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.	R.11-02-018 (Filed February 24, 2011)

MOBILE HOME PARKS AND MANUFACTURED HOUSING COMMUNITIES
SERVICE TRANSFER TO ELECTRIC AND GAS CORPORATIONS

R.11-02-018

SUPPLEMENTAL OPENING BRIEF OF PACIFIC GAS AND ELECTRIC COMPANY

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SUMMARY OF RECOMMENDATIONS

Pursuant to California Public Utilities Commission Rule 13.11, Pacific Gas and Electric Company (PG&E) provides the following summary of its recommendations:

- The Commission should approve PG&E's voluntary and ongoing mobile home park (MHP) conversion program, including ratepayer funding for both to-the-meter and beyond-the-meter replacement of utility infrastructure, as well as outreach, education, and credit proposals, as reasonable and necessary to address the safety, reliability, and capacity issues at MHPs.

- The Commission should determine that the beyond-the-meter work is necessary to fully resolve the safety, reliability, and capacity issues at MHPs and to make PG&E's to-the-meter utility facilities used and useful.

- The Commission should determine that it is appropriate and in the interests of MHP resident safety, reliability, and capacity, as well as utility efficiency, to continue a MHP conversion program beyond an initial term, review annual report data, and conduct ongoing periodic assessments as necessary.

- The Commission should determine that PG&E's cost estimates, ratemaking, and cost recovery mechanism are reasonable, including the following elements:
    - Cost Estimates: PG&E's estimated per-unit, and MHP conversion program cost estimates, as provided in Exhibit 3, and the resulting initial forecast revenue requirements as provided in Exhibit 19.
    - Cost Recovery:
        - PG&E's proposal to recover MHP conversion program expenditures on a forecast basis, including any difference between the adopted and the actual expense and capital revenue requirement, from its gas and electric customer classes paying for distribution costs.

SUMMARY OF RECOMMENDATIONS
(continued)

  - PG&E's proposal to establish new two-way mobile home park balancing accounts (MHPBA), one for electric customers and one for gas customers, to record the difference between the adopted and the actual expense and capital revenue requirement associated with MHP conversion costs.
  - PG&E's proposal to transfer any MHPBA balances to the Distribution Revenue Adjustment Mechanism, Core Fixed Cost Account, or Non-core Fixed Cost Account annually to be recovered in the AET or AGT advice letters.
  - PG&E's proposal to move the ongoing revenue requirement associated with converted MHPs from the MHPBAs to its GRC revenue requirement in the next GRC following each MHP conversion.

- The Commission should determine that PG&E's proposed annual reporting process is reasonable and appropriate to provide sufficient opportunity for the Commission and parties to conduct ongoing, periodic assessments of the MHP conversion program and augment the program, if warranted.

- The Commission should determine that PG&E's proposed post-rulemaking activities, including development of a standardized program agreement contract, and utility development of the appropriate program information to be provided annually during the MHP conversion program, are reasonable for MHP conversion program implementation.

- The Commission should determine that PG&E's proposed MHP conversion program provides an additional option to MHP owners and does not replace or terminate the existing statutory transfer process as defined by Pub. Util. Code §2791 et seq.

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I. INTRODUCTION

Pursuant to the July 17, 2013 Assigned Commissioner's Amended Scoping Memo and Ruling in Rulemaking (R.)11-02-018, Pacific Gas and Electric Company (PG&E) files its supplemental opening brief in this matter.[1] To appropriately address the safety, reliability, and capacity issues of this rulemaking, PG&E respectfully requests that the Commission adopt a voluntary and ongoing Mobile Home Park (MHP) conversion program, funded by ratepayers through the use of new two-way balancing accounts, for the installation of new utility-direct gas and electric service to the point of connection at each mobile home.

PG&E's proposed MHP conversion program will address the safety, reliability, and capacity issues at MHPs once and for all. Although the exhibits submitted by all parties have shown the ratepayer impacts to be manageable, to further temper annual impacts, PG&E proposes annual MHP conversion program participation controls coupled with the capitalization (not expense) of the beyond-the-meter costs.

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1 On the final day of hearings, September 10, 2013, the Assigned ALJ modified the due dates for supplemental opening and reply briefs to October 8, 2013 and October 18, 2013, respectively. Tr. Vol. 2, p. 361, line 2-5.

A. Procedural Background and Overview

On August 20, 2010, the Western Manufactured Housing Communities Association (WMA) filed a petition for rulemaking to develop a more streamlined process to transfer MHP operated utility systems to the local investor owned utilities. On February 24, 2011, the Commission opened an Order Instituting Rulemaking (R.11-02-018). Following several workshops and unsuccessful settlement discussions, Assigned Commissioner Florio issued a Scoping Memo on May 17, 2012, directing the parties to submit cost estimates for conversion of an exemplar MHP on July 13, 2012, and serve direct testimony on October 5, 2012, and rebuttal testimony on October 25, 2012. After fully briefing the case and subsequent procedural activities, on July 17, 2013 the Assigned Commissioner issued a second amended ruling and scoping memo changing the procedural categorization to ratesetting, requiring the submission of additional testimony, and scheduling two days of evidentiary hearings. Additional testimony was served on August 19, 2013 and rebuttal testimony was served on August 30, 2013. Hearings in this matter concluded on September 10, 2013.

Parties to this proceeding have, generally, aligned into two MHP conversion program proposals; one that will change the status quo and one that will not.[2] PG&E and Southwest Gas Corporation (SWGas), supported by Golden State Manufactured Home Owners League (GSMOL), WMA, San Luis Rey Homes (SLRH), and Coalition of California Utility Employees (CCUE), propose a comprehensive MHP conversion program focused on MHP utility safety, reliability, and capacity that includes ratepayer funding for replacement of MHP utility infrastructure to-the-meter and beyond-the-meter.[3] These parties recommend that the MHP conversions continue, with annual program reporting to this Commission, until all pre-1997 master-metered MHPs have been converted to direct utility service, or until such time as the Commission affirmatively terminates the program.

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2 As described by Assigned Commissioner Florio at the March 4, 2013 workshops.

3 To-the-meter utility facilities include all infrastructure and substructures necessary to complete the distribution and service line extensions up to and including the individual meter, and will be owned and operated by the certificated utility. Beyond-the-meter utility facilities include all infrastructure and substructures necessary to complete the extension of facilities from the electric meter pedestal or gas riser to the point of connection on the mobile home, and will be owned and maintained by the MHP owner.

