



# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL  
TEN FRANKLIN SQUARE  
NEW BRITAIN, CT 06051

DOCKET NO. 00-03-08 DPUC REVIEW OF THE CONNECTICUT LIGHT AND  
POWER COMPANY'S CUSTOMER SERVICE POLICIES  
AND CHARGES

July 11, 2001

By the following Commissioners:

Glenn Arthur  
Jack R. Goldberg  
Linda Kelly Arnold

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## DECISION

### **I. INTRODUCTION**

#### **A. SUMMARY**

In this Decision the Department establishes the guidelines that CL&P and its municipal customers must follow when a town seeks to purchase its streetlights, and amends CL&P's New Business Policy 208, accordingly. The purchase of streetlighting equipment is the primary issue addressed in this Decision. Other issues related to CL&P's New Business policies will be addressed in a Phase II Decision.

#### **B. APPLICATION**

By application dated March 31, 2000, and pursuant to Section 16-11 of the General Statutes of Connecticut (Conn. Gen. Stat.) the Connecticut Light and Power Company (CL&P or Company) submitted revised Customer Service Policies and Charges, commonly referred to as New Business Policies (NB Policies). The following lists the NB Policies that were submitted for review.

- NB-1 Residential Electric Service General Terms and Conditions
- NB-2 Pricing Policy
- NB-3 Electric Metering
- NB-5 Electric Supply and Service to Commercial/Industrial Customers in Conventional Undergroud Areas
- NB-10 Electric Supply and Service to Commercial/Industrial Customers
- NB-12 Primary Extensions
- NB-21 Electrical Distribution to New Residential Development
- NB-150 Installation, Testing, and Maintenance of Customer-Owned Equipment
- NB-200 Street and Security Lighting
- NB-208 Streetlighting: Municipal-Owned Equipment

#### **C. CONDUCT OF THE PROCEEDING**

By Notice of Hearing dated June 13, 2000, a public hearing was scheduled in this matter on August 16, 2000. By Notice of Rescheduled Hearing dated August 14, 2000, that hearing was rescheduled to September 29, 2000. By Notice of Cancelled and Rescheduled Hearing dated September 1, 2000, that hearing was rescheduled to October 25, 2000. By Notice of Cancelled Hearing dated October 25, 2000, that hearing was cancelled. By Notice of Rescheduled Hearing dated November 7, 2000, a public hearing on this matter was held in this matter on December 7, 2000, at the offices of the Department, Ten Franklin Square, New Britain, Connecticut. The hearing continued at that location on December 8 and 20, 2000 and January 9, 2001. Following the close of the January 9<sup>th</sup> session, the hearing was continued to January 23, 2001, and subsequently rescheduled to March 6, 2001. The March 6<sup>th</sup> hearing was not held. By Notice of Rescheduled Late Filed Exhibits Hearing dated March 27, 2001, the March

6<sup>th</sup> hearing was rescheduled to and held on April 11, 2001. By Notice of Close of Hearing dated June 1, 2001, this matter was closed.

#### **D. PARTIES AND INTERVENORS**

The Department recognized The Connecticut Light and Power Company, P.O. Box 270, Hartford, Connecticut, 06141-0270, and the Office of Consumer Counsel, Ten Franklin Square, New Britain, Connecticut, 06051, as parties to this proceeding. The Connecticut Conference of Municipalities, 900 Chapel Street, New Haven, Connecticut, 06510-2807, was granted intervenor status.

### **II. ANALYSIS**

#### **A. GENERAL**

CL&P provides streetlighting service under Rate 116, Street and Security Lighting, and Rate 117, Partial Street Lighting Service. Under Rate 116, CL&P owns and maintains the streetlights while under Rate 117 a municipality owns and maintains them. The average rate under Rate 116 is approximately \$.24/kWh while the average under Rate 117 is approximately \$.10/kWh.<sup>1</sup> The difference in these rates is primarily related to the capital cost of the lighting fixtures and the operating and maintenance (O&M) costs that are allocated to Rate 116.<sup>2</sup> Tr. 12/7/00, p. 95. Rate 117 became available to municipalities in 1980. The provisions of Rate 116 allow a municipality to purchase its streetlights and to then receive service under Rate 117. CCM PFT, Exhibit B; CL&P Brief, p. 7; Tr. 12/7/00, p. 174; Rate 116, p. 1.

There are five towns that currently own their streetlights; Montville, Old Lyme, New London, the Town of Groton and Torrington. Torrington purchased its streetlights in 2000 while the remaining towns bought their lights between 1982 and 1983. In addition, there are approximately 40 towns that have expressed an interest in purchasing the streetlights located within their municipality. Those towns are awaiting a Decision in the instant proceeding before committing to the purchase of lights in their respective towns. Tr. 12/7/00, p. 214; Tr. 12/20/00, p. 473.

As noted, Torrington is the first town to purchase its streetlighting system in nearly 20 years. Therefore, CL&P has no recent experience with the sale of these assets. As a result, CCM and Torrington raised issues related primarily to the application CL&P's Rates 116 and 117 and the policies for acquiring streetlights, issues that stem from Torrington's recent acquisition of streetlights and related poles. The issues include the process for administering the sale (including the responsibility for the costs of compiling an inventory of lights to be sold), the proper method of calculating the acquisition price to be paid for the lights and the municipality's obligation to pay a pole

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<sup>1</sup> These average rates include all unbundled charges, including energy.

<sup>2</sup> As used in this Decision "streetlights" are the "cobra head" fixtures that are commonly found extending from utility poles and used to illuminate the public right-of-way while "floodlights" are the rectangular fixtures generally mounted close to a utility pole and intended for lighting public or private property. For example, security lights may illuminate school grounds, public parks or business properties. CL&P also provides "spotlights" which are generally high lumen output fixtures intended to illuminate buildings.

attachment fee. In addition, various operational issues, such as installation and maintenance responsibility, fees for shifting facilities, handling and storage of municipal lights prior to installation, responsibility for the costs of compiling an inventory of lights to be sold and the look-back period for calculating lost revenues to the Company were raised. CCM PFT, pp. 1-4. Noteworthy is the fact that although Torrington has purchased a majority of the streetlights within its geographic area, CL&P and Torrington could not resolve the purchase price for those lights. Therefore, CL&P and Torrington have asked that the Department determine the purchase price as part of the instant proceeding. Tr. 12/7/00, pp. 7-18. These matters are discussed below.

## **B. TIME STUDY**

Pursuant to Order No. 2 in the Decision dated June 15, 1995, in Docket No. 93-11-13, Application of The Connecticut Light and Power Company to Revise Customer Service Policies, CL&P submitted a time and motion study (Time Study) in the instant proceeding. A time and motion study is the evaluation of industrial performance based on the time spent going through the motions of a job or series of jobs. Generally, these studies are conducted to evaluate the efficiency of the motions (i.e., the total work involved) that are required to perform different tasks. CL&P did not set out to determine whether the observed tasks were being performed efficiently, but rather to develop a basis (i.e., the total time spent on each task) for charging customers for these services. Therefore, the Department makes no finding related to how efficiently these tasks are being performed. The Department's analysis centers on the reasonableness of the Time Study, resulting time estimates and charges.

With the exception of the Set-Up Charges discussed below, the Department accepts the Time Study.

## **C. SET-UP CHARGES**

CL&P assesses a charge to recover the cost for positioning its equipment, the layout and removal of road safety equipment, job planning discussions and the installation and removal of protective items at each job site (Set-Up Charge). Each of the proposed streetlight maintenance charges shown in Table 2 includes one Set-Up Charge. Late Filed Exhibit No. 5. In addition, the Set-Up Charge is applied to the estimates for work performed under other NB Policies. In these situations, the Set-Up Charge is not built into each charge, as proposed for the streetlight maintenance charges, but is shown as a separate item in the estimates for NB work orders.<sup>3</sup>

CL&P relied on seven Time Study observations to establish its Set-Up Charge. However, none of the observations involved streetlight activities. CL&P states that despite the lack of streetlight-related observations that the Time Study likely captured streetlight-related work because the Set-Up Charge Time Study observations were based on a diverse set of activities. Therefore, incorporating the Set-Up Charge into

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<sup>3</sup> CL&P was directed to show the Set-Up Charge as a separate line for NB Policy estimates. See Decision dated June 15, 1995, in Docket No. 93-11-13, Application of The Connecticut Light and Power Company to Revise Customer Service Policies, p. 3.

rates for streetlight-related activities is reasonable. Tr. 4/11/01, pp.884-896. The following table shows the Time Study data used to establish the Set-Up Charge.

Table 1

**Time Study Data for Set-Up Charge**

<u>Description of the activity</u>	<u>Observation Number and Time in Minutes</u>							Average
	1	2	3	4	5	6	7	
<u>Activities at the start of a job</u>								
Place safety signs & cones	6.0	3.0	0.5	1.0	1.0	1.0	5.0	2.50
Position vehicle	2.0	1.0	0.5	1.0	2.0	2.0	1.0	1.36
Job planning discussions	4.0	6.0	3.3	8.0	14.0	2.0	11.0	6.90
Obtain personal equipment/tools from truck	1.0	2.0	0.3	1.0	11.0	1.0	9.0	3.62
Personal protective safety equipment (PPE)	2.0	0.0	0.3	0.0	6.0	0.0	4.0	1.76
Install rubber protective goods	10.0	0.0	0.0	0.0	0.0	0.0	1.0	1.57
<u>Activities at the end of a job</u>								
Remove rubber goods	7.0	0.0	0.0	0.0	0.0	0.0	2.0	1.29
Cleanup site, store tools and PPE	8.0	2.0	2.0	7.0	8.0	2.0	9.0	5.43
Pickup safety signs and cones	5.0	1.0	1.0	1.0	1.0	3.0	9.0	3.00
Finalize job documentation notes	<u>5.0</u>	<u>7.0</u>	<u>4.0</u>	<u>5.0</u>	<u>10.0</u>	<u>3.0</u>	<u>4.0</u>	<u>5.43</u>
<u>Total set-up time</u>	50.0	22.0	11.9	24.0	53.0	14.0	55.0	<u><u>32.9</u></u>
Class of work	Com.	Res.	Res.	Pole	Com.	Res.	Res.	

