

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION G-3240
JULY 2, 1998**

R E S O L U T I O N

RESOLUTION G-3240 PACIFIC GAS AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA GAS COMPANY, SAN DIEGO GAS & ELECTRIC, SOUTHWEST GAS CORPORATION, AND WP NATURAL GAS COMPANY. ADOPTS A PUBLIC UTILITY GAS CORPORATION SURCHARGE FOR MOBILEHOME PARK SAFETY INSPECTION AND ENFORCEMENT PROGRAM FOR FISCAL YEAR 1998-1999 AND AUTHORIZES TARIFF FILINGS.

SUMMARY

1. The Commission enforces certain mobilehome park safety standards and funds this activity by a surcharge on mobilehome park operators. Pacific Gas and Electric Company, Southern California Gas Company, San Diego Gas & Electric, Southwest Gas Corporation, and WP Natural Gas Company collect the surcharge and have filed tariff schedules specifying the surcharge.
2. Section 4358(c) of the Public Utilities Code specifies that the surcharge shall not exceed 25 cents per space per month after July 1, 1992.
3. This Resolution approves a surcharge rate of \$0.18 per space per month beginning July 2, 1998. The rate is unchanged from fiscal year 1997-1998.

BACKGROUND

1. In 1990, the Legislature enacted Senate Bill 2647 and Assembly Bill 3327, which became law on January 1, 1991, designating the Commission as the enforcement agency for establishing and implementing a gas safety inspection and enforcement program (Program) for mobilehome parks (MHP) with master-metered natural gas distribution systems.
2. The Commission is to verify compliance with federal and state pipeline safety laws and regulations including the Commission's General Order 112-B "Rules Governing Design, Construction, Testing, Maintenance and Operation of Utility Gas Gathering, Transmission and Distribution Piping Systems."

3. The uniform billing per therm surcharge is to be established by the Commission and the fees collected are to be deposited in the Public Utilities Commission Utilities Reimbursement Account (PUCURA) in the State General Fund. The provisions of the Code became operative on July 1, 1991.

4. Section 4358 of the Code authorizes recovery of the Commission's Mobilehome Park Gas Safety Program expenses through a surcharge on mobilehome park operators and sets the maximum surcharge at \$0.25 per space per month. Resolution G-3215, approved by the Commission on June 25, 1997, set the surcharge at \$0.18 per space per month from July 1, 1997-June 30, 1998.

DISCUSSION

1. PROGRAM COST

The Utilities Safety Branch (USB), Program expense is estimated for fiscal 1998-1999 at \$1,056,000. These expenses include:

Personnel - \$745,000

USB forecasts for fiscal year 1998-99, that staff will work 2,136 person days in the Program. This will constitute a 34 percent increase over fiscal year 1997-98.

Operating Expenses - \$84,000

Elements of the operating expenses include:

Travel: The Mobilehome Park staff spends a majority of the time in the field conducting inspections. Occasionally, management will accompany staff members on routine inspections to assure that MHP inspections are being conducted properly. USB estimates about \$29,000 to cover all related traveling expenses in fiscal 1998-99.

Training: New staff members will attend courses on gas safety during fiscal year 1998-99. The majority of these courses will take place in Oklahoma City, under the instruction of the United States Department of Transportation (DOT). Veteran staff will also attend some courses to update their skills on gas safety and investigative techniques. In addition, USB will conduct gas safety training seminars for MHP operators at locations chosen randomly throughout the state. USB estimates total training cost will be about \$7,000.

Transportation: USB estimates the use of four vehicles exclusively for the Program. The transportation costs, based on 15,000 miles per vehicle, will be approximately \$15,000 for fiscal 1998-99.

Other operating expenses include mailings and supplies, and maintenance of USB's computer and inspection equipment at an estimated cost of \$33,000. For fiscal year 1998-99, USB estimates that the Program will need \$84,000 to fund the Program's total operating expenses.

Equipment - \$16,000

Computers: To provide all members of staff efficient access to the MHP computer database while in the field, USB will lease laptop computers. These new computers will replace USB's existing inventory of laptops which are incapable of running today's sophisticated software.

Other equipment related expenses for fiscal 1998-99, include the procurement of new software and inspection equipment. For fiscal 1998-99, USB estimates the Program will need a total of \$16,000 to fund it equipment costs.

Indirect Costs - \$211,000

Indirect costs are overhead expenses assigned by the Management Services Division on a percent basis. These costs include administrative salaries, office space, communication expenses, etc. It is estimated that the indirect costs for fiscal year 1998-99, will be \$211,000.

2. FUNDING SOURCES

United States Department of Transportation (DOT) - \$332,000

The DOT will contribute \$332,000 the Utilities Safety Branch for mobilehome park inspections in gas safety during fiscal 1998-99.