Meanwhile, Southern California Edison (SCE), Southern California Gas (SoCalGas), San Diego Gas and Electric (SDG&E), Liberty Utilities, (Liberty) LLC, Bear Valley Electric Service (BVES), and PacifiCorp d.b.a. Pacific Power (PacifiCorp), supported by the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN), collectively, the Joint Parties, originally proposed a five-year MHP conversion program limited to approximately 2 percent of MHP spaces per year (10 percent of total MHP spaces) with to-the-meter per-space ratepayer funding limited to $4,000 per commodity and no ratepayer support for replacement of customer service facilities beyond-the-meter. The Joint Parties now propose a three-year pilot MHP conversion program that aims to moderate rate impacts by limiting ratepayer funding and program participation to a total of approximately 2% of each utility's MHP spaces.[4] These parties propose ratepayer funding for only the replacement of utility infrastructure to-the-meter. However, DRA, unable to support ratepayer funding of to-the-meter work, proposes a 50/50 cost sharing between MHP owners and ratepayers of to-the-meter costs with no support for beyond-the-meter work. Finally, these parties recommend that, after an initial three-year program term, the MHP conversion program be suspended pending a report and analyses to determine if the program should be continued, and in what form.

II. JURISDICTION AND AUTHORITY

The Commission has broad authority[5] to approve PG&E's proposed MHP conversion program, including the provisions for ratepayer funding of costs that are typically the responsibility of the property owner pursuant to utility line extension rules (Gas and Electric Tariff Rules 16), as the Commission has done in similar circumstances. For example, in 1982, the Commission approved the recommendation of SDG&E "that we make Rule 20 funds available for work on customer services (from the street to the point of connection with customer wiring), work which is now done solely at consumer expense when there is an underground conversion."[6]

In that case, SDG&E had argued that denying ratepayer funding for trenching and electric

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4 2.8% for SCE, 2.0% for SoCalGas, 1.5% for SDG&E. Joint Parties, Exh. 17, p. 9, line 6-11.

5 Pub. Util. Code §701.

6 D.82-01-18, 7 CPUC 2d 757, 770.

service conversions on private property would have a disabling impact on residential and low income customers:

> San Diego urged that additional Rule 20-A funds be made available for service conversion. It claimed that unless we [the Commissioners] adopt such a rule, undergrounding may cease in residential and low-income commercial areas. Both of its witnesses testified that there is a growing reluctance and inability to pay for the rapidly increasing cost of trenching and reconstruction. [San Diego] introduced evidence showing that the average cost of service conversion was approximately $250 in 1968 [when Rule 20 was first adopted] and that it has increased to $800 or even $1,000 today.[7]

While the Commission did not adopt the entirety of SDG&E's position, it did authorize ratepayer funding for costs that are typically the responsibility of the property owner, and allowed the utilities to capitalize in utility rate base the cost of up to 100 feet of the customer's underground service lateral.[8]

Later, following a meeting with Assigned Commissioner Conlon, the Commission also approved the utilities' proposal to include the cost of meter panel conversions, historically the responsibility of the property owner, to ensure the success of the electric undergrounding program.[9] The approval allowed the utilities to rate base the cost of the electric service panel conversions as such conversions were necessary to make the facilities "used and useful."

Furthermore, the Commission's authority to approve PG&E's proposal is not constrained by the existing MHP transfer statute. Public Utilities Code defines the existing statutory transfer process provisions;[10] however, the existing transfer process provisions do not preclude the Commission from adopting a new program, pursuant to its broad authority,[11] that supplements, not replaces, the existing MHP transfer program. Should the Commission approve the MHP conversion program proposal of PG&E, such approval will not repeal the existing MHP transfer process – those MHP owners who believe their submetered systems meet current requirements may seek just compensation for those systems under the current statutory transfer process.

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7 *Id.* at 765.

8 D.82-01-18, 7 CPUC 2d 757, 772.

9 Exh. 22 (SCE), p. 1.

10 AB 622; Pub. Util. Code §2791 et seq.

11 Pub. Util. Code §701.

The decision at hand for the Commission is one of policy regarding the safety, reliability, and capacity of MHP utility systems – it is not a question of legal authority.

III. ISSUES

No one in this proceeding has disputed that, as a general rule, the utility systems in master-metered MHPs are characterized by safety, reliability, and capacity issues; that these MHP systems lack the construction documents, maintenance records, and history of regular replacements and upgrades as seen in directly served MHPs. Most of these master-metered MHP systems are at or reaching the end of their useful life[12] and, as a result, master-metered MHP residents do not receive the same level of safe and reliable service as directly served MHPs. Also, no one has disputed that the decade old effort to transfer master-metered parks to direct utility service[13] has not succeeded[14] to provide a viable mechanism to address MHP safety and reliability issues. In those few cases where MHP owners were interested, they were unable to obtain long-term financing or underwrite the costs[15] to upgrade or replace the existing utility service system.

No one has disputed that the MHP conversion program applicant pledge[16] will contribute an immaterial amount toward MHP conversion costs.[17] Furthermore, no one has disputed that there exists few options to resolve the safety, reliability, and capacity issues of this rulemaking, absent forcing many MHPs to shut down and displace the same innocent MHP residents.

To address these issues, PG&E and SWGas propose a voluntary MHP conversion program designed to change the status quo and, once and for all, bring master-metered MHP utility systems under direct utility service and CPUC regulation. Under this proposal, PG&E will work with participating

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12 Tr. Vol. 2, p. 191, line 19-22, Joint Parties/Karle. See also Exh. 6 (WMA/McCann), p. 4, line 5-7.

13 AB 622; Pub. Util. Code §2791 et seq.

14 P.10-08-016. The initial petition is the impetus for this rulemaking (R.11-02-018) that now seeks to determine what the Commission can and should do to encourage the transfer of master-metered service to direct utility service.

15 Exh. 21(WMA/McCann), p. 7, line 7-10.

16 July 17, 2013 Assigned Commissioner's Second Amended Ruling and Scoping Memo, Attachment B. The applicant pledge would require a MHP owner to contribute master-meter discount revenues in excess of expenditures toward MHP conversions, from the time of MHP conversion program application to project completion.

17 Exh. 17 (Joint Parties), p. 14, line 3-8. See also Exh. 20 (PG&E/Domingos), p. 5, line 21-25; Exh. 19 (SWGas/Congdon), p. 4, line 27 to p. 5, line 2.