Nos. 1 and 5 - Commercial service and transformer bank, respectively.

Nos. 2, 3, 6 and 7 - Various residential services.

No. 4 - Pole set

Source of data: Supplement to Late Filed Exhibit No. 17.

The table shows that each Set-Up takes approximately 33 minutes. Because all NB and streetlight work requires a two-person crew, the cost for each Set-Up is based on approximately one hour's time (33 minutes x 2 people). Late Filed Exhibit No. 5. As a result, the fully loaded cost for each Set-Up Charge adds approximately \$110 to the cost of a work order [proposed Set-Up Charge of \$87 x 1.28% (28% being the approximate tax rate)]. Tr. 4/11/01, p. 886.

The average set-up time for commercial jobs (Nos. 1 and 5) is approximately 52 minutes, while the average for residential work (Nos. 2, 3, 6, and 7) is approximately 26 minutes. Among the residential work that was observed, a single task (No. 5), shows a total time that exceeds all other residential observations by 150%, skewing the average for residential tasks.<sup>4</sup> If this observation were eliminated the average residential set-up time would be reduced to 16 minutes. However, CL&P did not consider these variations in class average times nor did it weight class-related tasks to develop the proposed charge. The Company simply averaged all set-up times to determine the time that would be applied to all set-ups across its service area. The Company did however observe jobs within each class.

<sup>4</sup> Observation No. 5 is for a single-phase residential conduit service.

As noted, there were no streetlight-related activities observed in the Time Study. The Department believes that streetlight-related tasks do not require the same level of set-up activity as other NB-related work. For instance, the Set-Up Charge includes a total of 12.5 minutes for job planning discussions and for cleaning the job site. Streetlight installation and maintenance activities are somewhat repetitive, requiring less planning than the unique site circumstances that may be encountered for other NB work, especially in commercial applications. Streetlight work may also require the use of fewer protective items and limited cleanup activities. These activities appear to be similar to those required for residential work. Noteworthy is the fact that the proposed Set-Up Charge accounts for more than 50% of the total cost for the proposed streetlight maintenance charges. Tr. 4/11/01, pp. 884-891.

The Time Study shows a wide variation in set-up time for commercial and residential work as well as significant time variation among the residential observations. In addition, the study provides no insight into the set-up time required for streetlight work. Based on the foregoing the Department rejects the proposed Set-Up Charge. The evidence supports establishing separate Set-Up Charges for the commercial/industrial, residential and streetlighting customers. Therefore, the Company will be required to do so.

The Department will require the Company to establish the commercial Set-Up Charge based on the two commercial observations provided. Therefore, the total time for the commercial Set-Up Charge is 52 minutes. For the residential Set-Up Charge the Department will require the Company to eliminate observation number seven because its total time is significantly above all other residential observations. Therefore, the residential charge will be based on the average of observation numbers 2, 3 and 6 for a total time of 16 minutes. Although there were no streetlight observations, the Department believes the residential Set-Up Charge to be similar in nature to that required for streetlighting. As a result, the Company will also be required to use the residential average for its streetlight charges. Based on the foregoing, the Company will be required to submit revised NB Charges to incorporate the approved Set-Up Charges.

Should the Company decide that an additional time study is warranted for its Set-Up Charge, CL&P shall request a technical meeting to discuss the methodology to be used and to provide the Department an opportunity to participate in, or otherwise monitor, the observation of these tasks.

#### **D. PREMATURE ABANDONMENT CHARGES**

CL&P assesses a Premature Abandonment Charge if, at the request of the customer or as a result of nonpayment, streetlighting equipment is removed prior to being installed for at least 14 years. The customer will be billed an amount which approximates the unrecovered labor cost related to the installation of the streetlight, based on a 14-year amortization of that cost. If a fixture is removed prior to its 14-year life, it is assumed that the fixture can be reused; therefore, material cost is not included in the calculation of CL&P's Premature Abandonment Charges. The 14-year amortization reflects an assumption by CL&P that the labor cost to install a streetlight is not fully recovered through rates if the light does not remain in place and generate revenues for 14 years. CL&P states that it does not maintain a separate account for

these labor costs because all capital work includes the cost of labor and is booked to its plant asset accounts. Plant costs are then allocated to rates for recovery of these costs. Decision dated June 15, 1995, in Docket No. 93-11-13, p. 11; Tr. 12/7/00, pp. 148-161; Tr. 12/8/00, p. 372-374.

Premature Abandonment Charges were initiated during the oil embargo of the 1970's. At that time, municipalities that were concerned with the rising cost of operating their streetlights began requesting that streetlights be disconnected. CL&P initiated the charges as a means to deter the disconnection of the lights. Tr. 12/7/00, p. 129 and 154; Read-in C.

Premature Abandonment Charges are designed to collect unrecovered labor costs when streetlights are removed within 14 years of installation. However, CL&P's rates reflect the fully installed cost of streetlights, and therefore include the recovery of labor costs. It is unfair for all customers within the streetlighting class to pay for these costs. Therefore, the Department will require CL&P to apply all Premature Abandonment Charge revenues to reduce its streetlight ratebase. The Department notes that Premature Abandonment Charges are not related to the depreciable life of these assets. Therefore, a 14-year Premature Abandonment Charge schedule is reasonable.

#### **E. NB-208 STREETLIGHTING – MUNICIPAL-OWNED EQUIPMENT**

The purpose of NB-208 is:

To set forth a policy for providing electric supply for street and security lighting where the lighting equipment is owned (or leased) and maintained by a municipality and the Company is relieved of the expense and investment in equipment and facilities used exclusively for street and security lighting. This policy applies only to the street and security lighting owned (or leased from third parties) and maintained by the municipality within a specifically defined geographic area of that municipality and receive service under CL&P Rate 117.

The Company proposed the following changes to its policy NB-208. CL&P proposes to:

- ◆ Install, own and maintain dedicated street lighting conductors and to establish standard, per incident, unit charges for the maintenance of these conductors;
- ◆ Establish a Pole Space Rental Fee;
- ◆ Eliminate the reference to the Hartford Electric Light Company (HELCO) rates and the "Stipulation of Compromise and Settlement and Release of Claims" between CL&P and the Connecticut Conference of Municipalities signed in January 1980;

- ◆ Replace “customer” and “customer-owned” with “municipality” and “municipal-owned,” respectively, to further emphasize that the policy only applies to municipal-owned facilities;
- ◆ Clarify the municipality’s responsibility under this policy;
- ◆ Eliminate the requirement that the municipality’s stock of new and replacement luminaires be stored at a mutually acceptable location. This would allow the municipality to store the luminaires at a place of their choosing and to deliver the required luminaire(s) to the work site;
- ◆ Revise the agreement to include metal halide fixtures, and;
- ◆ Eliminate the one-year limitation on back billing for unreported municipal changes.

CL&P’s proposed changes are discussed below.

### **1. Per Incident Charges for Streetlight Facilities**

The current NB-208 Policy includes charges for services such as connecting, disconnecting, installing and relocating streetlighting equipment. See Table 2 below. These charges are based on a declining per unit rate structure, with a maximum of ten work tasks per project (i.e., there are ten separate charges, each with a declining cost, for each task) and each charge assumes that CL&P can perform the task ten times in one day. Current NB-208 Charges, p. 15.

CL&P proposes to simplify this rate structure by reducing the number of charges per task from ten to two. Further, based on the results of its Time Study, the Company proposes to reduce the number of tasks that can be performed per work project, i.e., per day, for certain services. For example, current charges assume that the Company can replace ten luminaires per work project. The Company proposes to reduce that to a maximum of six. Original and Revised Exhibit NB-208-B. The following table shows the current and proposed charges and the proposed maximum number of tasks that can be performed per work project. CL&P submitted supporting data for these charges in Late Filed Exhibit No. 5.

Table 2

Charges for Work Involving Municipal-Owned Streetlights						
Work Task	Current Charges <sup>1</sup>			Proposed Charges		
	Number of Units in Work Group			Number of Units in Work Group <sup>2</sup>		
	One	Two	Ten or More	One	Each Added Unit	Units Not to Exceed
1 Connect - Overhead	\$181	\$167	\$62	\$166	\$116	10
2 Disconnect - Overhead	\$181	\$167	\$62	\$164	\$114	10
3 Replace Luminaire	\$221	\$208	\$99	\$239	\$188	6
4 Install Bracket & Connect Luminaire	\$242	\$228	\$119	\$241	\$190	6
5 Remove Bracket & Disconnect Luminaire	\$202	\$188	\$80	\$187	\$137	9
6 Transfer Bracket & Disconnect Luminaire	\$253	na	na	\$254	\$205	6
7 Connect Post Top or Ornamental Pole Luminaire	\$189	\$176	\$70	\$172	\$122	10
8 Disconnect Post Top or Ornamental Pole Luminaire	\$186	\$173	\$67	\$164	\$114	10

(1) The current rates include declining cost per unit charges, with a maximum of ten units installed per day. Therefore, the current rates include ten separate charges for each work task. The charges for Unit Nos. 3 - 9 are not shown in the table.

