Mobile Home Park OIR

R.11-02-018

February 24, 2014

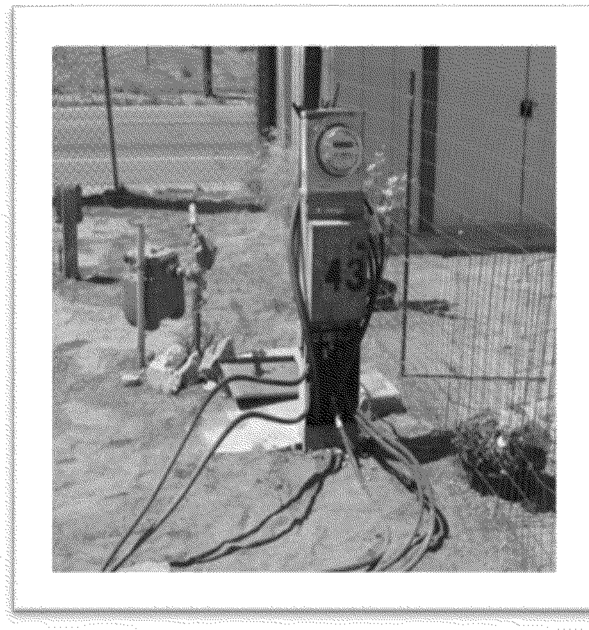
Mobile Home Parks

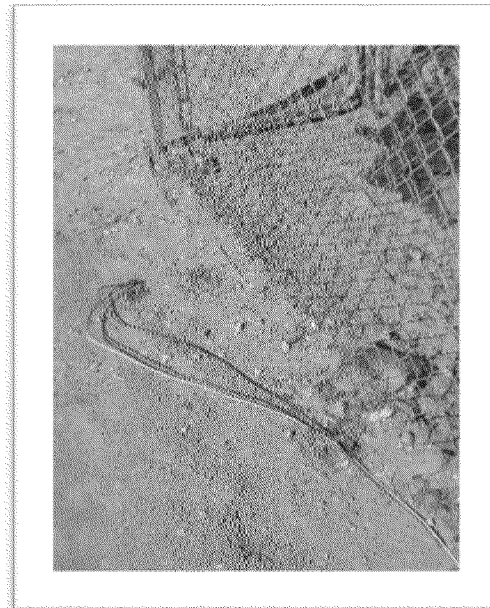
- A master-metered MHP owner is responsible for the distribution systems, including maintenance and billing, beyond the master-meter
- A monthly, per-space electric and gas rate discount to master-metered MHP owners (electric: $2.35, gas: $14.67) is designed to allow owners to maintain systems
- In 1997, new legislation eliminated private distribution system ownership at MHPs
- Current statutory process allows MHP owners to transfer systems and responsibility to IOUs, provided systems comply with applicable standards

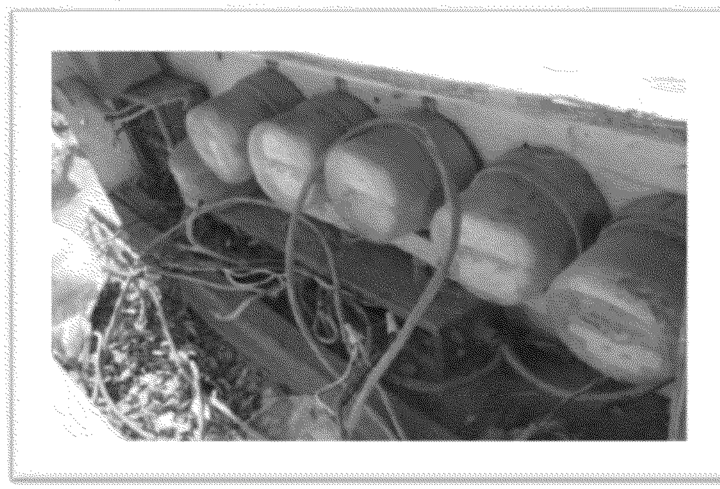
	Master-Metered Parks	Mobile Home Spaces
PG&E	1,383	105,000
SCE	1,308	107,000
SDG&E	694	45,000
SoCalGas	1,425	129,000
Others	95	5,000
Total Statewide	~4,905	~391,000

Source: R.11-02-018, Exhibit 15..