MHP owners and residents to install new direct-service gas and/or electric utility systems parallel to existing MHP systems, and switch the MHP residents to the new utility system until such time as the Commission terminates the MHP conversion program or all pre-1997 master-metered MHPs are converted.[18] Should the Commission elect to terminate the MHP conversion program at the end of three years or any subsequent time, PG&E will complete conversion of MHPs for which a conversion agreement has been executed by the date of program termination.[19] The newly installed systems, to-the-meter, will be owned and operated by PG&E under CPUC jurisdiction.[20]

PG&E proposes to capitalize customer-owned facilities beyond-the-meter, including installation of the individual electric meter pedestals and electrical wiring from each electrical meter panel pedestal to the point of connection of each mobile home, and gas houseline plumbing from the PG&E riser to the home connection.[21] Legacy MHP systems will remain the property and responsibility of the MHP owner, including decommissioning.[22]

Under PG&E's proposal, the CPUC and the Department of Housing and Community Development (HCD) would maintain jurisdictional authority over the safety of natural gas, propane, and electric distribution systems until system cut-over from MHP owned master-metered facilities to utility direct service, at which time operational responsibility for the new system, up to the service delivery point (including the individual meter) would transfer to the certificated utility[23] and safety jurisdictional authority would, thereafter, be consolidated under the CPUC.[24]

PG&E proposes an outreach and education effort to inform MHP owners, MHP residents, local agencies, and other interested parties and to ensure a smooth transition from MHP sub-metered systems to direct utility service.[25] Additionally, PG&E proposes to waive the initial credit check, and potential

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18 Exh. 19 (PG&E/Domingos), p. 1-1, line 19-21.

19 *Id.* at line 21-24.

20 Exh. 3 (PG&E/Fernandez), p. 1-1, line 18-23.

21 Exh. 3 (PG&E/Fernandez), p. 1-3, line 4-8.

22 Exh. 3 (PG&E/Haley), p. 2-4, line 17-18.

23 Exh. 3 (PG&E/Fernandez), p. 1-2, line 7-18.

24 *Id.* at line 18-19.

25 Exh. 3 (PG&E/Fernandez), p. 1-3, line 21-24.

service deposit, for converted MHP residents.[26] After MHP conversion, any new MHP resident would be subject to existing credit check, service deposit, and service shut-off provisions as defined in Rule 11.[27]

PG&E also proposes the use of two-way balancing accounts to track program costs, and that the costs be recovered on a forecast basis from gas and electric customers paying distribution costs. PG&E proposes that these balancing accounts be trued-up to actual costs annually in rates through existing mechanisms, and that all MHP conversion costs are pre-authorized by the CPUC. These costs would be subject to standard CPUC audit,[28] and not subject to further reasonableness reviews.

A. Policy, Safety and Reliability

The original order opening this rulemaking identified three broad issues of "undisputed merit." First among these was ensuring the safety and reliability of utility service to residents at MHPs. At the time of the opening of this rulemaking, the parties agreed that existing MHP submeter service may pose safety risks to MHP residents.[29]

This safety and reliability issue was underscored by MHP owners' survey responses which confirmed that many of these parks lack any as-built plans, drawings, or maps of the existing facilities, and facilities were actually replaced due to deterioration or failure.[30] The rebuttal testimony of San Luis Rey Homes (SLRH) illustrated that potential problems are not just theoretical and further show the existence of an imminent safety risk.[31]

Additionally, and as indicated by witness Haley in PG&E's October 5, 2012, testimony,[32] although few in absolute numbers, all of the MHP systems evaluated to date have resulted in a

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26 Exh. 3 (PG&E/Ernst), p. 3-6, line 27-28.

27 Exh. 3 (PG&E/Ernst), p. 3-6, line 28 to p. 3-7, line 2.

28 Tr. Vol. 2, p. 249, line 10-11. PG&E/Hoglund.

29 Order Instituting Rulemaking, February 24, 2011, p. 14. Parties agreed that ensuring the safety and reliability of systems should be one of the top three objectives of the rulemaking.

30 Exh. 16 (DRA), p.1, question 11 and p. 2, question 14.

31 Exh. 7 (SLRH/Rosen), p. 5.

32 Exh. 3 (PG&E/Haley), p. 2-1, line 24-27.

recommendation for complete replacement to avoid safety concerns. No part of these MHP systems was in a condition sufficient to meet current utility standards for safety and reliability. Furthermore, most master-metered MHP utility systems are at least 30 to 40 years old, with a few as old as 70 years,[33] and most are reaching the end of their useful lives.[34]

In fact, subsequent rounds of testimony and evidentiary hearings have highlighted, not diminished, the safety, reliability and capacity issues at MHPs. Both SCE and SoCalGas, in 2011, identified numerous violations of General Order (GO) 95 and GO 128 that pose safety and reliability concerns at MHPs,[35] and may continue to jeopardize MHP resident safety even today.

Furthermore, the lack of standard 100-amp utility service jeopardizes the safety and well-being of MHP residents living with conditions that require medical baseline service. Such residents are frequently required to manage their health problems without the benefit of air conditioning as their current sub-meter service of 30-50 amps is inadequate to support the needed electric demand.[36]

On May 17, 2012, the Assigned Commissioner issued an amended ruling and scoping memorandum that repeated the undisputed issue of MHP utility safety and reliability, and required parties to submit prepared testimony to explain how their proposal would address these issues.[37] On July 17, 2013, the Assigned Commissioner issued a second amended ruling and scoping memorandum expressing doubt as to whether the Joint Parties' proposal, put forth on October 12, 2013, in response to the July 17, 2013, ACR, "provides enough incentive to increase prior, low conversion rates in any significant way."[38]

> 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

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33 Order Instituting Rulemaking, February 24, 2011, pp. 10-11. See also Tr. Vol. 2, p. 191, line 19-22, Joint Parties/Karle; Exh. 6 (WMA/McCann), p. 4, line 5-7.

34 Exh. 6 (WMA/McCann), p. 4, line 5-7.

35 Tr. Vol. 1, p. 51, line 26, Joint Parties/Martinez; Tr. Vol. 1, p. 54, line 22, Joint Parties/Hayes.

36 Tr. Vol. 2, p. 343, line 5-15, WMA/McCann.

37 May 17, 2012 Assigned Commissioner's Amended Ruling and Scoping Memo, p. 6.

38 July 17, 2013 Assigned Commissioner's Second Amended Ruling and Scoping Memo, p. 3.

> 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.[39]

The Joint Parties have promulgated several MHP conversion programs throughout this rulemaking, ranging from education of MHP owners[40] to progressively higher, limited, credit for conversion of utility infrastructure.[41] In supplemental testimony submitted in advance of the most recent hearings, the Joint Parties propose ratepayer funding for MHP conversion costs to-the-meter and would leave completely unfunded any necessary retrofits beyond-the-meter. However, the Joint Parties' current proposal put forth on August 19, 2013 still fails to provide a comprehensive program with sufficient incentives that will increase the transfer of master-metered MHP service to direct utility service and rectify the safety and reliability issues identified in this OIR and by the Joint Parties back in 2011.[42]