(2) An individual work project can be considered as part of a group if the location is within one-half mile of the previous location and done on the same day.

Source of Data: Exhibit NB-208-B, Revised 10/11/00.

CL&P states that the towns that own their streetlights are precluded from performing the work that is covered by the above noted charges. Therefore, CL&P must be contacted when a town requires these services. As a result, the streetlight maintenance work that a town can perform is limited to the replacement of bulbs, ballasts and photocells. CL&P goes on to state that this restriction is necessary to retain the integrity of its distribution system and that Torrington was made aware of this when the town purchased its streetlights. Tr. 12/7/00, p.206; Tr. 4/11/01, pp. 1012-1017.

Torrington states that its contractor is qualified to perform virtually all streetlight-related work and that the contractor has provided cost estimates for the maintenance services noted above and that the contractor's bid prices are substantially below CL&P's proposed fees. Protected Late Filed Exhibit No. 28. Torrington goes on to state that, with the exception of physically connecting to CL&P's secondary system, the towns should be allowed to install streetlights and brackets as well as perform all maintenance activities. Therefore, it is unreasonable to require that the towns use CL&P exclusively for this work. Tr. 4/11/01, pp. 1141-1146.

Reducing the number of charges will simplify the administration of these rates and will be less confusing for the towns that utilize these services. Further, a review of CL&P's proposal to reduce the maximum number of units installed under the four work

tasks noted in the above table is reasonable. Therefore, the Department approves these rate design changes.

As discussed in Section II.C., Set-Up Charges, a Set-Up Charge is assessed to recover the cost for activities that are performed prior to, and upon completion of, the actual work task at the job site and adds approximately \$110 to the cost of each charge. Each of the streetlight maintenance charges shown in Table 2 includes one Set-Up Charge. Late Filed Exhibit No. 5. Tr. 4/11/01, p.886. As noted in Section II.C., the Department rejects CL&P's proposed Set-Up Charge. Because the proposed Set-Up Charge is integral to CL&P's proposed streetlight maintenance charges the Department also rejects those charges. The Department will require CL&P to adjust its streetlight maintenance charges to reflect the approved Set-Up Charge and to submit them for approval.

CL&P believes that the integrity of its distribution system would be compromised if it allows towns to install, connect, disconnect or otherwise maintain streetlights. The Company also cites the requirements of the Occupation Safety and Health Administration (OSHA) in support of the requirement that only CL&P can perform the streetlight maintenance tasks noted above. Tr. 12/7/00, pp.204, 207-210. The Company states that it employs third party electrical contractors to perform work on its distribution system such as connecting to the secondary distribution system. Further, although CL&P personnel are "not always on-site, [the contractors] are always functioning under our supervision." Tr.4/11/01, pp.1127 and 1128. In addition, the Company states that work on the secondary system is not limited to utility personnel and that independent contractors can be certified to meet OSHA standards. Tr. 12/7/00, p.208.

The safety of the personnel that work on CL&P's distribution system is of utmost concern to the Department. Further, the integrity of CL&P's infrastructure must be maintained to assure system reliability. However, there are non-CL&P personnel that have met CL&P's qualifications for working on the system and are maintaining the distribution system at this time. With the exception of the physical connection to the secondary conductor, it does not appear that the type of work that is involved in the installation, removal and maintenance of streetlights would compromise CL&P's system. Tr. 4/11/01, pp. 1012, 1013, and 1141-1146. Therefore, qualified non-CL&P personnel can perform these tasks. Any contractor employed by the town to do this work would be required to obtain all necessary training, certification and be properly insured before it could perform streetlight maintenance. In addition, the contractor would be required to demonstrate to CL&P's satisfaction that an individual is qualified to do this work. Therefore, the Department rejects CL&P's proposal that only Company personnel can perform streetlight maintenance work with the exception of connecting to the secondary conductor. Towns are precluded from performing the task of connecting to the secondary conductor. The Department has reduced the Set-Up time that will be used to develop CL&P's final Streetlight Maintenance Charges, therefore, the charges will be less than proposed by the Company. See Section II.C., Set-Up Charges. As a result, CL&P's Streetlight Maintenance Charges may align more closely with those offered by outside contractors.

CL&P provides its customers with a service connection at no cost and generally will disconnect service at no cost as well. In these situations, the service connection work is being provided to individual customers. Although each streetlight is not treated as a 'customer', the Department believes that because each new light generates additional revenues to CL&P, these installations are entitled to one service connection at no cost. Subsequent work would be billed based on the streetlight maintenance charges. Therefore, the Department will direct CL&P to modify its NB Policies to reflect a free connection to the secondary system for each new streetlight.

## **2. Ownership and Maintenance of Dedicated Conductors**

By letter dated January 3, 2000, the Department ruled as follows:

Regarding the ownership and maintenance of streetlighting cables and application of CL&P's New Business Policy NB-208, that policy requires a customer to fund the installation of facilities (i.e., cables) necessary to provide service to customer-owned utility poles. Once the cables are installed, CL&P retains ownership of them. The Department believes that it is reasonable to apply CL&P's New Business Policy NB-208 to the purchase of streetlights by municipalities. The municipality should pay the non-amortized cost of these cables and CL&P should retain ownership of them. Ownership by CL&P will insure consistency in the maintenance of the distribution system.

The Department reaffirms its ruling that the public interest is best served by having CL&P own and maintain these facilities.

## **3. Cost to Buy-Into a Pole**

CL&P states that each utility pole located throughout its service territory is owned and maintained by it, The Southern New England Telephone Company (SNET) or jointly by both. This is done to share the duties for maintaining the vast system of utility poles located throughout Connecticut. There are situations where a pole may be owned by, and support the facilities of, only one of the companies but the other needs to attach its facilities to it. In these cases, under an arrangement between the two utilities, the non-owner pays the other \$325 to "buy-into" the pole, creating a "joint-owned" pole. SNET maintains a record of the activity (i.e., revenue) from these poles and reconciles the buy-in revenues annually. CL&P states that if a customer that is served under Rate 117 installs a streetlight on a non CL&P-owned pole, causing the Company to incur a buy-in cost, the customer should reimburse CL&P accordingly. Therefore, the Company proposes a per incident buy-in charge of \$325. Tr. 12/7/00, pp. 120-124; Tr. 12/8/00, p.290-292. CL&P goes on to state that it currently allocates the costs for buying into SNET poles to Rates 116 and 117. Tr. 4/11/01, p. 998; Late Filed Exhibit No. 3.

CCM states that CL&P recovers all of the costs related to its poles in rates. Therefore, it is inappropriate to approve the proposed buy-in charge because the Company would recover these costs twice. Therefore, CCM recommends rejecting CL&P's proposal. CCM Brief, pp.2 and 18.

CL&P currently allocates buy-in costs to Rates 116 and 117. Therefore, approval of the proposed buy-in charge would result in CL&P recovering these costs twice, once in rates and once through the per incident charge. This would be inappropriate. Therefore, the proposed buy-in charge is denied. Modifying the manner in which buy-in costs are recovered is properly addressed through a § 16-19 rate proceeding.

#### **4. Pole Rental Space Fee**

CL&P proposes to implement an annual pole rental fee of \$7.82. The fee would be assessed to those municipalities that are served under Rate 117, for each utility-owned pole to which a town-owned streetlight is attached. Revised Exhibit NB-208-B. CL&P states that it currently has a monthly pole rental fee of \$2.30 in place. However, these charges are assessed in those situations where CL&P installed a pole on private property for the limited purpose of installing private area or security lighting. CL&P goes on to state that the Company discontinued this practice in 1971 because it was competing against private contractors for this work. The \$2.30 pole rental charge was grandfathered at that time. Tr. 12/7/00, pp.170-172 and 210-212; Tariff for Rate 116; Late Filed Exhibit No. 4.

CL&P states that its right to assess a pole rental charge is noted in an Agreement that municipalities must sign when purchasing their streetlights. Therefore, the Company has had the ability to charge its Rate 117 customers a pole rental fee since 1981 when the Stipulation and Agreement were approved. However, although the Company has had the right to assess this charge, it has not done so because the Company does not have an approved rate in place. Therefore, the proposed charge would be new. Tr. 12/7/00, pp. 212-215. CL&P submitted a breakdown of the proposed charge. Response to Interrogatory CCM-3. The Company states that it used a Federal Communications Commission formula, as approved by the Department in the Decision dated July 7, 1993, in Docket No. 92-09-19, Application of The Southern New England Telephone Company to Amend its Rates and Rate Structure, to determine the rate. Tr. 12/7/00, pp. 216-236; Response to Interrogatory CCM-3.

CCM states that the Company has not met its burden of proof as to the reasonableness of the proposed pole rental fee. Further, this fee would increase streetlighting rates "without the scrutiny of a rate case" effectively increasing the revenue requirement for Rate 117. Therefore, CCM urges the Department to reject the proposed fee. CCM Brief, p. 11.

