

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)

**REPLY BRIEF
OF
SOUTHWEST GAS CORPORATION
(U 905 G)**

SOUTHWEST GAS CORPORATION
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10 I. Introduction

11 Southwest Gas Corporation (“Southwest Gas” or “Company”) hereby submits to the
12 California Public Utilities Commission (“Commission”) its Reply Brief concerning the transfer of
13 master-meter/submeter gas and electric systems at mobilehome parks (“MHP”) and
14 manufactured housing communities to direct utility service. As demonstrated by the evidence in
15 the record, and detailed in the Opening Briefs submitted by Southwest Gas, Pacific Gas &
16 Electric (PG&E), the Western Manufactured Housing Communities Association (WMA), the
17 Golden State Manufactured Home Owners League (GSMOL) and the Coalition of California
18 Utility Employees (CCUE), Southwest Gas and PG&E both offer proposals for the conversion of
19 master-metered MHPs that are designed to achieve the Commission’s goals of ensuring safety
20 and reliability, prioritizing conversions and allocating costs in a fair and reasonable manner.¹ In
21 contrast, the Joint Parties’² proposal is less likely to satisfy the Commission’s objectives because
22 it is limited in scope and duration, and as such offers only slight improvement over the existing
23 statutory transfer process. Through the instant Reply Brief, Southwest Gas responds to the
24 Opening Brief of the Joint Parties with respect to safety and reliability issues.³

25 ¹ Order Instituting Rulemaking (OIR), at pg. 1.

26 ² Southern California Edison (“SCE”), San Diego Gas and Electric (“SDG&E”), Southern California Gas (“SoCalGas”), Bear
27 Valley Electric Service (“BVES”), PacifiCorp, d.b.a. Pacific Power (“PacifiCorp”), California Pacific Electric Company
28 (“CalPeco”), The Utility Reform Network (“TURN”), and the Division of Ratepayer Advocates (“DRA”).

³ The differences between Southwest Gas’ proposal and the Joint Parties’ proposal with respect to cost allocation and
“beyond the meter” work are discussed at length in the Company’s brief. However, Southwest Gas notes that the cost
estimates provided in Table 1 of the Joint Parties’ Opening Brief do not accurately reflect the data provided in the Joint Cost
Report (Exhibit 1). Additionally, Table 1 appears to contain various calculation errors.

1 II. Argument

2 Although the Commission has identified the safety and reliability of MHP systems as a
3 significant issue that must be addressed in this Rulemaking,⁴ the Joint Parties' misplaced
4 reliance upon AB 1694 leads them to downplay this issue in their program proposal. AB 1694
5 was introduced in response to recommendations issued by the Independent Review Panel
6 (Panel) assembled in September 2010 following the rupture of a natural gas transmission
7 pipeline in San Bruno, California.⁵ Specifically, the Panel recommended that the Commission
8 pursue legislation implementing a risk-based inspection process (to replace the then-current
9 requirement that MHP systems be inspected once every five years) in order to provide the
10 Commission, and the CPSD in particular, greater flexibility in its allocation of inspection
11 resources.⁶

12 In support of AB 1694, the CPSD presented an analysis concluding that under a risk-
13 based approach seven percent of MHPs would be subject to increased inspection frequencies⁷ –
14 a conclusion that undoubtedly supports the idea that risk-based inspections allow for a better
15 allocation of resources. However, the Joint Parties construe AB 1694, and the CPSD's
16 commentary on the bill, as evidence that only seven percent of MHPs exhibit safety concerns.⁸
17 This interpretation limits the effectiveness of the Joint Parties proposal and does not adequately
18 address the Commission's concern of safety and reliability in master-metered MHP.

19 Moreover, and even assuming a valid nexus between AB 1694 and the overall safety and
20 reliability of California's natural gas MHP systems, there is no evidence to support the Joint
21 Parties' claim that their proposal "target[s] MHPs with the worst safety records."⁹ Without
22 knowing the demographics of the seven percent of *parks* referenced in the CPSD commentary
23 on AB 1694, including their size and location, and the utility or utilities that would provide direct
24 service, it is possible that the Joint Parties' restriction on the number of *spaces* eligible for
25 replacement would prevent some high-risk MHPs from participating in the program.

26 ⁴ OIR, at pp. 15-16.

27 ⁵ http://leginfo.ca.gov/pub/11-12/bill/asm/ab_1651-1700/ab_1694_cfa_20120626_141611_sen_floor.html.

28 ⁶ *Id.*

⁷ Joint Parties' Opening Brief, at pp. 3-4.

⁸ *Id.*

⁹ *Id.* at 4.

1 III. Conclusion

2 Based upon the foregoing, and upon all other papers and pleadings comprising the record
3 in this proceeding, Southwest Gas respectfully recommends that the Commission reject the Joint
4 Parties' proposal and implement an MHP conversion program consistent with those proposed by
5 both Southwest Gas and PG&E.

6 Respectfully submitted this 18th day of January 2013.

7 SOUTHWEST GAS CORPORATION

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