The Joint Parties also would require in its program eligibility criteria that MHP owners ensure that beyond-the-meter facilities are capable of supporting 100-amp service.[43] In fact, however, existing California MHP regulations do not require the MHP owner to replace existing facilities to accept 100-amp service.[44] Title 25 of the California Code of Regulations does not require replacement of existing 30 or 50 amp meter pedestals. Furthermore, under existing CPUC decisions, if those beyond-the-meter facilities must be replaced as a condition of participation in the Joint Parties' proposed program, the MHP owner may surcharge the MHP residents for the cost of the beyond-the-meter facility replacements.[45]

Even where beyond-the-meter costs are not shifted to MHP residents through increased rents, the increased burdens on MHP owners as a result of the Joint Parties' proposal will limit participation in this

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39 *Ibid.*

40 Tr. Vol 1, p. 21, line 10-11, Joint Parties/Hayes.

41 Exh. 2 (Joint Parties), Exh. 19 (Joint Parties).

42 Exh. 25 (SCE), pp. 5-12; Exh. 26 (SDG&E), pp. 10-26.

43 Tr. Vol. 1, p. 55, line 15-21, Joint Parties/Hayes.

44 *Mobile Home Parks and Installation Regulations*, Cal. Code Regs., tit. 25, §1180(b).

45 D.04-04-043 (R.03-03-017; I.03-03-018; C.00-01-017), *mimeo,* April 22, 2004, App. A, pp.4-6.

voluntary safety and reliability enhancing program. Unfortunately, it may be those MHPs most in need of safety and reliability improvements that are less able to pass on the extra cost or absorb the extra burden.

The MHP conversion proposals of PG&E and SWGas do not artificially limit participation in the MHP utility system conversion program or impose barriers to that participation, and ensure that utility connections to resident housing have been upgraded and inspected for safety to guarantee these future utility customers receive full benefit of the new utility systems. As such, the PG&E and SWGas proposals fully align with the goals of the OIR and ensure MHP residents are provided safe and reliable natural gas and electric utility service.

B. Regulatory

1. Mobile Home Park Prioritization

PG&E and SWGas propose a process whereby the Commission, in consultation with HCD and/or the responsible city or county regulatory agencies, work to ensure MHPs with safety and reliability issues are identified and given the appropriate prioritization.[46]

The Joint Parties correctly identified SED as the agency with inspection jurisdiction over gas systems; however, the Joint Parties recommend conversion of electric facilities in dual-commodity MHPs follow the gas prioritization, or be "prioritized" on a first come, first serve basis without consideration of electric safety or reliability.[47] The Joint Parties do not propose any means of incorporating information from HCD or other city or county regulatory agency with inspection authority to more appropriately prioritize both gas <u>and</u> electric system conversions. The exclusion of electric-only facility safety in MHP conversion prioritization will lead to a situation where electric-only parks with safety issues are not prioritized and, as a result, MHP residents may continue to experience safety,[48] reliability, and capacity issues, [49] indefinitely.

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46 Exh. 3 (PG&E/Haley), p. 2-6, line 18 to p. 2-7, line 14. See also Exh. 19 (PG&E/Domingos), p.1-2, line 5-7.

47 Tr. Vol 1, p. 22, line 27 to p. 23, line 6, Joint Parties/Hayes. See also Exh. 17 (Joint Parties), p. 3, line 6-8.

48 Exh. 25 (SCE), pp. 5-12; Exh. 26 (SDG&E), pp. 10-26.

49 Exh. 4 (PG&E/Fernandez), p. 4, line 7-16.

PG&E and SWGas' comprehensive prioritization proposal, through batch processing,[50] should be adopted because it avoids unnecessary re-prioritization effort by the appropriate agencies, and better ensures the safety and reliability of natural gas and electricity utility service are fully considered.

2. Timelines

Recognizing the MHP safety and reliability issues that must be addressed, the July 17, 2013, Assigned Commissioner's ruling (ACR) provided a preliminary framework for an initial MHP conversion program.[51] To most efficiently implement a MHP program and meet the goals of the ACR to begin conversion of MHPs as soon as is practicable, PG&E proposes to accept and process interest applications on an ongoing basis until all pre-1997 MHPs are converted to direct utility service or until such time as the Commission elects to terminate the MHP conversion program.[52] As described in testimony, it is necessary to manage MHP conversions as they are received and prioritized by SED and HCD,[53] as opposed to the approach suggested by the July 17, 2013, ACR. Additionally, WMA agrees with the proposals of PG&E and SWGas, advocating that the Commission commit to a continuing MHP conversion program beyond an initial three-year evaluation period[54] to ensure longer-term success and reduce programmatic uncertainty that may act as a further barrier to participation.

The Joint Parties, however, propose a restrictive 90-day "open season" interest window during the first year in which MHP owners must demonstrate their interest in participating in the MHP conversion program and,[55] only if the MHP conversion program is continued, would there be another "open season" period.[56] As explained by witness Domingos, new utility programs take time to develop and build participation as eligible applicants ask questions and consider their options.[57] MHP owners

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50 Tr. Vol. 2, p. 315, line 9-20, PG&E/Domingos.

51 July 17, 2013 Assigned Commissioner's Second Amended Ruling and Scoping Memo, Attachment A.

52 Exh 19 (PG&E/Domingos), p 1-1, line 15-21.

53 Exh. 19 (PG&E/Domingos), p. 1-3, line 1-13.

54 Tr. Vol. 2, p. 345, line 10-21, WMA/McCann.

55 Exh. 17 (Joint Parties), p. 10, line 7-10.

56 Tr. Vol. 1, p. 119, line 25-27, Joint Parties/Hayes.

57 Tr. Vol. 2, p. 280, line 18-21, PG&E/Domingos.

will likely be unable to fully consider impacts on their property and the safety and convenience of their residents in just a 90-day open season. Not only is the Joint Parties' proposal unrealistic, but it will be unfair to most MHP owners and MHP residents.[58] In the absence of a continuing program and specified number and timing of future "open seasons," such constraints will in fact limit participation as interest in new utility programs takes time to develop and uncertainty as to whether a MHP program will exist in the future.[59]

Further, the Joint Parties propose to begin pre-construction visits with MHP owners prior to the SED completing the appropriate prioritization. Ostensibly this may speed up the MHP conversion process by obtaining necessary MHP-specific site data earlier; however, should a MHP not be prioritized, ratepayer funds will have been wasted on unnecessary activities.