Torrington opposes the proposed pole rental fee stating that such a fee would reduce the savings from town-owned streetlights. In addition, Torrington believes that its current streetlighting rate, an average of \$.10 per kWh under Rate 117, is excessive because the energy used for streetlighting is consumed during off-peak hours, generally the lowest cost period for electricity. Therefore, adding pole rental fees to Torrington's streetlighting charges would increase the average cost per kWh. Tr. 12/7/00, p. 17.

The City of Stamford states that the proposed pole rental fee would increase its annual streetlighting costs by approximately \$80,000 and would act as a deterrent for municipalities seeking to purchase their streetlights. Stamford also states that the

proposed fee would be inequitable because streetlighting rates provide an excessive rate of return that ranges between 15% and 19%. Therefore, Stamford opposes the proposed pole rental fee. Tr. 12/7/00, p. 22.

The City of New Britain states that the proposed pole rental fee should be denied because Rate 117 was designed to recover the costs associated with providing service for municipal owned streetlights. Therefore, approval of the fee would effectively increase Rate 117 without the scrutiny of a rate case proceeding. Tr. 12/7/00, p. 27.

The following appears in CL&P's Rate 116 Tariff:

Overhead Poles on Private Property: (Available only to present customers as of July 31, 1971): Where required only for streetlighting purposes, the customer will pay outright for overhead poles or in the case of a single wood overhead pole may pay a monthly charge of \$2.30. Rate 116.

The current pole rental charge is \$2.30 per month and was intended for poles that CL&P installed on private property for the express purpose of private area lighting. CL&P discontinued the rate in 1971 except for the customers that were being served under it. Therefore, the current pole rental charge was not intended for, and cannot be applied to, municipal streetlight customers, and no new customers can receive this service.

In general, the NB Policy charges are one-time assessments for work that CL&P does for an individual customer. Unlike typical NB-type charges, the pole rental fee would be an ongoing rate, assessed monthly or annually, similar to the rates that are reviewed during § 16-19 rate setting proceedings. These types of revenues, which are categorized as 'other operating revenue – rental income,' are booked to Account 454 and are used to reduce the Company's total revenue requirement during rate case proceedings. See Decision dated February 5, 1998, in Docket No. 98-01-02, DPUC Review of The Connecticut Light and Power Company's Rates and Charges – Phase II, p 113; and Late Filed Exhibit No. 139, p. 4 of 13 in that docket.

Rate 117 customers currently pay for pole costs through their rates. However, a pole rental charge is appropriate for other utilities or when other services are attached to CL&P's poles.

Traditionally, rental income is not allocated by customer class, but is simply subtracted from the total revenue requirement prior to calculating all rates. This is appropriate because these revenues cannot be identified by class. However, because streetlighting customers would provide the proposed pole rental revenues, it may be appropriate to allocate these funds to the revenue requirement for the streetlighting class. This would reduce the current charges under Rate 117 while adding the pole rental charge and could result in a revenue-neutral situation for Rate 117 customers. However, these are ratecase issues and appropriately were not explored in this proceeding.

Rental income is a component of the Company's overall revenue requirement and is considered at the time of a general rate setting proceeding. Therefore, it would

be inappropriate to implement this charge without an opportunity to examine other aspects of the Company's costs and revenues. Further, the Company currently allocates the cost of its poles to all rates, including Rate 117. Tr. 4/11/01, pp.1032 and 1033. As a result, if a pole rental fee were imposed absent a rate setting proceeding, Rate 117 customers would pay twice for pole-related costs. Based on the foregoing, the proposed pole rental fee is denied.

#### **5. Eliminate the reference to HELCO**

The Company requests that it be allowed to eliminate the reference to HELCO rates and the "Stipulation of Compromise and Settlement and Release of Claims" between CL&P and the Connecticut Conference of Municipalities signed in January 1980. CL&P states that this change will simplify administration of its NB policies since HELCO no longer exists.

The Department has reviewed the Company's proposal, finds it to be reasonable and approves it.

#### **6. Geographic Area**

CL&P's policy NB-208 states:

Municipal-owned street lighting service is available under CL&P Rate 117. The lighting qualifying for partial street lighting service shall consist of not less than all street lighting equipment on a public way within a taxing district, borough or other well defined political or geographic subdivision as agreed to be the municipality and the Company. Policy NB-208 A 2.

CCM states that requiring a municipality to purchase all the streetlights within the municipal border may preclude some towns from acquiring any of its lights because towns with large geographic areas may not have the necessary resources to make such a large purchase. CCM recommends that CL&P's policy NB-208 be modified to allow for the phase-in of the purchase of streetlights and to reflect the language in Rate 116 that allows a town to purchase portions of its streetlighting system. Further CCM notes that there may be situations in which a municipality is responsible for a streetlight that is not located within its boundaries. CCM believes that CL&P should not prevent municipalities from purchasing such lights. CCM Brief, pp.22-25; Tr. 12/20/00, pp.576, 577 and 651.

CL&P states that it is willing to work with the municipalities and would consider any reasonable definition of geographic area that can be enforced without excessive administrative costs. Response to Interrogatory CCM-2.

CL&P's Rate 117 states:

For purposes hereof, such a specifically defined geographic area installation of a municipality's streetlighting equipment shall consist of not less than all lighting equipment on a public way lying between the intersections of that public way and two other public ways or one other public way and a dead end or the municipal boundary. Rate 117, p. 1.

There is an inconsistency in the definition of the term 'geographic area' found in Rate 117 and CL&P's policy NB-208. Since the NB policy and the rate work together, the Department will correct that difference. The Department agrees with CCM that requiring a town to procure its entire streetlighting system in a single purchase could exclude some municipalities from participating in Rate 117. Therefore, it is reasonable to provide all towns an opportunity to phase-in the purchase of their streetlights, and the language in Rate 117 appears to provide that flexibility. However, the Department believes that if a town begins purchasing its streetlights, that all such lights within that town should be purchased within a reasonable period of time. Based on the foregoing, the Department will require CL&P to align the language in its policy NB-208 with that in Rate 117 regarding the definition of geographic area. The Department urges CL&P and the towns to work together to resolve any differences regarding this matter.

Regarding the purchase of streetlights that are not within the boundaries of a municipality, the Department believes that although the Stipulation may not have identified these unique situations, that the spirit of that document intended for towns to be able to buy all the streetlights for which they are responsible. Therefore, CL&P will be required to offer these lights to the town that is responsible for them.

## **7. Selling Streetlights to Non-Municipal Entities**

An issue has been raised in this proceeding with respect to the rights of third parties to own or bid on streetlighting that receives service under Rate 116. Tr. 4/11/01, pp. 942-950.

The Department considers Conn. Gen. Stat. § 33-645 to be dispositive of this issue. Subsection (b) of § 33-645 states that:

No corporation formed under sections 33-600 to 33-998, inclusive, shall have the power to transact in this state the business of a telegraph company, gas, electric, electric distribution or water company or cemetery corporation, or of any company, except a telephone company, requiring the right to take and condemn lands or to occupy the public highways of this state.

Certain other companies gain their power to occupy the public rights of way through other sections. For example, cable companies gain their right to occupy the public right of way to the extent necessary to provide cable service in Conn. Gen. Stat. § 16-331, and certified telecommunications companies gain their authorization to install or maintain poles, wires, conduits or fixtures in the public right of way for the provision of telecommunications service in § 16-247h. Given the foregoing statutory scheme, the

Department concludes that third parties may not own or bid on streetlighting pursuant to Rate 116.

### **8. Installation and Ownership of Poles Dedicated to Streetlighting**

CL&P states that a municipality that owns its streetlights should be responsible to install the poles that are dedicated to providing streetlighting. CL&P states that it is unaware of any situation in which a town-owned pole is used to support CL&P's distribution facilities. Tr. 12/7/00, pp. 110, 111 and 194-197.

Poles that are dedicated to municipal streetlighting will not have CL&P distribution facilities affixed to them. Rather, these are poles that would be used exclusively for mounting a municipal-owned streetlight, and although a town may use the pole for other purposes, the only CL&P facility that would be attached to the pole would be a service connection. For these limited situations, the Department believes that it is reasonable for the town to be responsible for the installation and maintenance of such poles. However, if a pole supports CL&P's distribution facilities the Company will be responsible for the ownership and maintenance of it. Should the Company choose to install poles that will be owned by the municipality, CL&P must charge its NB rates for this service.

### **9. Fees for Shifting Facilities and Reattachments**

NB-208 states:

When it is necessary to relocate, replace or transfer the municipal-owned equipment to substitute poles or to perform any other work in connection with said equipment that may be required by the Company or the joint-owners, such work will be performed by the Company at the municipality's expense. NB-208 D 16.

CL&P states that its Rate 117 customers should reimburse the Company if streetlighting facilities must be moved when distribution poles are relocated or replaced. CL&P also believes that Rate 117 customers should reimburse the Company when streetlights are reattached as the result of damage to a pole. Such damage could include automobile accidents, storm-related incidents or other acts of God. Response to Interrogatory CCM-8; Tr. 12/8/00, pp. 292-304.

CL&P states that when itself or SNET (i.e., the joint owners of utility poles) needs additional space on a pole, requiring the other company to move its facilities, or a joint-owner requires the installation of a larger pole, say to accommodate more facilities, that each utility pays its share of the costs for such work. In these situations, third parties such as cable companies must move their facilities at their own cost. This practice, which has been in place for some time, does not seek to assign cost causation to the joint-owners because CL&P believes that the cost to each joint-owner for such work is essentially equal over time. The Company believes that if these types of joint-owner activities make it necessary to relocate a streetlight then the town should reimburse CL&P for that cost. Tr. 12/8/00, pp. 288-303; Late Filed Exhibit No. 7.

