improve streetlight safety and**
8 **reliability?**

9 A7. As PG&E states, the Commission “has recognized that GRCs are more than just a forum
10 to consider the cost of utility service; they are also an opportunity to evaluate the safety and
11 security of utility systems. PG&E has approached this GRC from the same perspective.”¹⁰
12 Consistent with that approach, the Commission should require PG&E to establish specific
13 reliability and performance commitments for its streetlight customers as a condition of approving
14 PG&E’s spending requests related to streetlight investment, maintenance, repairs, inventory, and
15 replacement. These service levels should include specific commitments to reduce the frequency
16 and duration of streetlight outages, in particular in those parts of the service territory that
17 currently experience the lowest levels of service. For example, PG&E’s service level standards
18 in San Francisco should meet or exceed the level of service commitments provided by the City
19 for the streetlights that the City owns and maintains.¹¹ The Commission should also require
20 PG&E to report regularly on its performance to the Commission and to requesting
21 municipalities.

⁸ See PG&E’s Response to CCSF Data Request 6.a (Attachment B hereto).

⁹ See PG&E’s Response to CCSF Data Request 12, attachment at page 1 of 5 (a copy of which is Attachment C hereto).

¹⁰ PG&E Ex. 1, page 2-4.

¹¹ See testimony of Richard Stephens.

1 **Q8. Your second point concerns streetlight reliability. What do PG&E’s workpapers**
 2 **show regarding the frequency of streetlight burnouts across PG&E’s service territory, and**
 3 **within San Francisco?**

4 A8. I have summarized PG&E’s data in the chart below.¹² PG&E’s own data shows that the
 5 frequency of streetlight burnouts across PG&E’s service territory has been increasing, and has
 6 been increasing at an even greater rate in San Francisco.

Burnouts of PG&E Streetlights				
	2008	2009	2010	2011
San Francisco (SF)	773	2,123	3,081	4,191
Rest of Territory	15,795	15,682	17,287	19,653
Total	16,568	17,805	20,368	23,844
SF as % of Total	4.7%	11.9%	15.1%	17.6%

Percentage increase in incidents from 2008 to 2011:

San Francisco (SF) **442.2%**

Rest of Territory **24.4%**

13 According to PG&E, “[c]ustomer-reported incidents of streetlight burnouts have been
 14 increasing steadily since 2008.”¹³ PG&E’s records show that from calendar year 2008 through
 15 calendar year 2011 street light burnouts in San Francisco increased from 4.7% of all burnouts in
 16 PG&E territory in 2008 to 17.6% of all burnouts in PG&E territory in 2011.¹⁴ While the number
 17 of burnout incidents increased by 24% in the rest of PG&E’s service territory between 2008 and
 18 2011, the number of reported burnouts in San Francisco increased from 773 incidents in 2008 to
 19 4,191 incidents in 2011, a 442% increase over four years.¹⁵

20 **Q9. What is PG&E’s GRC spending request to address streetlight burnouts and**
 21 **preventive maintenance?**

¹² PG&E Ex. 4, WP pages 19-27-28.

¹³ PG&E Ex. 4, page 19-2.

¹⁴ See PG&E Ex. 4, WP pages 19-27-28.

¹⁵ See PG&E Ex. 4, WP pages 19-27-28.

1 A9. PG&E’s spending request for streetlight burnouts and preventive maintenance is found in
 2 under the 2014 Forecast in the two “Total Cost” rows in the chart below, which includes
 3 recorded and forecast data from 2007-2014, summarized from PG&E’s workpapers.¹⁶

	07 Recorded	08 Recorded	09 Recorded	10 Recorded	11 Recorded	12 Forecast	13 Forecast	14 Forecast
Number of Group Replacements	19,378	13,294	4,472	1,208	739	5,000	5,000	5,000
Number of Burnouts	14,072	16,556	16,886	17,965	19,913	19,729	19,729	19,729
Cost per Group Replacement	\$66	\$54	\$107	\$97	\$65	\$65	\$65	\$65
Cost per Burnout	\$279	\$251	\$258	\$254	\$308	\$223	\$223	\$325
Total Cost of Group Replacements	\$1,283,804	\$713,606	\$479,462	\$117,463	\$48,017	\$325,000	\$325,000	\$325,000
Total Cost of Burnouts	\$3,920,283	\$4,159,898	\$4,360,463	\$4,558,622	\$6,131,195	\$4,408,474	\$4,408,520	\$6,408,571

10 **Q10. Does PG&E’s application demonstrate any commitment to address these increases**
 11 **in the burnout rate?**

12 A10. No it does not. PG&E’s application lacks any specific commitment to reduce either the
 13 total number of burnouts or the disproportionate impact of these burnouts in San Francisco.