As a result, PG&E and SWGas believe that accepting applications on a rolling basis throughout the duration of any MHP conversion program and collecting pertinent MHP site-specific data after receiving prioritization recommendations from SED and HCD provides the most efficient use of ratepayer funds, and allows for the conversion of MHPs as soon as is practicable. This approach, coupled with the Commission's commitment to continue the MHP conversion program, avoids hasty decisions of MHP owners and the creation of programmatic uncertainty that is guaranteed to limit participation and impede achievement of the goals of this OIR.

3. Program Reporting

To provide the Commission and parties with the opportunity to promptly review pertinent program data and make programmatic changes if necessary,[60] PG&E proposes annual reporting, and has recommended that the utilities work jointly to develop the annual report.[61] PG&E has also suggested

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58 WMA represents 40% of MHP owners (R.11-02-018, p. 11). While it can be expected that WMA would ensure that its members are advised of the "opens season" and receive informational material on the program, not every MHP owner will have equal access to the same opportunity.

59 Exh. 4 (PG&E/Fernandez), p. 6, line 12. See also Tr. Vol. 2, p. 341, line 15-25, WMA/McCann.

60 Exh. 19 (PG&E/Hoglund), p. 1-5, line 14 to p. 1-6, line 2.

61 Exh. 3 (PG&E/Hoglund), p. 4-5, line 1-2.

that the annual reporting does not preclude the Commission and parties from performing a more comprehensive analysis at the end of the three-year initial evaluation period.[62]

The Joint Parties propose that extensive data be collected and reported 4 years after the start of a MHP conversion program,[63] without any evidence to suggest such data will be accurately reported by program participants, or such data will be of higher value than currently available MHP transfer program costs. Expending time and effort to track and report data without any guarantee of accuracy, and with no clear purpose is unlikely to produce meaningful results.[64]

More importantly, PG&E believes that stopping the MHP conversion program after three years will be detrimental to the long-term success of the MHP conversion program and the safety of MHP residents. PG&E proposes that, to efficiently and effectively address issues raised in this OIR, the Commission should accept interest applications on an ongoing basis, and allow the utilities to jointly develop an annual report to help facilitate continuous program evaluation and improvement. Such an approach alleviates the need for the Commission to make a determination now on relevant program data, and meets the goal of the July 17, 2013, ACR to have a prompt assessment of the program.

C. Program Cost and Ratemaking

The issues concerning program cost and ratemaking break down into three broad issues: (1) to-the-meter program costs, (2) beyond-the-meter program costs, and (3) cost recovery and ratemaking, as summarized here and discussed in more detail in the following sections.

First, regarding to-the-meter program costs, limiting ratepayer funding to the conversion of gas and electric facilities to-the-meter as the Joint Parties propose, or providing a 50/50 cost sharing between MHP owners and ratepayers as DRA has proposed, does not provide sufficient incentive for MHP owners to participate in a voluntary conversion program and will either limit participation or shift costs to MHP residents, or both.

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62 Tr. Vol. 2, p. 253, line 25-27, PG&E/Hoglund.

63 Tr. Vol. 1, p. 78, line 10-19, Joint Parties/Hayes.

64 Exh. 4 (PG&E Fernandez), p. 5, line 9-18.

Second, with respect to beyond-the-meter, although the Joint Parties propose a credit for the conversion of gas and electric facilities to-the-meter, they propose no credit for conversion of facilities beyond the meter; a flaw which could be fatal to the entire point of this Rulemaking – to enhance MHP resident utility safety and reliability by encouraging MHP owners to convert their systems to direct utility service. Although the Joint Parties may believe the Commission lacks jurisdiction beyond-the-meter, the Commission clearly has jurisdiction, and in fact exercised this very jurisdiction in a similar context in 1982 at SDG&E's own urging.

Finally, PG&E's proposed MHP conversion program, which includes ratepayer funding for the replacement of to-the-meter and beyond-the-meter utility facilities, will spread those costs over the life of the assets, result in a *de minimis* change[65] in the average residential monthly bill for PG&E's electric and gas distribution customers and,[66] through the use of two-way balancing accounts, will ensure only actual conversion program costs will be recovered in rates.

1. To-the-Meter

With this OIR, the Commission has recognized that the existing process of transitioning master-metered MHPs to direct utility service has not worked. Along with SWGas, PG&E has responded with a completely new approach to install new direct-service gas and/or electric utility systems parallel to existing MHP systems, up to and including the meter, to be owned and operated by the certificated utility.[67]

Although the Joint Parties have shown that the cost to convert MHP utility systems, to-the-meter, would be approximately $21,130 per MHP space,[68] and approximately $11,893[69] per space for beyond-the-meter, the Joint Parties now propose credit for the conversion of gas and electric facilities to-the-meter, yet no credit for conversion of facilities beyond-the-meter. At the same time, the Joint Parties offer no evidence that limiting the credit to conversion of facilities to-the-meter, while at the same time

65 Tr. Vol. 2, p. 227, line 4-5, PG&E/Hoglund.

66 Exh. 19 (PG&E/Hoglund), p. 1-5, table 2.

67 Exh. 3 (PG&E/Fernandez), p. 1-1, line 18-23.

68 Exh. 1 (Joint Cost Report/SCE), p. 38, line 28; Exh. 17(Joint Parties/SoCalGas), p. 4, Table 1.

69 Exh. 1 (Joint Cost Report/SCE), p. 38, line 29; Exh. 17(Joint Parties/SoCalGas), p. 17, Table 3.

requiring the MHP owner of the individual residents to bear the full costs for beyond-the-meter work (e.g. 100 amp pedestal), provides sufficient incentive for a MHP owner to participate in a voluntary conversion program and resolve the undisputed safety problems.

DRA's approach would shift even more of the cost burden to MHP owners and residents through a proposed alternative 50/50 cost sharing between the utility and MHP owners of only the to-the-meter cost.[70] DRA's proposal does not adequately address the doubt expressed by the Assigned Commissioner in the July 17, 2013 second amended scoping memorandum regarding the efficacy of the prior, limited credit proposed by the Joint Parties.[71]

Furthermore, DRA's focus on an alleged "windfall" for MHP owners[72] ignores the true beneficiaries of a successful MHP conversion program – the MHP residents that have been paying utility rates and living with unsafe and sub-standard utility service.