Utility facilities are relocated for a variety of reasons. When this occurs each utility is responsible for the cost of moving its equipment, and just as CL&P is not responsible for the cost to relocate SNET or cable television plant, CL&P should not be responsible for relocating equipment that is owned by a town. Therefore, it is reasonable to require each town to bear these costs. The same holds true for streetlight reattachments that are necessitated by automobile accidents and storm-related damage; each town that owns its streetlights must bear the cost of maintaining its equipment.

The Department notes that although the towns can use contractors to perform the reattachments noted above it may be more efficient to utilize CL&P personnel for this work since the Company would be on-site to work on its own equipment in these situations. Under these circumstances it would be unreasonable for CL&P to assess a full Set-Up Charge to the town. Sharing the Set-Up costs 50/50 appears reasonable. Therefore, in addition to the per incident charges approved in Section II.,E.,1., Per Incident Charges for Streetlight Facilities, the Department will require CL&P to establish per incident charges that include 50% of the approved Set-Up Charge cost to address the circumstances noted herein. Policy NB-208 must also include language to address these situations.

#### **F. ESTIMATED VALUE OF TORRINGTON'S STREETLIGHTS**

On September 1, 2000, Torrington acquired from CL&P most of the streetlights and some streetlight poles in the public right-of-way within its geographic area. Although the parties have yet to agree on the amount that Torrington must pay for the streetlights, CL&P agreed to transfer ownership of them to the town. *Id.*, p.474. Torrington believes that the fully depreciated value of its streetlights is approximately \$91,000, while CL&P calculated the purchase price to be approximately \$295,000. Tr. 4/11/01, p. 970.

Torrington did not use the fully installed cost of a streetlight to calculate the depreciated value. Instead, Torrington relied on the schedule of Premature Abandonment Charges to determine the price. In addition, Torrington notes that CL&P's streetlight audit showed that 3,771 streetlights were to be purchased by Torrington. However, as the result of its own audit, Torrington believes that it should only pay for 3,758 streetlights. CL&P relied on its plant accounting records to calculate the purchase price of Torrington's streetlights. Those records are the only way for CL&P to estimate the purchase price for the streetlights and reflect the currently approved depreciation rate for these assets, 26 years. Late Filed Exhibit Nos. 1 and 11; Tr. 12/7/00, pp. 9-12. Tr. 4/11/01, p. 967 and 968 and 1038 - 1041.

Torrington's use of Premature Abandonment Charges as a starting point for determining the price of its streetlights does not reflect the full cost of this equipment because Premature Abandonment Charges only reflect the labor component of each light. Torrington should have used a fully installed cost as the starting point. Therefore, the Department rejects Torrington's estimate.

As discussed below, CL&P's plant records do not provide an accurate estimate for establishing the purchase price or Torrington's streetlights and therefore the Department rejects CL&P's estimate. Further, the Department cannot determine the purchase price of Torrington's streetlights at this time. Therefore, CL&P will be required to submit relevant streetlight accounting data to allow the Department to reconcile the plant information that was submitted herein, and to determine the purchase price of Torrington's streetlights. In addition, the Department will conduct an audit of CL&P's books and records for the purpose of determining the purchase price for Torrington's streetlighting assets. Further, the Department will hire a consultant with experience in the area of plant accounting/depreciation to evaluate CL&P's plant accounting procedures.

## **G. PROCEDURES FOR ACQUIRING STREETLIGHTS**

The Department establishes the following procedures for the acquisition of streetlights by individual towns.

### **1. Stipulation of Compromise and Settlement and Release of Claims**

On January 2, 1980, CL&P and CCM entered into a Stipulation of Compromise and Settlement and Release of Claims (Stipulation). The Stipulation resolved certain issues related to the provision of street lighting service by CL&P, and remains in effect today. Finley PFT, Exhibit B; Tr. 12/7/01, pp. 252-256; Tr. 12/8/00, pp. 362-368, 381; Tr. 12/20/00, pp. 580-582. The Stipulation states:

The Companies further agree . . . to allow any municipality to acquire ownership of the Companies' street lighting equipment which has been installed for at least fourteen years on the basis of its fully depreciated value, and that any municipality so electing to acquire ownership of Company equipment will be eligible for service under Rates 117 and 61, as applicable, within a specifically defined geographic area as required by such partial street lighting service rates. Finley PFT, Exhibit B, Stipulation, p. 3.

CCM agrees that fourteen years is an appropriate period to calculate the useful life of the Companies' street lighting equipment. *Id.*, p. 6.

Department review of the Stipulation finds that, among other things, it allowed municipalities to purchase streetlights located in their towns and provided the basis under Rate 117 for municipalities that chose to own and maintain their streetlights. The Stipulation further established that the fully depreciated value of CL&P's streetlighting plant assets must be used to calculate the purchase price for the streetlights. A further discussion of the Stipulation follows.

### **2. Establishing a Purchase Price For Streetlights**

CCM and Torrington believe that the purchase price for streetlights should be based on a 14-year depreciable life and cite the Stipulation in support of their position. CL&P believes that the cost to purchase a municipality's streetlights should be based on

the currently approved depreciation schedule of the asset. Tr. 12/7/00, p. 10-12; Tr. 12/8/00, p. 365.

The Stipulation allows a municipality to purchase its streetlights based on the asset's net plant value. In 1980, that value was based on the then current depreciation study and asset life, 14 years. However, the depreciation expense for streetlights that is recovered through Rate 116 no longer reflects a 14-year life. Rather it is based on CL&P's current depreciation study.

The current study depreciates these assets over 26 years. CL&P states:

The 14-year premature abandonment clause came into CL&P's streetlighting rate on May 1, 1977. It is believed that, at that time, 14 years represented the average life of a [streetlight] fixture . . . testimony in CL&P's rate case in Docket No. 92-11-11 proposed a change in the average life from 14 years to 20 years, reflecting the longer equipment life that had been experienced (Transcript of March 23, 1993 at pages 27 and 28). The proposed change was denied in the decision in that docket. Decision at page 93.

As noted by CL&P, the Department did not modify streetlight depreciation rates in 1993. See Decision dated June 16, 1993, in Docket No. 92-11-11, Application of The Connecticut Light and Power Company To Amend Its Rate Schedules, p. 93. However, in a Decision dated July 1, 1996, in Docket No. 92-11-11, pursuant to a Settlement Agreement, the Department increased the depreciable lives of CL&P's transmission and distribution assets by 10 years. Decision, p.4. Therefore, it appears that the depreciable life of streetlighting assets was increased from 14 to 24 years at that time. Subsequent to the July 1996 Decision in Docket No. 92-11-11, CL&P's next rate setting proceeding occurred in Docket No. 98-01-02. Therefore, it appears that streetlighting was depreciated on the basis of a 24-year life from July 1, 1996 until the Department rendered its Decision dated February 5, 1999, in Docket No. 98-01-02, DPUC Review of The Connecticut Light and Power Company's Rates and Charges – Phase II.<sup>5</sup>

At the time the Stipulation was finalized, the depreciable life of streetlights was 14 years. However, technological advances have gradually extended the life of these assets to approximately 26 years. The depreciation expense that is included in CL&P's rates is based on a study, which the Company updates from time to time. The most recent study was approved in the Decision dated February 5, 1999, in Docket No. 98-01-02, DPUC Review of The Connecticut Light and Power Company's Rates and Charges – Phase II. Decision, p.38. That study uses a 26-year life for streetlighting assets. Because the depreciation expense associated with streetlighting is allocated to

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<sup>5</sup>The Department provides these citations regarding depreciation studies. Decision dated August 1, 1991, in Docket No. 90-12-03, Application of The Connecticut Light and Power Company To Amend Rate Schedules – Phase II, p. 39. Decision states that CL&P submitted a new Study but streetlighting is not discussed. Decision dated February 4, 1988, in Docket No. 87-07-01, Application of The Connecticut Light & Power Company To Amend Its Rate Schedules, p. IV-29. Decision states that CL&P did not submit a depreciation study for electric plant at that time and that the last study was presented in Docket No. 85-10-22. See Decision dated June 11, 1986, in Docket No. 85-10-22, Application of The Connecticut Light and Power Company To Increase Its Rates and Revenues, p. 5.

Rate 116, streetlighting customers currently fund this expense based on a 26-year life. As a result, the unrecovered plant value of these assets should be based on the current depreciation schedules.

Therefore, although the Stipulation requires that a municipality purchase its streetlights based on a net plant value, it is unreasonable to calculate that value using a depreciation schedule, and resulting cost, that is not current. Therefore, CL&P shall be required to calculate the net plant value of its streetlighting assets based on its then current depreciation study.

In its Written Exceptions CCM requested that the value for streetlights be based on the depreciable life of these assets when installed. Specifically, CCM wants the Department to rule that the purchase price for any light installed prior to July 1, 1996 must be based on a 14-year life, that streetlights installed between July 1, 1996 and February 5, 1999 must be based on a 24-year depreciable life and that lights installed subsequent to February 5, 1999 must be based on a 26-year life. CCM Written Exceptions, p. 3.