14 **Q11. What do PG&E’s workpapers and responses to the City’s data requests show**
 15 **regarding the duration of PG&E streetlight outages?**

16 A11. In its answers to the City’s data requests, PG&E cites improvements in the average days
 17 to resolve streetlight outages in its service territory this year (partial 2013) compared to 2011.¹⁷
 18 However, PG&E does not provide adequate data to analyze these claims. Additionally, though
 19 PG&E requests a significant increase in the cost per burnout to \$325,¹⁸ PG&E does not explain
 20 how this large increase will improve response times anywhere in its service territory and
 21 particularly in San Francisco, which in recent years has experienced some of the longest average

¹⁶ PG&E Ex. 4, WP page 5-10.

¹⁷ PG&E Response to CCSF Data Request 1.a (a copy of which is Attachment D hereto).

¹⁸ PG&E Ex. 4, WP page 5-10.

1 response times in PG&E's service territory.¹⁹ Nor does it appear that PG&E has analyzed its
2 historic or projected response times in determining its forecast number of streetlight burnouts,
3 which in turn is the basis for PG&E's request for spending to repair the forecasted burnouts in a
4 timely manner. Compared to its internal standard of 3 to 5 days,²⁰ the summary reports provided
5 by PG&E appear to show that response times to streetlight outages in San Francisco actually
6 increased from an average of 9 days in the last nine months of 2011 to 12 days in the first four
7 months of 2013,²¹ and the average time to repair outages in San Francisco spiked to 78 days in
8 2012.²²

9 **Q12. What are your concerns related to the frequency of PG&E's streetlight outages, as**
10 **they relate to PG&E's spending request?**

11 A12. While PG&E states that preventive maintenance (group replacements) reduces the
12 frequency of streetlight outages,²³ it is clear from PG&E's testimony and workpapers that PG&E
13 has de-prioritized preventive maintenance of streetlights for years. Moreover, PG&E's
14 testimony lacks a clear rationale for determining the appropriate number of group replacements.

15 In response to a DRA data request concerning increasing costs of streetlight burnouts,
16 PG&E states that "[t]he main reason for the increase in unit volume was due to reduction in the
17 amount of proactive streetlight replacements completed as part of the Streetlight Group
18 Replacement program."²⁴ Indeed, the evidence in this case is that streetlight burnouts increased
19 significantly from 2007-2011 at the same time as the number of group replacements decreased
20 from 19,378 (in 2007) to 739 (in 2011).²⁵

¹⁹ PG&E Response to CCSF Data Request 10, attachments 2 and 3 (a copy of which is Attachment E hereto).

²⁰ See PG&E's Response to CCSF Data Request 12 (Attachment C hereto).

²¹ PG&E Response to CCSF Data Request 10, attachments 1 and 3 (Attachment E hereto).

²² PG&E Response to CCSF Data Request 10, attachment 2 (Attachment E hereto).

²³ PG&E Response to CCSF Data Request 1.c (Attachment D hereto).

²⁴ DRA-128-EJ1 question 20 (cited in DRA Ex. 5, page 26).

²⁵ See PG&E Ex. 4, WP page 5-10, lines 6-7.

1 In its 2011 GRC application, PG&E forecasted a large increase in group replacements in
2 2011 (to 49,329).²⁶ PG&E forecasted this number “based on reinstating a preventive
3 maintenance program” and explained its low prioritization of preventive maintenance (as of
4 2010), by stating that “Streetlight group replacement work was reduced in prior years in order to
5 focus resources on higher priority work.”²⁷ Yet, in its current application PG&E does not
6 adequately explain why it recorded only 739 group replacements in 2011, except to state that
7 “the number of completed replacements was low due to prioritization.”²⁸

8 The City asked PG&E how its spending request would improve safety and reliability
9 issues with respect to streetlights in San Francisco. PG&E responded that “PG&E’s forecast for
10 proactive group streetlight lamp replacements will reduce the number of burnouts and therefore
11 the amount of time some locations are without light.”²⁹ But, PG&E states that the group
12 replacements planned for 2013 and 2014 are primarily (or perhaps exclusively) located in Contra
13 Costa County.³⁰ PG&E has not provided any data to suggest that its proposed group
14 replacements will in any way improve streetlight reliability in San Francisco or anywhere else in
15 PG&E’s service territory besides Contra Costa County.³¹

16 **Q13. You also mentioned additional funding for PG&E’s Street Light Inventory Project.**
17 **What are your concerns about that project?**

²⁶ 2011 GRC PG&E Ex. 3, page 2-26 (attachment A hereto).

²⁷ 2011 GRC PG&E Ex. 3, page 2-26 (attachment A hereto).

²⁸ PG&E Ex. 4, WP page 5-10, footnote 3.

²⁹ PG&E Response to CCSF Data Request 1.d (Attachment D hereto).