Additionally, DRA, based on an erroneous calculation of MHP owner knowledge of the existing transfer process, concludes that education on the existing transfer process is a more appropriate next step.[73] In fact, the vast majority of MHP owners surveyed, almost 60 percent, were aware of the existing transfer process.[74] DRA also fails to acknowledge that MHP owner cost responsibility is a leading reason for the lack of historical MHP transfers.[75]

Regrettably, the cost barriers the Joint Parties and DRA claim to alleviate[76] in their proposal will persist and impede the goals of this OIR to increase MHP conversions to direct utility service and eliminate safety and reliability issues identified in this OIR. To ensure the success of this OIR, proposals that limit credit to only conversion of utility service to-the-meter and place cost burden on

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70 Exh. 17 (Joint Parties), p. 20, line 14-17.

71 On October 5, 2012, the Joint Parties (including DRA) proposed a limited per-space to-the-meter conversion credit of $4,000 ($8,000 for dual-commodity spaces).

72 Exh. 17 (Joint Parties), p. 21, line 5-6.

73 Exh. 17 (Joint Parties), p. 18, line 11-13.

74 Exh. 20 (PG&E/Domingos), p. 4, line 22-27.

75 Exh. 25 (SCE), p.13.

76 Exh. 2 (Joint Parties), p. 1, line 10-16; Exh. 17 (Joint Parties), p. 2, line 17-19.

MHP owners or residents should be rejected in favor of the MHP resident-focused proposals offered by PG&E and SWGas.

2. Beyond-the-Meter

PG&E and SWGas have concluded that MHP utility reliability problems cannot be completely resolved and resident safety cannot be completely assured unless newly installed directly served utility systems are connected to a "service delivery point" that has been installed under permit by a licensed contractor, inspected by local building authorities and approved as safe and adequate for the anticipated resident service loads.[77] Asking utility ratepayers to support the connection of new, directly served utility systems to 50-year old, inadequate and potentially unsafe electric service pedestals and gas houselines does not appropriately address the issues identified in this OIR.

Additionally, it would be imprudent to shift those beyond-the-meter costs to MHP owners knowing that such a shift would have a direct effect to limit participation in the conversion program and adversely impact the effectiveness of the Commission's safety and reliability goals. Moreover, it would be unfair to shift the beyond-the-meter costs to MHP residents (either directly or indirectly) knowing that these individuals, as a whole, are least able to bear that additional cost.[78] Including the beyond-the-meter work would not only meet the goals of the OIR to encourage MHP conversions, but ensure uniform utility service to all MHP residents.[79]

For this reason, PG&E and SWGas both propose that MHP service conversion work continue beyond-the-meter.[80] Under PG&E's proposal, the MHP owner will select licensed electrical and/or plumbing contractors to install new utility service delivery points – new electric pedestal and service panel and a new gas meter pedestal and houseline – with these costs included in the MHP conversion program and recovered from ratepayers.[81] As with customer-owned equipment in Rule 20 projects,

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77 Exh. 4 (PG&E/Fernandez), p. 3, line 20 to p. 4, line 3. See also Exh. 5 (SWGas/Grandlienard), p. 4, line 15-21.

78 Pub. Util. Code §739.5.

79 Exh. 5 (SWGas/Grandlienard), p. 4, line 9-12.

80 Exh. 3(PG&E/Haley), p. 2-5, line 9-16. Also see Exh. 3 (SWGas/Grandlienard, p. 5-8, line 11; Exh. 19 (PG&E/Domingos), p1-1, line 25-27.

81 Exh. 3 (PG&E/Haley), p. 2-5, line 11-16 and p. 2-6, line 2.

facilities installed by the MHP selected contractors will be not be owned by the utility, will not include internal mobile home coach wiring or plumbing, will not need to be deeded to the MHP owner upon completion, and will not alter tariffed utility or property owner responsibilities.[82]

Critically, the proposed MHP conversion program includes permits and inspection of the new individual customer service electric and gas facilities, by the local general purpose government authority; this approval would be required prior to cut-over to direct utility service to ensure safety of the MHP residents.[83] Parties agree that the beyond-the-meter facilities terminate at connect points on the outside of the mobile home coach and do not include wiring or gas plumbing inside the coach itself.[84]

Despite recognition that MHP owner cost responsibility is a leading reason for the lack of historical MHP conversions,[85] the Joint Parties continue to propose zero credit for the beyond-the-meter work.[86] This savings-over-safety approach is a misguided attempt to limit program costs. As the Joint Parties themselves have estimated, per-space beyond-the-meter costs for both commodities, served by SCE and SoCalGas, would be approximately $11,893,[87] or approximately 36% of the total conversion cost. Excluding the only realistic source of funding will only serve to limit MHP participation while ignoring continued MHP utility safety and reliability risks for MHP residents, and provide no guarantee that the safety and reliability improvements will actually benefit those MHP residents. Furthermore, as discussed above, the MHP owner is not prohibited from passing these incremental costs on in rents to the same financially-constrained MHP residents[88] this conversion program is intended to help.

Further exacerbating the safety issue and contrary to the Joint Parties' program requirement that the MHP owner replace the beyond-the-meter facilities, new utility facilities will in fact be connected to

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82 Tr. Vol. 2, p. 329, line 20 to p. 331, line 2, SWGas/Grandlienard.

83 Exh. 3 (PG&E/Haley), p. 2-5, line 21-23.

84 Tr. Vol. 1, p. 139, line 10-13, Joint Parties/Hayes. See also Tr. Vol. 2, p. 312, line 9-23, WMA/McCann; Exh. 3 (PG&E/Haley), p. 2-5, line 11-16; Tr. Vol. 2, p. 287, line 4-19, PG&E/Domingos.

85 Exh. 25 (SCE), p.13.

86 Exh. 2 (Joint Parties), p. 5, line 1-3. See also Exh. 17 (Joint Parties), p. 5, line 14-18.

87 Exh. 1 (Joint Cost Report/SCE), p. 38, line 29; Exh. 17 (Joint Parties/SoCalGas), p. 17, Table 3.

88 D.04-04-043 (R.03-03-017; I.03-03-018; C.00-01-017) , *mimeo,* April 22, 2004, App. A, pp.4-6.

decrepit electric panels and gas houselines that may be over 50 years old with little or no inspection or maintenance history, and no requirements in existing California MHP regulations that a MHP owner upgrade existing facilities beyond-the-meter.[89]

Additionally, the Joint Parties erroneously believe that the point of demarcation for utility facilities is the individually metered customer service delivery point[90] and that going beyond-the-meter introduces some undefined risk for the utility; however, such risks are fictitious as the traditional roles of utilities, property owners, and local inspection authorities remain unchanged under PG&E and SWGas' proposal.[91]

This proceeding was opened to address the manifest failures of the existing MHP ownership transfer program.[92] Under the existing MHP transfer program, the certificated utility would purchase the MHP's utility system once that MHP owner had paid all costs necessary to bring that master-metered system to current CPUC and utility standards. Often, the MHP owner's cost was hundreds of thousands of dollars – a price that MHP owners could not afford and could not finance. The Joint Parties' limited conversion credit will work exactly the same way, requiring the MHP owners to finance the cost to upgrade or replace major parts of its utility system <u>and at the same time</u> agree to termination of the MHP master-meter discount. Under the Joint Parties' proposals, the owner of a 100-unit MHP would have to pay an estimated $1.2 million for the beyond-the-meter work or shift that cost to MHP residents through rent increases.