Streetlighting plant is depreciated using a remaining life methodology. Generally, this method depreciates the remaining plant balance over the updated depreciable life of the asset. The remaining life method does not isolate plant assets based on the installation date as suggested by CCM. Therefore, the Department rejects CCM's recommendation.

### **3. Streetlight Recordkeeping**

When CL&P installs a streetlight the Company's plant records are adjusted to reflect the installed cost and the asset begins its depreciable life. The work order, which triggered the installation of the light, is then forwarded to CL&P's billing department. The date that the billing department adjusts its records for the new lights is commonly referred to as the install date (Install Date). When a capital improvement is made to an existing light (e.g., the light is replaced) the remaining cost for the light that is removed from service and the cost of the new light (or the cost of the relevant capital improvement) result in an adjustment to CL&P's plant records. At that point the new light begins its depreciable life. Capital changes to existing lights modify the 'status' of the existing lights on CL&P's books. The date that billing records are changed to reflect a change to an existing light is commonly referred to as the status date (Status Date).

However, a light that is removed from service is not written off. Instead it remains on CL&P's books and continues to be depreciated. This appears to be a reasonable method of treating the costs for these assets since they may have been removed from service prior to the end of their useful life. It also appears reasonable that such assets should be fully depreciated within a reasonable period of time after being removed from service. However, based on the depreciation and plant accounting methodologies used by CL&P, streetlight assets can remain on the Company's books indefinitely. For example, CL&P's estimate of the net plant value of the streetlights that Torrington purchased includes costs for lights that were installed, or for which the Company's plant accounting records show a capital activity, in years 1900, 1917,

1918-1921, 1924, and in every year from 1928 to the present. Late Filed Exhibit No. 11. CL&P states:

I won't tell you that there is a light that is 80 years old, physically out there. What I would say is that there was a capital investment made 80 years ago. Something has happened to that light since then, probably a number of times that didn't affect the capital investment. Tr. 4/11/01, p. 1048.

The useful life of streetlighting equipment was 14 years in 1980 and has increased to 26 years since then. Based on the relatively short life of these assets it appears unreasonable for CL&P to show capital costs for them on its books dating back to the turn of the previous century. Therefore, it appears reasonable to assume that a portion of these assets is in fact retired. However, based on the evidence presented in this proceeding, the Department cannot determine the appropriate amount or point in time of those retirements.

Late Filed Exhibit No. 11 provides streetlight plant activity and shows the year that a capital activity took place (vintage), as well as the original cost, allocated reserve and net value for each year. The original cost provides insight into the level of capital streetlight activity that took place in a given year. For example, in 1999 there was \$306 of original cost, indicating that there was limited activity, while in 1995 there was \$49,280 of cost, indicating significant activity. The following is taken from Late Filed Exhibit No. 11 for the years 1980 through 2000.

Table 3

Excerpt From Net Value Calculation - Torrington			
Vintage	Original Cost	Allocated Reserve	Net Value
1980	\$9,351	\$5,544	\$3,807
1981	\$10,890	\$6,195	\$4,695
1982	\$20,561	\$11,188	\$9,373
1983	\$36,296	\$18,824	\$17,472
1984	\$6,188	\$3,047	\$3,141
1985	\$9,188	\$4,277	\$4,910
1986	\$3,018	\$1,322	\$1,696
1987	\$2,720	\$1,115	\$1,606
1988	\$4,327	\$1,648	\$2,679
1989	\$14,343	\$5,040	\$9,304
1990	\$11,035	\$3,544	\$7,490
1991	\$10,407	\$3,023	\$7,384
1992	\$6,917	\$1,792	\$5,125
1993	\$8,177	\$1,857	\$6,320
1994	\$14,678	\$2,856	\$11,821
1995	\$49,281	\$7,958	\$41,323
1996	\$15,573	\$1,990	\$13,583
1997	\$2,051	\$192	\$1,859
1998	\$16,569	\$973	\$15,595
1999	\$307	\$7	\$300
2000	\$16,718	\$60	\$16,658

Source of data: Late Filed Exhibit No. 11.

As the original cost column shows, there was significant activity in, for example, 1982, 1983 and 1995, as well as other years. Notably, there is limited activity between 1984 and 1988, the period in which CL&P was conducting a program to change-out mercury vapor (MV) streetlights with high-pressure sodium lights (HPS). Under that program, which was funded through CL&P's conservation and load management (C&LM) budget, CL&P did not capitalize the cost of the HPS fixtures because CL&P made no investment in them. Since there was no capital expenditure, it would be inappropriate to adjust plant account records when one of these lights is removed from service. However, because CL&P cannot identify the circumstances surrounding the installation of individual lights, the Company can not assure that some unrecovered investment for these lights does not appear on its books. Tr. 4/11/01, pp. 1058-1068.

The Company does not track its streetlighting assets by pole or light. However, the Company believes that its work order and billing system records can be used to estimate certain types of historical streetlighting activity, such as the C&LM-related change-outs.<sup>6</sup> Tr. 4/11/01, pp. 1068-1071. Based on a review of these records CL&P estimates that approximately 727 lights were changed to HPS under the C&LM program in Torrington for the years 1987 and 1988. Supplement to Late Filed Exhibit No. 11, p. 2 of 2. The Company also states:

In the case of the City of Torrington, there was an extensive conversion of municipal streetlights (1,956 lights converted), from mercury to high-pressure sodium during the years 1985 through 1988, plus 142 totally new municipal installations. This high level of activity provided an opportunity to revise billing records to reflect those updated installations, as documented by field-generated reports of the removals and installations. Since 1988, there has been very little municipal streetlighting activity with just 146 new installations (typically new subdivisions) and 266 changes. Response to Interrogatory CCM-1, Bulk, NU Letter dated September 13, 1999.

Based on the foregoing, there appears to be conflicting evidence regarding the level of streetlighting activity that has taken place in Torrington since 1985, because, contrary to the September 13<sup>th</sup> letter, CL&P's plant records show significant streetlight activity since 1988. Late Filed Exhibit No. 11; Table 3. Since CL&P's plant accounting records were used to develop Torrington's purchase price, the Department cannot rely on those records to establish Torrington's purchase price. Therefore, the Department rejects the proposed purchase price.

Approximately one-half of Torrington's streetlights were installed under the C&LM program in the 1980s and were expensed. Therefore, these lights should carry no plant value on CL&P's books and should be transferred to Torrington, or any municipality that purchases its streetlights, at no cost.<sup>7</sup> A transfer at no cost is reasonable since all

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<sup>6</sup> CL&P states that a change in billing generally signals a change in lamp wattage, replacement of the fixture or some capital activity.

<sup>7</sup> Streetlights that were removed from service during the C&LM program may have had some unrecovered value that would have remained on CL&P's books at that time. However, given that the

customers, including Torrington, funded CL&P's conservation programs in the past and continue to do so. However, it is unclear from the evidence presented that these lights are being transferred to Torrington at no cost. Further, based on the September 13<sup>th</sup> letter it appears that the remaining streetlights (approximately 1,700) that Torrington is purchasing were installed prior to the HPS conversion program, in the early 1980s. Since the approved depreciable life of streetlights was 14 years until 1996, it appears reasonable to conclude that these streetlights may be at or near a fully depreciated value. However, the Department can not draw that conclusion at this time.

As the result of recent streetlight audits conducted by CL&P, the Company found overbilling (no light in place but a bill being rendered) and underbilling (light in place and no bill being rendered) errors. The Company estimates that there is a net underbilling reflecting approximately 2.5% of its total streetlights, or 4,600 streetlights system-wide. This number of lights represents approximately \$625,000 in lost annual revenues. Response to Interrogatory CCM-1, Bulk, NU Letter dated September 13, 1999; Tr. 12/8/00, pp. 318-332.

The Company states that these errors are the result of problems with the Company's work order and billing systems, which are not properly linked. The Company indicates that it is implementing a new accounting and data base system to improve its streetlight recordkeeping. Tr. 12/8/00, pp. 317-326. However, until those systems are linked, errors can occur. CL&P states:

[CL&P's billing system] is totally separate from our work order system. And unless that second piece of paper [CL&P work order] is received by the billing system, and, [separately] entered into the billing system . . . the billing system never knows that something happened to the light. Tr. 4/11/01, p. 996.

The Company states that a total net underbilling for its streetlighting class exists. However, the City of Stamford has been double-billed for approximately 371 streetlights, with some double-billing dating back over 25 years. Stamford estimates that it has paid in excess of \$700,000 as a result of these billing errors. Letter dated April 6, 2001; Tr. 4/11/01, pp. 1111-1113.

There are significant problems with CL&P's streetlight accounting procedures and as the result the Company cannot provide accurate information regarding its streetlighting plant assets or revenues. Further, the Company's estimates of net underbilling are based on audit results from only a few towns. Although CL&P believes that this will result in additional net billings and revenues, the experience of the City of Stamford shows that there may be towns that have been overbilled for streetlighting service. Therefore, the Department concludes that there is no way to determine the accuracy of CL&P's estimate for net underbilling.

CL&P plans to audit its streetlighting system over the next four years, during an accelerated relamping effort. However, up to 40 municipalities may seek to purchase

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depreciable life of a streetlight was 14 years in the mid-1980s, it appears that any unrecovered streetlighting cost would be fully depreciated by year 2000.

their streetlights in the near-term. CL&P will be required to provide an audit for any town that requests one, whether for purposes of examining the option to purchase their streetlights or to reconcile current streetlight billings. Any such audit must be completed within 120 days of the request.<sup>8</sup> Further, the Company will be required to submit an annual report regarding this matter. The report shall include, but not be limited to the net under/overbilling by town, the revenues associated with said billing and updates as to the steps that are being taken to improve the accuracy of the accounting for streetlights.