Electric System Safety

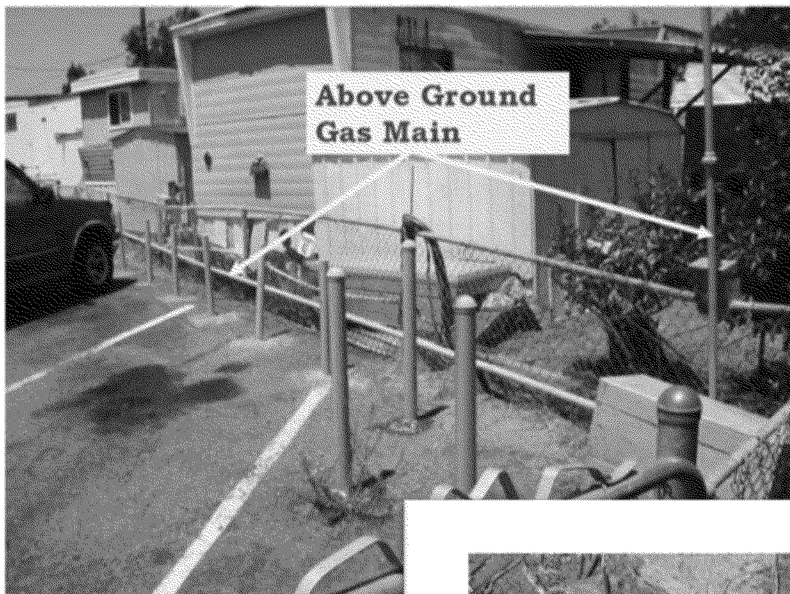


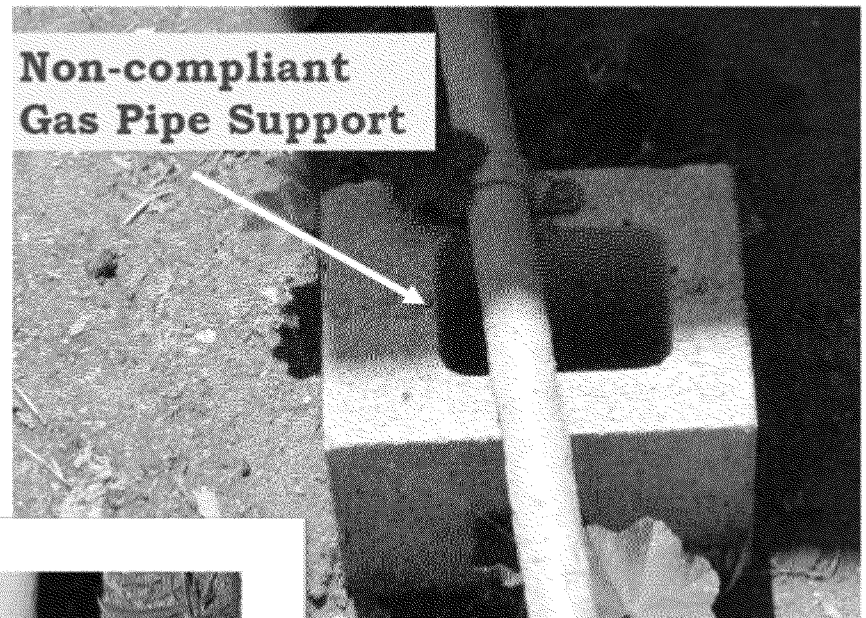


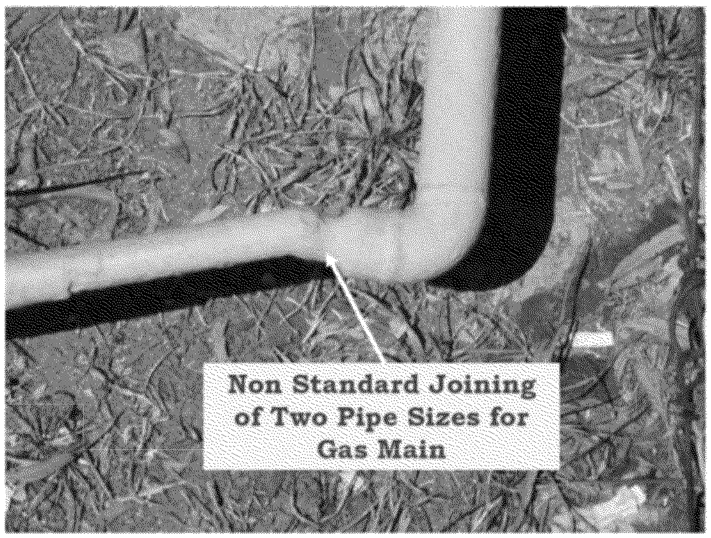


Source: R.11-02-018, Exhibit 25.

