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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into Transfer of
Master-Meter/Submeter systems at
Mobilehome parks and Manufactured Housing
Communities to Electric and Gas Corporations.

Rulemaking 11-02-018
(Filed February 24, 2011)

**ASSIGNED COMMISSIONER'S SECOND AMENDED RULING
AND SCOPING MEMEO**

Summary

This second amended scoping memo calls for limited, additional prepared testimony to develop an implementable Mobilehome Park (MHP) master-meter conversion program consisting of a three-year, initial pilot that contains specified elements. The scoping memo recategorizes this rulemaking as ratesetting and revises the schedule to provide for a Commission decision before the end of this year.

Background

For a variety of reasons, the conversion rate of MHP master-meter/submeter gas and electric systems to direct utility service under Pub. Util. Code § 2791 et seq. has been quite limited since that statutory framework took effect in 1997. The Commission opened this rulemaking to explore options for improving the conversion rate. At present, the record contains two different proposals to incentivize voluntary master-meter

conversions at MHPs. The two proposals, developed and sponsored by separate coalitions of parties to this rulemaking, have been received in evidence.

- Exhibit 2 (referred to as the “Joint Parties proposal”) is sponsored by Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), Southern California Gas Company (SoCalGas), Bear Valley Electric Service, PacifiCorp dba Pacific Power, California Pacific Electric Company, LLC, The Utility Reform Network, and Division of Ratepayer Advocates).
- Exhibit 3 (referred to as the “PG&E proposal”) is sponsored by Pacific Gas and Electric Company (PG&E), Southwest Gas Corporation, Western Manufactured Housing Communities Association, Golden State Manufactured Home Owners League, Coalition of California Utility Employees, and San Luis Rey Homes).

To further develop the record, on March 4, 2013, I held a public meeting to discuss financing options for master-meter conversion and earlier that day, the assigned Administrative Law Judge (ALJ) facilitated a workshop on electrical system permitting and natural gas prioritization issues. A representative of the California Department of Housing and Community Development (HCD) attended the workshop.

Discussion

Discussions at the workshop and public meeting held on March 4, 2013, as well as subsequent discussions with parties, have made clear to me that limited, additional record development is needed. This ruling discusses the procedural and substantive “next steps” to a proposed decision. Also, as further clarified in the following paragraph, all existing MHP transfer programs remain in effect.

No stay of current regulatory programs. This rulemaking has not stayed any of the programs that Commission-jurisdictional utilities have developed to implement MHP master-meter transfers under Pub. Util. Code § 2791 et seq.

Those utility programs continue to remain available to MHP owners who seek to transfer existing master-meter systems to direct utility service. Utilities should continue to accept and process any applications tendered under the existing statutory framework.

Need for a Pilot. As I explained to parties present at the public meeting I held on March 4, my preliminary assessment is that neither of the two proposals, as now crafted, provides an implementable solution to the master-meter conversion issues that this rulemaking has been exploring. The evidence to date establishes that since 1997, for a variety of reasons, few transfers have occurred. Exhibit 1 reports that PG&E has converted four MHPs, one of them gas only; SCE has converted electric systems at 15 MHPs; SoCalGas has converted five MHPs, one gas only and two completed concurrently with SCE; and SDG&E has converted four MHPs, one electric only.

It appears doubtful to me whether the Joint Parties' proposal provides enough incentive to increase prior, low conversion rates in any significant way. Exhibit 2 describes Joint Parties proposal for a five-year "to the meter" conversion program financed by ratepayers through a per space credit of \$4,000 for each service transferred (\$8,000 per space for transfer of both gas and electric). For smaller utilities, Joint Parties propose a \$2,000 per space conversion credit (or \$4,000 per space for both services). The credit structure would not cover the cost of conversion "to the meter" and it would leave necessary retrofits "beyond the meter" completely unfunded. Joint Parties anticipate that the existing master-meter/submeter system at most MHPs would have little or no transfer value and would be abandoned following transfer of service.

On the other hand, the PG&E proposal, which likely would result in a very high conversion rate, would be costly. Exhibit 3 describes a 10-year,

“beyond the meter” conversion program with an estimated cost of approximately \$2.5 billion, financed by ratepayers as additions to utility ratebase. Conversion would be available to every MHP that voluntarily sought direct natural gas and electric service from a Commission-jurisdictional utility in lieu of continuing to operate a master-meter/submeter system. Like Joint Parties, those parties who support the PG&E proposal anticipate that the existing master-meter/submeter system at most MHPs would have little or no transfer value and would be abandoned following transfer of service.