Prior Year Carryover - \$182,000

During fiscal 1997-98, the Program experienced a budget surplus of \$182,000 because budgeted personnel positions remained vacant.

Surcharge for Fiscal Year 1998-99 - \$542,000

The Program requires \$542,000 in additional funds (See Appendix A). These funds will be obtained through the mobilehome park surcharge. Based on approximately 250,000 regulated spaces, the Utilities Safety Branch derived a

surcharge of 18 cents per space per month for fiscal year 1998-99. This rate represents a no change from fiscal year 1997-98.

1. The gas utilities now collect a \$0.18 per space per month surcharge. The surcharge should remain unchanged for bills rendered on and after July 1, 1998, by gas utilities, upon all master-metered mobilehome park operators (for calculation of the \$0.18 surcharge, see Appendix A.).
2. Before June 30, of each fiscal year, the Utilities Safety Branch will review the Program's expenses and calculate the surcharge needed to recover its costs for the ensuing fiscal year. If, at that time, it is determined that an adjustment of the surcharge is not necessary, the surcharge of \$0.18 should remain in effect until it is determined, from subsequent reviews, that an adjustment is needed. Tariff schedules filed by the gas corporations on or before July 1, 1998, should remain in effect until an adjustment of the surcharge is necessary and has been adopted by Commission Resolution.
3. The Management Services Division, the Consumer Services Division, and the Energy Division have reviewed this Resolution and recommend adoption by the Commission. The Resolution complies with Public Utilities Code, Section 4358.

FINDINGS

1. Sections 4351 through 4358 of the Public Utilities Code designate the Commission as the enforcement agency for the Program.
2. Section 4358 authorizes recovery of the Safety Program expenses through a uniform billing per space surcharge on mobilehome park operators. Beginning July 1, 1998, a reasonable surcharge is \$0.18 per space per month. This surcharge does not exceed the legal maximum of \$0.25 per space per month as set forth in the Public Utilities Code, Section 4358(c).
3. The fees, as collected, should be separately identified and forwarded to the Commission at the same time and in the same fashion as other monies collected for deposit in the PUCURA.

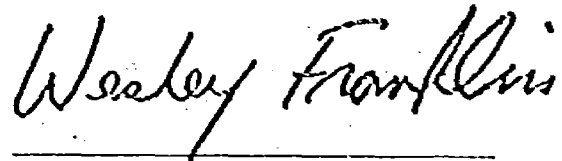
THEREFORE, IT IS ORDERED that:

1. The surcharge for the gas safety inspection and enforcement program for mobilehome parks with master-metered natural gas distribution systems shall be \$0.18 per mobilehome space per month beginning on July 2, 1998, until further Order of this Commission.
2. Before June 30, of each fiscal year, the Utilities Safety Branch will review the Mobilehome Park Gas Safety Program's expenses and calculate the surcharge needed to recover its costs for the ensuing fiscal year. If, at that time, it is determined that an adjustment of the surcharge is not necessary, the surcharge of \$0.18 will remain in effect until it is determined, from subsequent reviews, that an adjustment is needed.
3. Pacific Gas and Electric Company, Southern California Gas Company, San Diego Gas & Electric, Southwest Gas Corporation, and WP Natural Gas Company shall file advice letters, reflecting the surcharge in tariff rate schedules and preliminary statements. The tariff schedules will remain in effect until an adjustment of the surcharge is necessary and has been adopted by the Commission through Resolution.
4. The fees, as billed, shall be separately identified and forwarded to the Commission at the same time and in the same fashion as other monies collected for deposit in the Public Utilities Commission Reimbursement Account.

July 2, 1998

5. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on July 2, 1998, the following Commissioners voting favorably thereon:



WESLEY M. FRANKLIN
Executive Director

Richard A. Bilas, President
P. Gregory Conlon
Jessie J. Knight, Jr.
Henry M. Duque
Josiah L. Neeper
Commissioner

**APPENDIX A
MOBILEHOME PARK BUDGET
(1998-1999)**

(1) EXPENSE ELEMENTS

Personnel	\$745,000
Operations	\$84,000
Equipment	\$16,000
Indirect Costs	\$211,000
Total	\$1,056,000

(2) FUNDING SOURCE

United States Department of Transportation Contribution ..	\$332,000
Budget Surplus	\$182,000
Surcharge Revenue	\$542,000
Total	\$1,056,000

(3) DERIVATION OF MHP SURCHARGE

Required annual surcharge revenue = monthly surcharge
No. Of spaces times 12 months

$$\frac{\$542,000}{250,000 \times 12} = \$0.18 \text{ per space per month}$$