Gas System Safety

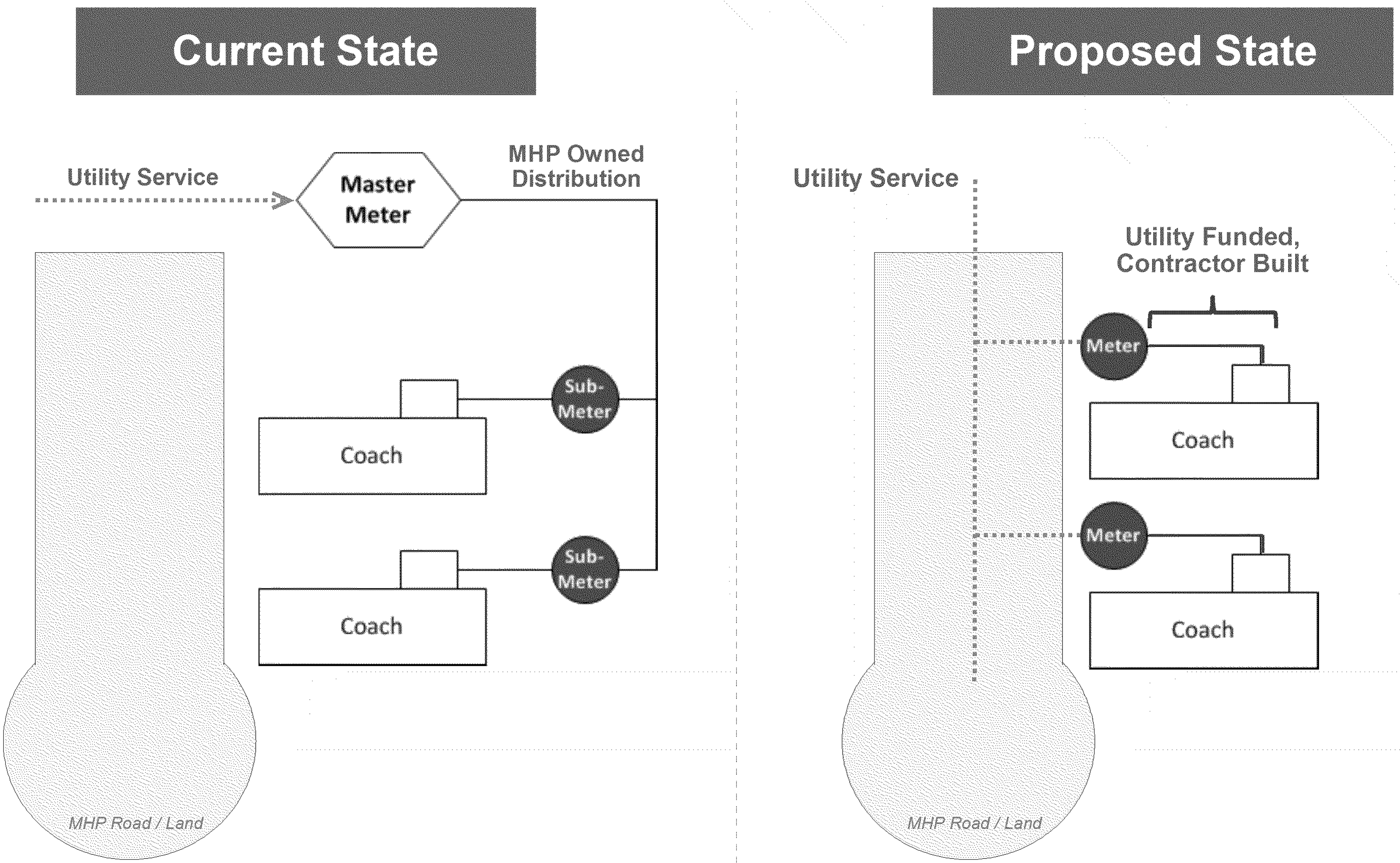






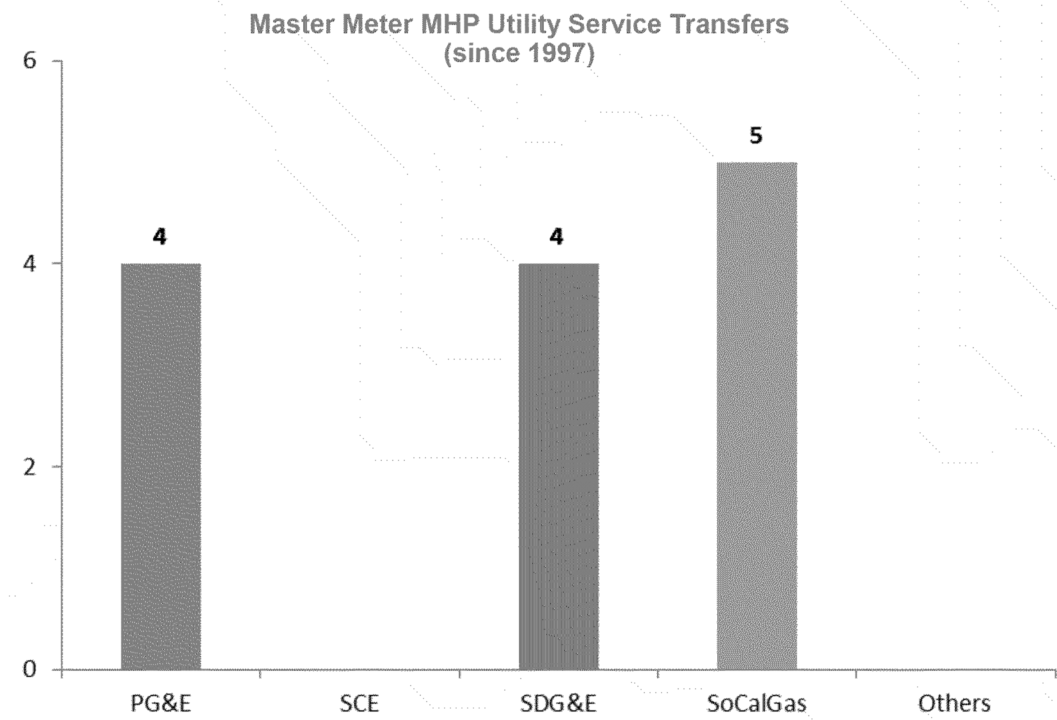
Source: R.11-02-018, Exhibit 26.

Sample Utility System Diagram



A Troubled Past

Since 1997, **13** master-metered MHPs transferred utility service responsibility to IOUs under the existing statutory process



- Current statutory transfer program has failed
- There is no incentive for MHP owners to pay for transfer upgrades
- Current policy problems – Safety problems from neglected systems, no incentive to keep systems safe, enforcement of codes is difficult

Source: R.11-02-018, Exhibit 1. SCE conversions (15) performed under rule 15/16 tariffs, not statutory transfer process.

PG&E Program Estimates

	10-year 100% Participation ($ in millions)	10-year 50% Participation ($ in millions)	PD, 3-year 10% Participation ($ in Millions)
To-the-meter			
Capital	$1,210 M	$612 M	$114 M
Expense	62	34	7
Beyond-the-meter			
Capital	786	393	72
Total	~$2,000 Million	~$1,000 Million	~$193 Million

The PD controls costs of the program by limiting participation, and prioritizes higher risk MHPs

Recommended PD Changes

PD should not treat safety investments worse than other utility Investments

- The PD sets recovery of beyond-the-meter costs at the cost of debt, which does not allow for the recovery of necessary utility financing costs
- Beyond-the-meter expenditures should be capitalized at PG&E's weighted-average cost of capital, consistent with the current Rule 20A program, since PG&E must finance the program with debt and equity

PD Should Allow for Timely Recovery of Costs:

- The PD sets recovery on an actual basis rather than a forecast basis
- Cost recovery should be made on a forecast basis, as recommended by all parties, to avoid rate shock