All utilities have little experience with MHP conversion under the current MHP transfer program because the current program places too much financial burden on the MHP owner without the financial resources to support that burden. The limited conversion credit proposal of the Joint Parties will have the same result and a decade from now we will be back before this Commission to resolve that failure.

Through PG&E's proposed approach, MHP residents will obtain the full benefit of the new

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89 *Mobile Home Parks and Installation Regulations,* Cal. Code Regs., tit 25, §1180(b).

90 Exh. 17 (Joint Parties), p. 7, line 8-9.

91 Tr. Vol. 2, p. 329, line 20 to p. 331, line 2, SWGas/Grandlienard.

92 AB 622; Public Utilities Code §§ 2791-2799.

utility systems and PG&E will be assured that the residents' gas and electric service delivery points have been inspected and approved in advance of service cut-over without imposing additional, unfunded, obligations on MHP owners or MHP residents.

For these reason, both SWGas and PG&E have concluded that any MHP utility conversion program that places the bulk of the financial burden on MHP owners, while simultaneously eliminating the source of funding for those burdens (the sub-meter discount), will operate as a barrier to participation for the very same mobile home parks and park residents most in need of conversion to direct utility service. Furthermore, the proposals of PG&E and SWGas avoid unnecessarily placing a new financial burden on MHP residents.

3. Cost Recovery and Ratemaking

All parties in this proceeding propose cost recovery on a forecast basis using new two-way balancing accounts to track actual program costs, with regular true-up and recovery from gas and electric customers paying distribution costs.[93] Parties also agree that to address the Commission's goal to balance ratepayer impacts with the safety and reliability issues of this OIR, extending the length of a longer-term MHP conversion program, coupled with annual participation controls, may serve to moderate rate impacts.[94] PG&E also believes that through annual reporting the Commission may review and make adjustments as necessary. Finally, the proposals of PG&E and SWGas provide avenues to methodically wind-down the MHP conversion program, should the Commission affirmatively elect to do so.

PG&E and parties also agree that the Commission may move recovery of the ongoing MHP conversion revenue requirement to each utility's next General Rate Case (GRC) following each MHP conversion.[95] In particular, PG&E proposes that the balancing accounts be trued-up to actual costs

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93 Exh. 2 (Joint Parties), p. 15, line 6 to p. 16, line 23. Exh. 3 (PG&E/Hoglund), p. 4-1, line 27 to p. 4-4, line 20. Exh. 3 (SWGas/Congdon), p. 6-2, line 13 to p. 6-3, line 4. See also Exh. 17 (Joint Parties), p. 22, line 15 and p. 23 line 19-20; Exh. 19 (PG&E/Hoglund), p. 1-3, line 16-23.

94 Exh. 19 (PG&E/Hoglund), p. 1-5, line 10-12; Tr. Vol. 1, p. 149, line 16-20, Joint Parties/Lenart.

95 Exh. 3 (PG&E/Hoglund), p. 4-3, line 30-33. See also Tr. Vol 2., p. 252, line 12-22, SWGas/Congdon; Tr. Vol. 2, p. 151, line 1-12, Joint Parties/Lenart; Tr. Vol. 2, p. 155, line 23-24, Joint Parties/Saxe.

annually in rates through the Annual Electric True-Up (AET) and Annual Gas True-Up (AGT), and all MHP conversion costs are pre-authorized by the CPUC and subject to standard CPUC audit.[96]

Cost recovery on a forecast basis, through two-way balancing accounts, with full recovery of actual costs in the balancing accounts until such time as the ongoing program revenue requirements can be moved to each utility's GRC are undisputed by parties and should be approved.

PG&E proposes to recover MHP conversion costs from its electric and gas customers paying distribution costs.[97] SWGas has proposed a similar allocation of MHP conversion costs to distribution customers through a monthly surcharge between its general rate cases.[98] The Joint Parties also propose to recover MHP conversion costs from electric and gas distribution customers.[99]

As no party has disputed the proposal to recover MHP conversion costs from distribution customers or offered an alternative ratemaking approach, MHP conversion cost recovery from customers paying distribution costs should be approved.

No party has opposed or questioned PG&E's estimated annual program management capital expenditures,[100] to-the-meter per-space MHP conversion capital expenditures,[101] to-the-meter per-space MHP conversion capital expenditures,[102] per-meter MHP conversion customer connection processing expenses,[103] per-unit Operating and Maintenance (O&M) expenses,[104] first-year MHP conversion Outreach and Education start-up operating expenses,[105] annual Outreach and Education program

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96 Exh. 3 (PG&E/Fernandez), p. 1-5, line 22-26.

97 Exh. 3 (PG&E/Hoglund), p. 4-4, line 9-11.

98 Exh. 3 (SWGas/Congdon), p. 6-2, line 13-16.

99 Exh. 17 (Joint Parties), p. 22, line 15.

100 Exh. 3 (PG&E/Haley), p. 2-13, Table 2-1.

101 Exh. 3 (PG&E/Haley), p. 2-14, Table 2-2.

102 Exh. 3 (PG&E/Haley), p. 2-15, Table 2-3.

103 Exh. 3 (PG&E/Haley), p. 2-16, Table 2-4.

104 Exh. 3 (PG&E/Haley), p. 2-17, Table 2-5.

105 Exh. 3 (PG&E/Ernst), p. 3-7, Table 3-1 line 1.

management operating expenses,[106] per-space Outreach and Education operating expenses.[107] These estimates should, therefore, be approved.

Additionally, PG&E's outreach, education, and credit proposals are not opposed by any party and should be approved. In fact, the Joint Parties agree with PG&E's proposal that tailors outreach based on PG&E's practices, and includes in-person contact to ensure a successful transition to direct utility service.[108]

PG&E's proposed MHP conversion program, which includes ratepayer funding for the replacement of to-the-meter and beyond-the-meter utility facilities, will result in a *de minimis* change[109] of 0.08% and 0.29% in the average residential monthly bill for PG&E's electric and gas distribution customers and,[110] through the use of two-way balancing accounts, ensures only actual conversion program costs will be recovered in rates. The Joint Parties have reached a similar conclusion when providing ratepayer funding for both to-the-meter and beyond-the-meter facilities.[111] To assert the rate impacts for the comprehensive approach proposed by PG&E and SWGas are significant enough to deter this Commission from bringing full resolution to the safety and reliability issues illuminated by this OIR simply places program cost savings ahead of public safety.