³⁰ PG&E Ex. 4, WP page 5-10, footnote 3; *see also* PG&E Response to CAL-SLA Data Request 9.a (a copy of which is Attachment F hereto).

³¹ PG&E expects its proposal to replace 1,180 incandescent streetlights in San Francisco (described in PG&E Ex. 4, page 37) to greatly improve the reliability of the 1,180 streetlights that make up the outmoded system. (See PG&E Response to CCSF Data Request 1.d (Attachment D hereto).) Despite the reliability benefits this program may bring the City, PG&E has not made any similar reliability commitments regarding the remaining nearly 18,000 PG&E-owned streetlights in San Francisco.

1 A13. PG&E is requesting additional incremental funding in the amount of \$400,000 over 2011
2 expenses for the Street Light Inventory Project (SLIP).³² According to PG&E's 2011 GRC
3 testimony, however, the SLIP was to have resulted in a complete and accurate inventory and GIS
4 mapping of all streetlights within PG&E's service territory, with the results delivered to
5 customers by the end of 2013.³³ PG&E acknowledges that the inventory is only 40% complete
6 and that PG&E anticipates completion of the SLIP in all parts of the service territory by the end
7 of 2016.³⁴ While the completion of this project is crucial,³⁵ PG&E has not demonstrated the
8 need for additional revenues to complete the project.³⁶

9 The failure to complete the SLIP has been detrimental to San Francisco's efforts to
10 ensure that the streets are safely and reliably illuminated. PG&E's lack of accurate streetlight
11 maps in San Francisco appears to contribute to the company's lengthy response times for
12 streetlight outages. It also prevents the City from obtaining accurate streetlight location
13 information from PG&E. Despite the worsening streetlight maintenance issues in San Francisco
14 described above, PG&E states that San Francisco "has not yet been audited or scheduled for
15 audit in the current Streetlight Inventory Project."³⁷ The Commission should not approve
16 PG&E's spending request unless PG&E agrees to establish a schedule to complete an accurate
17 inventory of PG&E-owned streetlights in the near future. The Commission should also require
18 PG&E to provide accurate streetlight location information to San Francisco and other local
19 governments that request this information.

³² PG&E Ex. 5, page 4-20.

³³ See PG&E GRC 2011 Ex. 4, pages 8-11-13 (Attachment A hereto).

³⁴ PG&E Response to CCSF Data Request 8 (a copy of which is Attachment G hereto).

³⁵ As PG&E stated in its 2011 testimony, such maps "significantly improve PG&E's street light maintenance activities, records management, and communications between PG&E and its customers." PG&E GRC 2011 Ex. 4, pages 8-12-13 (Attachment A hereto).

³⁶ See DRA Ex. 13, page 65.

³⁷ PG&E Response to CCSF Data Request 8 (Attachment G hereto).

1 **Q14. What are your concerns and recommendations about PG&E’s proposed LED**
2 **Streetlight Program?**

3 A14. My first concern is that PG&E has excluded San Francisco from this ambitious project to
4 replace non-decorative high-pressure sodium vapor (HPSV) streetlights with LED streetlights at
5 ratepayer expense.³⁸ PG&E asserts that LED streetlights are safer and more reliable than HPSV
6 streetlights,³⁹ and even cites a letter from San Francisco as one of the reasons it is embarking on
7 this program.⁴⁰ PG&E acknowledges that it could extend the program to San Francisco at a
8 similar cost: “[I]t is likely that the resulting incremental charge will be very similar to the
9 illustrative example used, but no calculations applicable to CCSF have been performed.”⁴¹ The
10 Commission should require PG&E to perform these calculations and include the City’s
11 streetlight rate classes in this proposed program.

12 My second concern is that PG&E could not provide support for its proposal to recover its
13 LED capital costs within three years, rather than a longer period of time. When the City asked
14 PG&E about this, PG&E responded that extending the cost recovery over a longer period “is
15 likely to cause confusion and potentially result in billing errors or incorrect class assignments for
16 LED lights installed in future years.”⁴² Yet, PG&E has not offered any evidence that a different
17 cost recovery schedule could cause confusion. For this reason, the Commission should extend
18 the capital cost recovery period over a period of time that better matches the expected lifetime of
19 the LED lights.⁴³

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³⁸ PG&E Response to CCSF Data Request 4 (a copy of which is Attachment H hereto).

³⁹ PG&E Ex. 4, page 19-3.

⁴⁰ PG&E Ex. 4, page 19-2; PG&E Ex. 4, WP, page 19-19.

⁴¹ PG&E Response to CCSF Data Requests 4.b (Attachment H hereto).

⁴² PG&E Response to CCSF Data Request 4.e (Attachment H hereto).

⁴³ See DRA Ex. 8, page 25.

1 Q15. Does this conclude your testimony?

2 A15. Yes.