#### **4. Cost of Conducting Streetlight Audits**

When a municipality seeks to purchase its streetlighting equipment, an audit of that equipment must be conducted. CL&P agreed to pay for these audits. Response to Interrogatory CCM-1, NU Letter dated November 24, 1999; Tr. 1/9/01, p. 862.

CL&P is responsible for maintaining accurate plant records. However, the record in this proceeding shows that CL&P has failed to do so for its streetlights. For example, CL&P states that since the mid-1980's it has not conducted an audit in Torrington for the express purpose of determining the inventory of streetlights. Response to Interrogatory CCM-1, NU Letter dated February 17, 1999. As discussed above, CL&P's lack of control over its streetlight assets has resulted in lost revenues for the Company. It would be inappropriate for customers, in this case Connecticut's municipalities, to pay to have CL&P straighten out the Company's books. Therefore, it is not only reasonable, but also mandatory that CL&P bear these costs. Therefore, the cost for audits of municipal streetlighting assets must be borne by CL&P.

#### **5. Handling and Storage of Municipal Lights**

Torrington believes that CL&P should maintain an inventory of streetlights for towns that are served under Rate 117. Torrington believes that it may be difficult to coordinate the 'hand-off' of a streetlight to a CL&P crew should towns be required to stock their own streetlights. Tr. 12/7/00, pp. 15-17. CL&P states that it is unreasonable for it to assume the cost and liability for storing the streetlights for towns that are served under Rate 117. Further, the Company states that it does not store materials for others and has been trying to reduce its inventory costs through the use of just-in-time materials management techniques. Therefore, storing lights for Torrington and other municipalities would be costly. The Company believes that coordinating the transfer of a light is not problematic. Tr. 12/7/00, pp. 199-204.

CL&P should not be responsible for the cost and liability of storing equipment that is owned by others. Further, the Department believes that coordinating the transfer of lights is hardly an insurmountable challenge. Therefore, CL&P will not be required to

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<sup>8</sup> CL&P states that requiring the Company to perform such audits immediately upon request may prove burdensome. CL&P Written Exception, p. 2. As noted in CL&P's Written Exceptions, the Company's four year relamping effort (and simultaneous system-wide streetlight audit) will be completed by late 2002. Therefore, the relamping and audit is nearly 75% complete. For towns that have had their systems relamped, audit data should be currently available. Further, it does not appear burdensome to divert resources for the purpose of responding to audit requests for a towns that has not been relamped since only 25% of the system has not been audited.

maintain an inventory of streetlights or parts for customers that are served under Rate 117.

## **6. Look-back Period for Calculating Lost Revenues**

CL&P proposes to eliminate the one-year limitation on back billing for unreported municipal streetlight changeouts. The Company states that this change is necessary to address the potential lost revenue associated with municipalities that might increase the wattage of a streetlight or install a new fixture without notifying CL&P of the change. The Company is not aware of any situation where a Rate 117 customer has made these types of changes. NB-208, p. 4; Tr. 12/8/00, pp.282-287.

CCM objects to the change in look-back period because it creates an arbitrary retroactive adjustment period. CCM Brief, p.28.

Section 16-259a of Conn. Gen. Stat. defines CL&P's rights and responsibilities as they relate to correcting for billing errors. Essentially, the Company is precluded from back-billing its customers to correct for errors that are the result of the Company's inaction or negligence, beyond one-year. If however, the customer is found to have caused the inaccurate billing, the one year limitation does not apply.

CL&P's modification to policy NB-208 is intended to address the intentional and/or unintentional theft-of-service-like activities that may occur in its service territory as more municipalities purchase their streetlights. The above noted statute provides guidance for those billing disputes that are the result of CL&P's errors. The statute applies to all rates and the Department sees no need to seek amendments to it at this time. If CL&P finds that a customer's bill, in this case the bill for a municipality, is inaccurate, and that the inaccuracy is the result of the customer's actions, the Company can pursue the recovery of lost revenues through the appropriate channels. Based on the foregoing the proposed change to the look-back period is denied.

## **H. PRIVATE LIGHTS**

Municipalities are the primary customers under Rate 116. However, CL&P will install a streetlight to illuminate the public right-of-way at the request of residential, commercial or industrial customers. In these situations a municipality may have determined that a streetlight is not needed at a specific location and, as a result, a customer chooses to have the light installed and to be billed under Rate 116 for that service. Such fixtures are commonly referred to as private lights. Therefore, all customers can receive service under Rate 116. However, service under Rate 117 is restricted to municipalities because residential, commercial and industrial customers are precluded from owning and maintaining streetlights in the public right-of-way. Tr. 12/7/08, pp.96 and 97; Conn. Gen. Stat. § 33-645.

Although private lights are found through a municipality's geographic area, CL&P has agreed to retain ownership of them. Tr. 12/7/00, p. 8.

If a town acquired ownership of a private light, it would need to bill the customer of record for the operation and maintenance of that fixture. This would prove

burdensome for the towns. Therefore, it is reasonable for CL&P to retain ownership of these lights.

#### **I. FULL CUT-OFF STREETLIGHTING AND FLOODLIGHTING**

The Department heard public comment and received eighteen letters from the general public in this proceeding. Tr. 12/07/08, pp. 134-142. The comments and letters focus on two issues; full cut-off streetlights and CL&P's use of floodlights to illuminate private property. In addition, the Department received a "Petition for DPUC Regulation: CL&P Use of the Public Right-of-Way to Mount Floodlights Intended for Private Property Illumination" (Petition). Petition dated February 14, 2001. The Petition requests that the Department eliminate the practice of allowing CL&P to mount new floodlights. For existing floodlights, the Petition requests that the Department study the issue of light trespass and the effect on public safety (how glare affects driver's vision). If, upon studying these issues, it is determined that floodlighting is detrimental, the Petition requests that CL&P be required to phase-in the removal of its floodlights. Petition, pp. 5 and 6.

Representative James A. O'Rourke, submitted a letter in support of the Petition. Letter dated February 20, 2001. Representative O'Rourke states:

The use of public land in the form of our state right-of-way should not allow for private area lighting. Floodlighting of private property is not a function of an electric utility company under Connecticut law. It offers little, if any, public good, and creates substantial public harm in the form of light pollution, light trespass and energy waste . . . I strongly urge the Commission to adopt a regulation to eliminate this practice of using the public right-of-way for mounting floodlights for private area lighting of local businesses. Id.

In addition, the Department received letters from the Towns of Ashford, Suffield, Branford, Tolland and Wethersfield regarding the installation of floodlights by CL&P. Ashford and Tolland commented on the detrimental affects of improperly mounted floodlights while Branford, Suffield and Wethersfield wrote to inform the Department of specific local zoning ordinances that have been enacted to control the glare and light trespass from floodlights. Letters dated January 10 and 18 and February 21 and 28, 2001.

Regarding full cut-off lights, several members of the public requested that the Department establish regulations, or otherwise require CL&P to use full cut-off streetlights on all future streetlight installations.

Under Rate 116, CL&P installs, operates and maintains floodlighting for private area lighting. These lights, which are typically mounted on CL&P owned poles, are used to illuminate storefronts, parking lots, municipal property as well as other applications. Although floodlighting is related to Policy NB-200, which policy will be addressed in detail in the Phase II Decision, the Department feels it is appropriate to address floodlighting here.

In summary, members of the public state that any unshielded floodlight attached to a utility pole within the street right-of-way presents the following problems. These lights:

1. commonly present strong, disabling glare for drivers on adjacent roadways, creating a safety hazard;
2. have little light distribution control, spilling illumination and glare far beyond the intended area, commonly referred to as light trespass;
3. glare throughout the night into natural areas, and have proven harmful to the daylight/seasonal (circadian) cycles of flora and wildlife;
4. are typically overlit, 250-1000 watts, creating site illumination levels higher than recommended by industry standards, thereby wasting energy;
5. are central to changing a community's night world appearance to one of chaotic 'visual clutter';
6. when these lights are used for security purposes, may unintentionally reduce peripheral visibility through strong glare hampering a potential victim's ability to perceive his/her surroundings;
7. cast much of their light skyward, thus wasting energy and creating a chronic haze (sky glow) which significantly reduces our view of objects in the night sky.

CL&P states that it is aware of some lighting ordinances that have been enacted by the Town of Branford and that CL&P's individual districts are probably familiar with the requirements of the towns they serve. However, CL&P believes that it is the responsibility of each municipality to notify CL&P when these types of regulations are implemented or changed. Tr. 12/20/01, pp. 517-520. CL&P goes on to state that it provides floodlighting to approximately 10,000 small business customers who find this service quite valuable. CL&P also states that in addition to having received very few complaints about floodlights that over the past 16 years there have been no automobile accidents related to glare from these lights. CL&P also states that it considers energy efficiency when installing these lights. Tr. 4/11/01, pp. 1106-1111.

As demonstrated by the passage of Public Act No. 01-134, "An Act Requiring Energy Efficient Roadway Lights," there is a heightened awareness regarding night lighting in Connecticut. That act essentially requires the installation of full cut-off streetlights on all municipal roads. It also appears that there is growing concern about the potential for glare and light trespass from floodlighting. Further, there are many towns that have zoning regulations to address the installation of outdoor lighting. However, it is not clear whether CL&P is fully aware of these requirements or that they are strictly enforced.

