

**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

**REPLY BRIEF OF
THE COALITION OF CALIFORNIA UTILITY EMPLOYEES**

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The Coalition of California Utility Employees (CUE) respectfully submits this Reply Brief pursuant to the Assigned Commissioner’s Amended Ruling and Scoping Memo issued May 17, 2012, and the November 13, 2012 Administrative Law Judge’s Ruling Memorializing Schedule Changes. For the purposes of this brief, SWGas’ proposal will be considered as part of PG&E’s proposal.

I. INTRODUCTION

The Commission issued this OIR with the primary goal of “ensuring safety of utility service at MHPs, ... safety and reliability.”¹ There is no question that PG&E’s proposal is the *only* proposal that would achieve this goal. The Joint Parties stubbornly ignore the safety risks inherent in attaching new transmission systems to old, uninspected equipment beyond the service delivery point.² Moreover, the Joint Parties’ have not provided any evidence that their program

¹ R.11-02-018; Decision Granting Petition in Part and Instituting Rulemaking Into Issues Concerning Transfer of Electric and Natural Gas Master-Metered Service at Mobile Home Parks and Manufactured Housing Communities to Direct Service by Electric and/or Natural Gas Corporations, p. 14.

² Ex. 8, Responses to CUE’s Data Request #1, p. 11.

would result in *any* MHP participation.³ The Commission has two options: (1) approve PG&E's proposal and begin transferring MHPs to safe and reliable direct utility access; or (2) approve the Joint Parties' proposal and spend five years transferring only those parks that can afford to build parallel systems, minus the \$8,000 credit, and then revisit this same issue in five years. If the Commission wants to meet its stated goals, then option 1 is the only meaningful choice.

II. SAFETY AND RELIABILITY

A. The Joint Parties' Proposal Ignores Safety and Reliability Issues

The Joint Parties' proposal ignores 90% of the MHPs in the state.⁴ The proposal also fails to require inspection of existing beyond the meter equipment before connecting to brand new utility systems.⁵ It claims to provide "significantly more financial assistance"⁶ than the existing regulations in order to attract more participation, yet has provided no evidence that any MHPs would find an \$8,000 credit meaningful enough to pay the rest of the costs to transfer to direct utility service.⁷ This proposal could also lead to abandoned conversion projects and will certainly lead to another similar proceeding in five years' time.⁸

Put simply, the Joint Parties' proposal fails at providing a real response to the OIR's stated goals. The Joint Parties are so concerned with costs, that they blatantly ignore the Commission's directive to create a proposal which would ensure the safety and reliability of utility service at MHPs. They have effectively proposed nothing more than a slightly more generous offering than the status quo.

PG&E's proposal, although costly, will rectify the safety and reliability issues facing MHPs and their inhabitants. Those 500,000 Californians living in MHPs

³ Joint Parties' Opening Brief, p. 6.

⁴ CUE's Opening Brief, pps. 5-6.

⁵ Ex. 8, Responses to CUE's Data Request #1, p. 11.

⁶ Joint Parties Opening Brief, p. 5.

⁷ CUE's Opening Brief, pps. 8-9.

⁸ *Id.* at pps. 10-11.

deserve safe and reliable service.⁹ Relying on the Joint Parties' proposal to address these issues will take 50 years.¹⁰ PG&E's proposal would provide all new systems for the MHPs and requires inspecting existing gas and electric systems before converting to direct utility access.¹¹ This proposal aims for 100% conversion in 10 years.¹² This is the *only* proposal which seriously considers the safety of the new utility service to MHPs.

B. The Joint Parties Misinterpret AB 1694

In their Opening Brief, the Joint Parties cite statistics from a CPSD analysis conducted pursuant to AB 1694.¹³ The Joint Parties state, “[t]he CPSD analysis shows that less than 10% of the existing MHPs pose enough risk to warrant more frequent inspections, while the overwhelming majority (93%) does not require increased inspection standards.”¹⁴ AB 1694 amended Sections 4353 and 4453 of the Public Utilities Code and directed the Commission to inspect MHPs using a risk-based approach, instead of the statutorily-mandated once every five years inspection.¹⁵ This was a direct response in the aftermath of the San Bruno explosion to allocate the CPUC's “scarce staff resources” away from time-consuming MHP inspection and toward utility pipeline inspection.¹⁶ The same bill analysis cited by Joint Parties clearly explains the shift to risk-based inspections: “In our interviews, the PUC staff indicated it would prefer to spend more time on integrity management and transmission lines, but is hampered from doing so by California mobile home park and propane requirements, which focus limited resources elsewhere.”¹⁷

⁹ Ex. 3, PG&E/Fernandez, p. 7.