At this time, I cannot support either proposal as developed. Both proposals, however, contain conceptual elements that I would like to see incorporated in an additional proposal, or at least evaluated further. In my view, a proposal that is viable and ripe for consideration by the full Commission needs to include the following components:

- A three-year initial term, so that implementation can commence as soon as practicable and the Commission can assess promptly whether to extend the conversion program.
- For existing master-metered natural gas systems, preliminary eligibility based on the risk assessment and prioritization factors developed by the Commission’s Safety and Enforcement Division (SED), as presented at the March 4, 2013 workshop (see information posted on the Commission’s website at: <http://www.cpuc.ca.gov/puc/energy/mhp.htm>). Attachment A to this second amended scoping memo also references natural gas eligibility considerations.
- For electric only systems, eligibility and prioritization will need to be assessed based on information provided in the applications, since no agency routinely receives or maintains operation and maintenance information for such systems. HCD has agreed to assist the CPUC in effectively addressing permitting issues related to the conversion work.

- Comparison of costs of ratebase financing of transfers on a “to the meter” and “beyond the meter” basis and calculation of the ratepayer rate impact for both.
- A pledge, as part of the transfer application, by the MHP owner that from date of application the owner will separately account for receipt and expenditure of all master-meter revenues and contribute to the cost of transfer any revenues in excess of reasonable and necessary operation and maintenance. The draft application included as Attachment B to this second amended scoping memo contains such a pledge.

Procedural Next Steps. I ask parties to develop, jointly if possible, additional prepared testimony that describes an implementable MHP master-meter conversion program based on the components outlined above. The program should include both “to the meter” and “beyond the meter” options, as well as estimates of the rate impact for both options. Parties may also suggest any modifications to the draft application (Attachment B) that they deem useful or necessary.

The schedule below includes dates for both opening and rebuttal prepared testimony, as well as evidentiary hearing. My goal is the development of a comprehensive program that the Commission can adopt and begin to implement this year. I urge parties to continue to work together to explore the potential for consensus or partial consensus.

Recategorization. To comply with statutory categorization requirements, this rulemaking, previously categorized as quasi-legislative, should be recategorized as ratesetting. Rule 1.3(e) of the Commission’s Rules of Practice and Procedure provides, in relevant part:

“Ratesetting” proceedings are proceedings in which the Commission sets or investigates rates for a specifically named utility (or utilities), or establishes a mechanism that in turn sets the rates for a specifically named utility (or utilities).

As soon as practicable, this recategorization will be placed on the Commission’s public meeting agenda for approval, pursuant to Rule 7.5. The recategorization is appealable under Rule 7.6. The recategorization also means that all *ex parte* communications that occur after the date of this second amended scoping memo will be subject to the reporting requirements applicable to ratesetting proceedings and in particular, the provisions of Rules 8.2, 8.3(c) and 8.4.

Revised Schedule

Though all of the additional time may not prove necessary, we revise the schedule as follows and the schedule may be further revised by the assigned Commissioner or ALJ.

| DATE | EVENT |
|---|---|
| August 19, 2013 | Opening prepared testimony served |
| August 30, 2013 | Rebuttal prepared testimony served |
| September 9, 2013 at 9:00 a.m., continuing September 10, 2013, in Commission Courtroom, State Office Building, 505 Van Ness Avenue San Francisco, CA 94102 as necessary | Evidentiary hearing |
| September 24, 2013 | Opening briefs filed and served |
| October 4, 2013 | Reply briefs filed and served; submission |
| November 19, 2013 | Proposed decision filed and served |
| December 19, 2013 or thereafter (1st Commission meeting 30 days after proposed decision filed) | Commission may act on proposed decision. |

My amended scoping memo, filed on May 17, 2012, anticipates that this rulemaking will conclude within 18 months of that date, consistent with Pub. Util. Code § 1701.5. That date would be mid-November 2013, but under the

schedule above, a Commission decision is not expected until one month later. While it is possible that a decision may issue sooner, in order to minimize the need for a subsequent ruling to extend the target date for concluding this rulemaking, this second amended scoping memo extends that target date now, to March 1, 2014.

IT IS RULED that:

1. The scope and schedule for this rulemaking are revised as set forth in the body of this ruling.
2. This rulemaking is recategorized as ratesetting. This ruling is appealable only as to category, pursuant to Rule 7.6 of Commission's Rules of Practice and Procedure.
3. The statutory timeline for resolving this rulemaking is extended to March 1, 2014.

Dated July 17, 2013, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner

Proposed Framework for Pilot Program: Transfer of Master-Meter Service at Mobilehome Park or Manufactured Housing Community to Electric or Gas Corporation

Timeframe



Phase 1 – Application and planning

- **Notice to apply (1 month)** – notification and opportunity to apply
- **Application (2 months)** – voluntary applicants; collect pertinent information
- **Review and acceptance (2 months)**
- **Prioritization (2 months)** – selection criteria
- **Utility planning and scheduling (6 months)** – meet with utilities, owners, contractors and interested parties; field visits; bid acceptance; work schedule

Phase 2 – Transfer construction (2 years)

Phase 3 – Pilot program review (ongoing – periodic review)