The Department shares the energy efficiency and light trespass concerns associated with private lighting expressed by commenters in this proceeding. However,

private lighting is a local issue. The only difference between the private lighting at issue in this proceeding and other private lighting and signage that must comport with local ordinances is that the former is the property of CL&P and is attached to utility poles that are located in the public right of way. The responsibility to comply with local ordinances and zoning regulations lies with the customer, and CL&P as its contractor does not appear to differ merely because the private lighting in this instance is attached to utility poles. Therefore, the Department denies the Petition.

The Department disagrees with CL&P's conclusion that it is the responsibility of each municipality to notify CL&P when light trespass ordinances or zoning regulations are implemented or changed. Municipalities must follow Conn. Gen. Stat. §7-148a when adding or amending ordinances and § 8-3 when adding or amending zoning regulations. The process prescribed in these statutes is analogous to the process the Department must follow when promulgating regulations, including a publication requirement that provides constructive notice. No special burden exists with respect to notification to public service companies. However, if customers are required to pay for shielding as a result of local ordinances or zoning regulations, the Department will require the Company to notify customers so affected of the additional charges associated with the shielding and the reasons why the shielding is required.

The Department is hopeful that light trespass issues can be worked out between CL&P and municipalities and other organizations such as the International Dark Sky Society. Further, to the extent that some municipalities have light trespass ordinances and others don't, the Department suggests that CCM might provide a model rule for others to adopt. Finally, issues related to the energy efficiency of streetlights and floodlights will be addressed in Docket No. 00-01-14, DPUC Review of The Connecticut Light and Power Company and The United Illuminating Company Conservation and Load Management Programs and Budgets for 2001.

CCM and OCC state that Section (e)(2) of Public Act No. 01-134 requires that "only the minimum illuminance necessary for the intended purpose of the (street) lighting be utilized in installing or replacing roadway lighting." CCM Written Exceptions p. 5; OCC Exceptions, p. 1. The Parties go on to state that CL&P's current Rate 116 conflicts with the requirements of this Act because the rate restricts the use of 50 watt HPS bulbs to the replacement of incandescent lighting. Id.

In response to the Draft Decision, the Department received several "form letters" from the public regarding this matter. See, letters dated June 25, 2001. In addition, the Towns of Suffield, Salisbury and Torrington as well as Representative James A. O'Rourke submitted letters regarding this matter. See letters dated June 26, 2001. These letters state that a 100-watt Mercury Vapor and 50-watt HPS streetlight provide an identical light output of 4000 lumens. However, due to the restriction noted above, CL&P may be precluded from installing the more efficient HPS fixture when it replaces a mercury vapor light. Id.

A review of CL&P's Rate 116 finds that, contrary to the directives contained in the Act, the Company may be prohibited from installing the most efficient fixture when replacing a Mercury Vapor streetlight. Therefore, CL&P will be required to review its streetlighting rates and to submit proposed changes to bring these rates into

compliance with recently enacted legislation. The Department will address any required amendments to CL&P's rates in a limited § 16-19 proceeding.

### **III. FINDINGS OF FACT**

1. CL&P provides streetlighting service under Rate 116, Street and Security Lighting, and Rate 117, Partial Street Lighting Service.
2. Rate 117 became available to municipalities in 1980.
3. Five towns currently own their streetlights.
4. Approximately 40 towns have expressed an interest in purchasing their streetlights.
5. Torrington purchased its streetlights in 2000 and is the first town to do so in over 20 years.
6. CL&P submitted a Time Study with its application.
7. CL&P assesses a Set-Up Charge to recover certain costs at each job site.
8. CL&P relied on seven Time Study observations to establish its Set-Up Charge.
9. The Time Study shows that an average Set-Up takes approximately 33 minutes.
10. There were no streetlight-related set-up activities observed in the Time Study.
11. CL&P assesses a Premature Abandonment Charge if streetlighting equipment is removed prior to being installed for at least 14 years.
12. Premature Abandonment Charges are designed to collect unrecovered labor costs when streetlights are removed prior to being installed for 14 years.
13. Premature Abandonment Charges were initiated during the oil embargo of the 1970's.
14. CL&P's Policy NB-208 deals with municipal-owned streetlighting service.
15. The current NB-208 Policy includes charges for services such as connecting, disconnecting, installing and relocating streetlighting equipment.
16. CL&P states that the towns that own their streetlights are precluded from performing certain streetlight-related work.
17. Torrington believes that its contractor is qualified to perform virtually all streetlight-related work.

18. The Company employs third party electrical contractors to perform work on its distribution system such as connecting to the secondary distribution system.
19. CL&P and SNET share the ownership of many utility poles in Connecticut.
20. The Company proposes a pole buy-in charge of \$325.
21. CL&P proposes an annual pole rental fee of \$7.82.
22. Towns are allowed to purchase portions of their streetlight systems.
23. On January 2, 1980, CL&P and CCM entered into a Stipulation regarding the ownership of streetlights by municipalities.
24. The depreciable life of streetlight assets has increased from 14 to 26 years over time.
25. CL&P and Torrington disagree on the purchase price of Torrington's streetlights.
26. CL&P maintains plant records of its streetlights.
27. CL&P does not track its streetlighting assets by light or pole.
28. Based on CL&P's depreciation and plant accounting methodologies streetlight assets can remain on the Company's books indefinitely.
29. CL&P's work order and billing systems must be properly linked to assure accurate billing for streetlights.
30. CL&P changed-out 1,956 streetlights in Torrington under C&LM programs.
31. The Company states that a total net underbilling exists for its streetlighting class.
32. CL&P plans to audit its streetlighting system over the next four years, during an accelerated relamping effort.
33. Torrington believes that the fully depreciated value of its streetlights is approximately \$91,000.
34. CL&P calculated the purchase price of Torrington's streetlights to be approximately \$295,000.
35. Torrington relied on CL&P's Premature Abandonment Charges to estimate the purchase price of the streetlights.
36. CL&P agrees to absorb the cost of audits when a municipality seeks to purchase its streetlighting equipment.

37. CL&P proposes to charge its Rate 117 customers if streetlighting facilities must be moved when distribution poles are relocated or replaced.
38. CL&P proposes to bill each town for reattaching a streetlight as the result of storm damage or automobile accidents.
39. CL&P does not want to assume the cost and liability for storing the streetlights for towns that are served under Rate 117.
40. CL&P proposes to eliminate the one-year limitation on back billing for unreported municipal streetlight changes.
41. Section 16-259a of Conn. Gen. Stat. defines CL&P's rights and responsibilities as they relate to correcting for billing errors.
42. CL&P will install a streetlight to illuminate the public right-of-way at the request of residential, commercial or industrial customers.
43. Members of the public requested that CL&P be required to use full cut-off streetlights on all future streetlight installations.
44. Under Rate 116, CL&P installs, operates and maintains floodlighting for private area lighting.
45. CL&P is aware that Branford has ordinances regarding outdoor lighting.
46. Conn. Gen. Stat. § 7-148a requires constructive notice of all additions or amendments to municipal ordinances.

#### **IV. CONCLUSION AND ORDERS**

##### **A. CONCLUSION**

Municipalities that acquire their streetlights from CL&P will pay the fully depreciated value of those plant assets based on the then current depreciation schedule being used to establish rates. In addition, those municipalities can perform virtually all of the maintenance work on the streetlights that they purchase. Premature Abandonment Charge revenues must be used to reduce streetlight plant ratebase. The Department finds that most of the charges that CL&P proposed for NB-208 are inappropriate. CL&P's streetlight recordkeeping must be audited to establish the purchase price of Torrington's streetlights.

##### **B. ORDERS**

1. On or before August 30, 2001, CL&P shall submit revised NB-208 Policies and Charges, and supporting calculations, as discussed herein. The compliance filing shall identify all modified policies and charges and provide a reference for each modification to this Decision.

2. On or before August 8, 2001, as discussed in Section II.F., Estimated Value of Torrington's Streetlights, CL&P shall submit all relevant data necessary to reconcile CL&P's estimated purchase price of Torrington's streetlights. Upon receipt of this information the Department will schedule an audit of CL&P's streetlight plant records.
3. On or before August 8, 2001, CL&P shall provide the final settlement with the City of Stamford.
4. On or before August 8, 2001, CL&P shall provide the journal entries for the future treatment of Premature Abandonment revenues.
5. On or before August 30, 2001, and annually thereafter until all streetlights have been audited, CL&P shall submit a report to summarize the results of its streetlight audits as discussed in Section II.G.3., Streetlight Recordkeeping.
6. On or before August 8, 2001, CL&P shall request a limited reopening of its last general rate setting proceeding to address changes to its streetlighting rates as discussed in Section II.I., Full Cut-Off Streetlighting and Floodlighting.

**DOCKET NO. 00-03-08 DPUC REVIEW OF THE CONNECTICUT LIGHT AND  
POWER COMPANY'S CUSTOMER SERVICE POLICIES  
AND CHARGES**

This Decision is adopted by the following Commissioners:

Glenn Arthur

Jack R. Goldberg

Linda Kelly Arnold

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Department of Public Utility Control, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.

\_\_\_\_\_  
Louise E. Rickard  
Acting Executive Secretary  
Department of Public Utility Control

7/12/01

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Date