¹⁰ CUE's Opening Brief, p. 15.

¹¹ Ex. 3, PG&E/Haley, p. 2-5.

¹² *Id.*, at p. 1-2.

¹³ Joint Parties' Opening Brief, pps. 3-4.

¹⁴ *Id.*, at p. 4.

¹⁵ Analysis before the Assembly, published 04/05/2012. http://leginfo.ca.gov/pub/11-12/bill/asm/ab_1651-1700/ab_1694_cfa_20120626_141611_sen_floor.html.

¹⁶ *Id.*

¹⁷ *Id.*

The Joint Parties have mischaracterized CPSD's findings. These statistics were used to allow PUC staff to allocate its inspection resources elsewhere, not as proof that MHPs are sufficiently safe. In fact, the Joint Parties later agree that "the existing MHP utility systems are beyond their useful life and not often compatible with the IOUs' standards" in support of their proposal that the MHP owners build new, parallel systems in place of existing MHP infrastructure.¹⁸ If the majority of MHPs are sufficiently safe, then why are the Joint Parties requiring a new system to replace the old? Doesn't that imply that they are not sufficiently safe? The Joint Parties are mischaracterizing data in order to postpone the inevitable overhaul of MHP utility systems.

III. THE JOINT PARTIES HAVE PROVIDED NO EVIDENCE THAT THE CREDIT WILL RESULT IN ANY PARTICIPATION

In their Opening Brief, the Joint Parties admit that the small number of transfers that have occurred under the existing statutory transfer mechanism "indicates the need for enhanced outreach about the existing MHP transfer provision or that the current credit is not sufficient to convince MHP owners to transfer their service to the IOUs."¹⁹ The Joint Parties then claim that their proposal will significantly increase the credit in order to entice more MHP owners to transfer their systems.²⁰ However, the Joint Parties provide absolutely no evidence that any MHPs will be "convinced" to transfer to direct utility service with their slightly increased credit.

However, SWGas and San Luis Rey Homes have both presented evidence that it is unrealistic to expect MHPs to pay the required costs for transfer to direct service.²¹ Expecting those MHPs with the highest safety risks to come forward and pay the remainder of the transfer costs under the Joint Parties' proposal is just wishful thinking.

¹⁸ Joint Parties' Opening Brief, p. 6.

¹⁹ *Id.*

²⁰ *Id.*

²¹ Ex. 7, San Luis Rey Homes/Rosen, p. 2; Ex. 5, SWGas/Grandlienard, p. 4.

IV. PG&E's PROPOSAL DOES NOT CREATE LIABILITY ISSUES BEYOND THE METER

The Joint Parties' Opening Brief claims that PG&E's proposal will create liability risks by performing beyond the meter work.²² This is a complete fiction. PG&E proposes that the MHP owner hire a private electrical and/or plumbing contractor to install a new electric pedestal and service delivery point, and a new gas houseline.²³ These costs will then be recovered from ratepayers.²⁴ After inspection of the new electric and gas facilities, the MHP will then cut over to direct utility service.²⁵ Once constructed, the MHP will retain ownership and maintenance of the newly installed equipment beyond the meter.²⁶ PG&E is merely offering a pass-through mechanism by which the MHPs can afford to replace existing beyond the meter equipment. It never assumes liability or ownership of the beyond the meter equipment.²⁷

V. CONCLUSION

PG&E's proposal is the only option for ensuring the safe and reliable transfer of MHP submeter service to direct utility service. The Joint Parties' proposal will affect little to no change due to its limited conversion credits and overall failure to address safety and reliability issues within existing utility systems. Therefore, the Commission should adopt PG&E's MHP conversion proposal.

²² Joint Parties, Opening Brief, p. 13.

²³ Ex. 3, PG&E/Haley, p. 2-5.

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.* at p. 2-6.

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Respectfully submitted,

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