

P.S.C. No 214 - Outdoor Lighting Tariff Modifications

The new rate plan includes P.S.C. No. 214 — Outdoor Lighting Tariff (Lighting Tariff) modifications that reflect National Grid's proactive approach to transition existing high-intensity discharge (HID) roadway street lighting to efficient light-emitting diode (LED) technology.

The new lighting tariff offers customers a more robust suite of alternatives in response to growing interest in reducing street lighting costs and achieving clean energy goals. Modifications include:

Changes related to LED street lighting:

- LED Energy Efficiency Program
- LED option for Service Class 1 (Private Area Light) customers
- Adjustments to Service Class 3 (Customer Owned Customer Maintained) LED wattage ranges for billing
- Opt In Luminaire Replacement Program

Other changes:

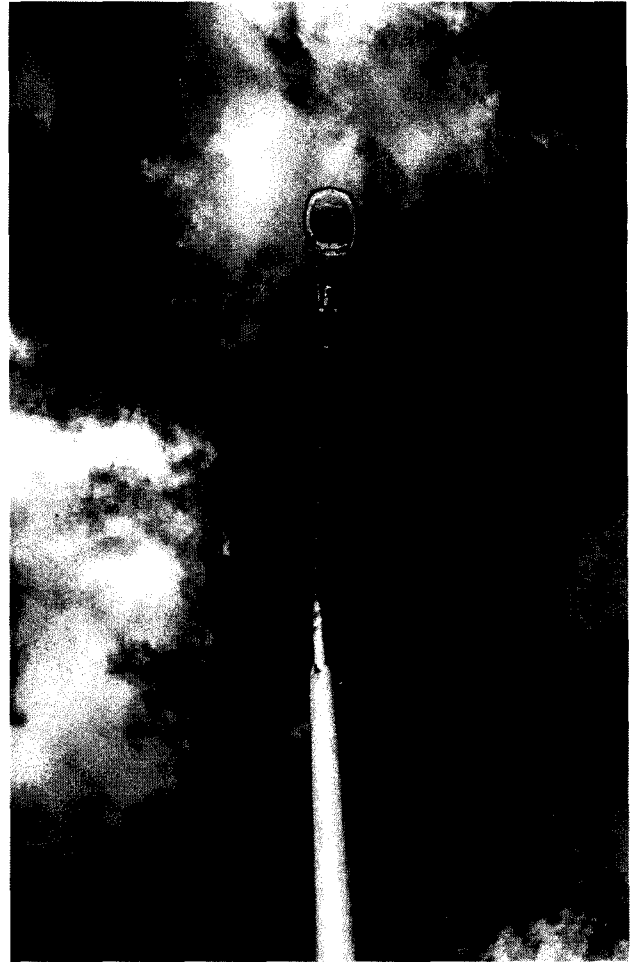
- Outdoor Lighting Portal
- Pricing Exceptions
- Adjustments to Street lighting service lives
- Street light asset sales

LED Energy Efficiency Program

For many municipalities, upfront costs serve as the primary barrier to converting street lights to more efficient LED technology. To overcome the initial cost challenge and increase the pace and scale of LED street light conversions, the new rate plan establishes a LED street lighting energy-efficiency program. Under this program, the company will provide an energy-efficiency incentive between \$50 and \$100 per fixture, based on the fixture wattage installed, for both customer-owned and company-owned street light assets that are converted from HID to LED on a first-come, first-served basis.

LED Option for Private Area Lighting

The rate plan also includes an LED street light offering for SC-1 customers (i.e., private area lighting).



The company will continue to evaluate potential decorative LED offerings.

Adjustments to Service Class 3 (Customer owned)

LED billing ranges have been adjusted to accommodate 10W billing ranges in lieu of 50W billing ranges for customer owned customer maintained LED streetlights billed under PSC 214 Service Class 3.

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Street Lighting cont.

“Opt-In” Luminaire Replacement Program

In light of technological developments and the benefits of converting to LED street light luminaires, the company will no longer offer HID luminaires for new street light installations. The new rate plan also includes an opt-in LED replacement program for customers under service class 2. As part of this program, National Grid and municipalities who opt to participate will develop a plan to replace company-owned HID street light luminaires that have reached an end-of-life condition with LED luminaires. SC-2 customers who elect to participate would have the opportunity to select the specific tariff-approved LED luminaires that best meet their needs.

This program will be communicated during rate year one and customer selections will become effective during the second rate year April 1, 2019.

Outdoor Lighting Portal

The rate plan also includes a company investment plan to develop and implement an Outdoor Lighting Inventory Portal during the three-year year rate plan. The portal will provide an opportunity to improve the company's management and communication of street light assets with customers.

Pricing Exceptions

With the new rate plan Pricing Exceptions have been moved to a closed offering and will no longer be offered. Existing pricing exceptions as noted in the tariff will continue and will receive a system average percentage increase each year.

If changes are made to one or more components of a pricing exception facility combination, pricing exception treatment for the affected location will be discontinued thereafter. For elimination of a pricing exception to become effective, the company must notify the customer of the pricing exception elimination, and the resultant pricing change will become effective in the first billing month following such notice.

Adjustments to Street Lighting Service Lives

The joint proposal revises the average service lives for company owned non-LED luminaires – set to 20 years,

and average service lives for company owned LED luminaires at 25 years. Average service lives for all other company owned street lighting equipment assets is set to 60 years. This separation of assets and service lives will impact the calculation of depreciated value (i.e., net book value or NBV).

Street Light Asset Sales

The new rate plan includes a revised model for the sale of company-owned street light assets. Under the new model, a municipality, during the three-year rate plan, could purchase all of the street light assets used to serve the municipality within its taxing jurisdiction at NBV.

Purchasing street light assets under this new model requires a municipality to:

- be current in its payment of all undisputed bills;
- pay the transaction and transition costs applicable to the sale;
- install disconnect equipment consistent with the Lighting Tariff (Rule 8.d.1, Leaf 44.0.1), and;
- bear responsibility for the costs of installing such equipment.

In addition, the sale of street lights attached to distribution poles will be subject to a separate attachment license agreement.

Municipalities interested in purchasing any quantity of street light assets less than all of the street light assets serving the customer within a municipal taxing jurisdiction must negotiate a mutually agreeable sales price as currently specified in the lighting tariff.

Adjustments to company owned street lighting assets as approved with the rate plan impact the calculation of the NBV. NBV pricing for all asset sales will be provided after changes have been made to accommodate the adjustments to the street lighting service lives. The company anticipates the ability to begin providing pricing for asset sales in June 2018.