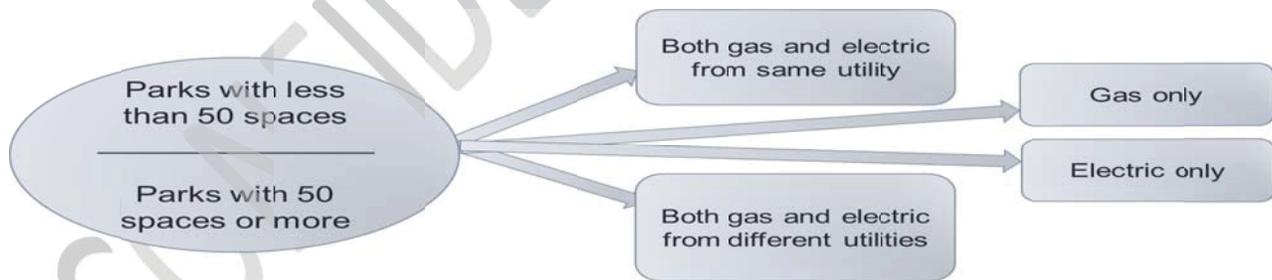
Selection Process

Who goes first?

Smaller Utilities

| <u>Electric Utilities</u> | <u>Gas Utilities</u> |
|---------------------------|----------------------------------|
| PacifiCorp - 14 M/M | City of Long Beach - 14 M/M |
| CalPeco - 17 M/M | City of Coalinga - 1 M/M |
| BVES - 7 M/M | Sierra Power Company (NV Energy) |

Larger Utilities



Multiple utilities breakdown

| <u>SoCalGas</u> | <u>PG&E</u> | <u>SDG&E</u> | <u>SCE</u> | <u>SWG</u> |
|--------------------------------|-------------------------|-------------------------|----------------------|----------------|
| Gas Only 269 | Gas and Electric 559 | Gas and Electric 200 | Electric Only 228 | Gas Only 17 |
| SoCalGas + PG&E Electric 54 | Gas Only 163 | Gas Only 4 | SCE + SWG 30 | |
| SoCalGas + SDG&E Electric 9 | Electric Only 256 | Electric Only 61 | | |
| SoCalGas + SCE 760 | PG&E Gas + SCE 4 | | | |



**Application for Transfer of Master-Meter Service at Mobilehome Park or
Manufactured Housing Community to Gas and/or Electric Corporation**

CPUC ID:

HCD ID:

Due Date:

Park Name and Address

California Park
123 Common Street
Anytown, CA 94123
Phone: (415) 555-1234
E-mail: info@capark.com

Owner Name and Address

Park Owner
123 Common Street
Anytown, CA 94123
Phone: (415) 555-1234
E-mail: info@capark.com

Do you intend on participating in the master-meter service transfer program? Yes No
(If you answer "No" above, please skip to the bottom, sign where indicated, and return the form in the enclosed envelope)

Does the mobilehome park have any plans underway to sell the property or convert land use? Yes No

Number of Spaces Currently Occupied: _____ **Number of Spaces Currently Unoccupied:** _____

Gas and Electric System Information

(Please attach additional pages as necessary)

Do you have master-metered electric service at this property (Y/N)? _____

Number of spaces with Electric Service: _____ Installation date of Electric System: _____ Electric utility: _____
Amps most commonly provided to each space: _____ Electric facilities in the park mostly buried, overhead, or both: _____

Do you have master-metered gas service at this property (Y/N)? _____

Spaces with Gas Service: _____ Installation date of Gas System: _____ Gas utility: _____
Gas system pressure (psi): _____ Locations of gas mains (i.e. yard easement or street): _____

Cathodic Protection (CP) system installed (Y/N): _____ If yes, please indicate CP type (Impressed/Sacrificial/Both): _____

Please indicate the length in feet of the following pipeline materials in your gas distribution system:

Coated Steel: _____ Bare Steel: _____ Polyethylene: _____ Polyvinyl Chloride (PVC): _____ Other: _____

Do you have a map of the master-metered gas or electric system(s)? Please specify the map(s) you have: _____

Is any part of the mobilehome park now directly served by the gas or electric utility? Yes No

If "Yes", please provide: Number of Electric Spaces directly served: _____ Number of Gas Spaces directly served: _____

If known, please provide the year in which the direct gas or electric system installed: _____

Has any part of the master-metered gas or electric system been replaced within the last 20 years? Yes No

If "Yes", please provide the year in which the replacement occurred: _____

Please indicate which part of the system was replaced (i.e., Space numbers): _____

Pledge: From the date of this application, I will maintain or cause to be maintained a record of all revenues from the operation of the master-meter system(s) and all expenditures for operation and/or maintenance of the system(s) at the mobilehome park or manufactured housing community named above. I pledge to contribute any revenues in excess of such expenditures toward the costs of transferring the master-meter system(s) to direct utility service.

I hereby declare under penalty of perjury that the foregoing information is true and correct to the best of my knowledge.

Signature: _____ **Date:** _____ **Print Name and Title:** _____