D. Incentives

Recognizing that MHP owner finances are a primary barrier to addressing the issues in this proceeding, the July 17, 2013, ACR noted that the Joint Parties' October 5, 2012 proposal lacked the incentive level necessary to "change the status quo" and move MHPs to direct utility service. This lack of financial resources was again deemed a hurdle for necessary safety and reliability upgrades by witness McCann, noting that MHPs that have safety issues resulting in news coverage are the same

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106 *Id.* at line 2.

107 Exh. 3 (PG&E/Ernst), p. 3-8, Table 3-2 line 1.

108 Exh. 2 (Joint Parties), p. 9, line 23 to p. 10, line 6.

109 Tr. Vol. 2, p. 227, line 4-5, PG&E/Hoglund.

110 Exh. 19 (PG&E/Hoglund), p. 1-5, table 2.

111 As discussed in PG&E's rebuttal testimony (Ex. 20, p. 2, line 24-25), including both to-the-meter and beyond-the-meter work, the Joint Parties estimated a change in the average monthly residential bill is 0.15% for SoCalGas, 0.31% for SDG&E gas, 0.19% for BVES, and 0.06% for SCE.

MHPs that lack the financial resources to make the necessary system upgrades.[112] The Joint Parties have further illustrated that the MHP owner's share of total cost was clearly a factor that limited broader participation in the existing transfer program as MHP transfer program applicants quit contacting the utility after a cost estimate was provided.[113]

Therefore, as discussed previously, the MHP conversion programs proposed by PG&E and SWGas provide the credits necessary to incent MHP owners to convert to direct utility service from the certificated utility, and to effectively resolve the safety, reliability, and capacity issues raised in this OIR. Furthermore, the majority of MHP owners surveyed, 64%, are in fact interested in ending their role as utility service providers and should be provided sufficient opportunity to have the certificated utility fill that role.[114]

IV. CONCLUSION AND RECOMMENDATION

The May 17, 2012 Amended Scoping Memo repeats the OIR's original three issues of "undisputed merit," including ensuring reasonableness and equity in the impact of MHP conversion program costs on all ratepayers, whether MHP residents or not. Obviously, program costs are not irrelevant and, as with any utility line extension program, any costs not borne by the developer (MHP owner) or ultimate customers (MHP residents) will be borne by utility ratepayers.

However, in the case of MHP utility transfers under the current legislation, the uniform experience of PG&E, other utilities, MHP owners, MHP residents and the Commission has been that transfers will be limited where participating MHP owners are expected to obtain long-term financing or underwrite the costs to bring the aging utility facilities up to current standards. In the face of this evidence, the Joint Parties propose to limit conversion credit and DRA has offered even less; such proposals will actually discourage MHP conversions to direct utility service and push the very real safety and reliability issues "down the road." Further, the proposal of the Joint Parties adds an

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112 Tr. Vol. 2, p. 349, line 19-23, WMA/McCann.

113 Tr. Vol. 2, p. 84, line 9-14, Joint Parties/Hayes.

114 Tr. Vol. 1, p. 182, line 18-22, Joint Parties/Karle.

additional, unfortunate, dimension as MHP residents are either burdened with a share of the conversion costs or they may never realize the full safety and reliability benefits of direct utility service.[115]

In designing a program, parties should be sensitive to overall conversion program cost. PG&E is sensitive to overall costs, however, we can see no reasonable basis to require the more than 500,000 California MHP residents, who live with uncertainty regarding the safety and reliability of their basic utility services,[116] to wait while utilities collect data, or to continue to deny these residents the same level of service as directly served utility customers due to a lack of financing. MHP residents are entitled to the same safe and reliable utility service other Californians appreciate; the quality of utility service for these residents should not be subject to cost minimization that places savings above safety.

For this reason, PG&E is convinced that a voluntary MHP conversion program should eliminate unnecessary barriers to entry and work to complete the work to direct utility service, financed by all customers paying distribution costs, as soon as practicable.

Comprehensively addressing the issues in this proceeding with a MHP conversion program that provides an opportunity for all MHPs to participate obviates the need to dedicate additional Commission resources to the same issues in the future,[117] addresses the original issues identified in the OIR, and protects residents from potentially catastrophic events.

The proposed MHP conversion program proposal put forth by PG&E comprehensively, efficiently, and effectively resolves the OIR issues and, as a result, the Commission should approve:

- PG&E's proposed voluntary MHP conversion program, including both to-the-meter and beyond-the-meter funding and continuing until such time as the Commission elects to terminate or all pre-1997 master-metered MHPs have been converted to direct utility service, with its necessary MHP conversion prioritization process.
- PG&E's MHP conversion program approach and cost estimates.
- PG&E's outreach, education, and credit proposals, including cost estimates.

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[115] Exh. 4 (PG&E/Fernandez), p. 6, line 5-9.

[116] Exh. 4 (PG&E/Fernandez), p. 7, line 16-27.

[117] Exh. 4 (PG&E/Fernandez), p. 4, line 28 to p. 5, line 5.

- PG&E's proposal to recover MHP conversion program expenditures on a forecast basis, including any difference between the adopted and the actual expense and capital revenue requirement, from its gas and electric customer classes paying for distribution costs.
- PG&E's proposal to establish new two-way mobile home park balancing accounts (MHPBA), one for electric customers and one for gas customers, to record the difference between the adopted and the actual expense and capital revenue requirement associated with MHP conversion costs.
- PG&E's proposal to transfer any MHPBA balances to the Distribution Revenue Adjustment Mechanism, Core Fixed Cost Account, or Non-core Fixed Cost Account annually to be recovered in the AET or AGT advice letters.
- PG&E's proposal to move the ongoing revenue requirement associated with converted MHPs from the MHPBAs to its GRC revenue requirement in the next GRC following each MHP conversion.
- PG&E's proposed annual reporting process to provide program visibility to the Commission and interested parties, and the opportunity for meaningful review and adjustment, if warranted.
- PG&E's proposed post-rulemaking activities, including development of a standardized program agreement contract, and utility development of the appropriate program information to be provided annually during the MHP conversion program.

Respectfully submitted,

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By: /s/

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