Mobile Home Park OIR

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

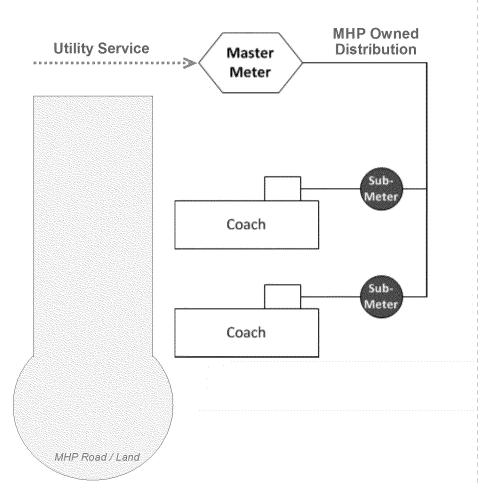
	Master-Metered Parks	Mobile Home Spaces
PG&E	1,383	105,000
SCE	1,308	107,000
SDG&E	694	45,000
SoCalGas	1,425	129,000
Others	95	5,000
Total Statewi	de ~4,905	~391,000

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

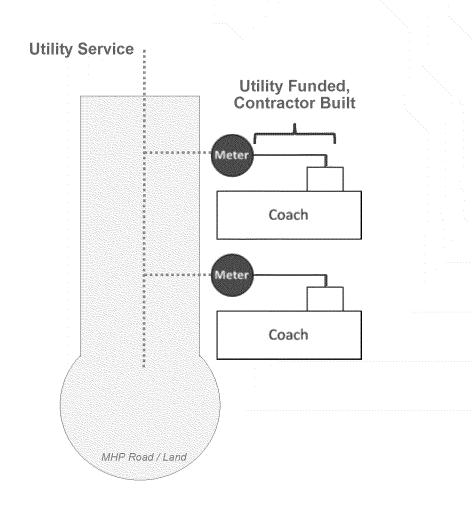


Sample Utility System Diagram

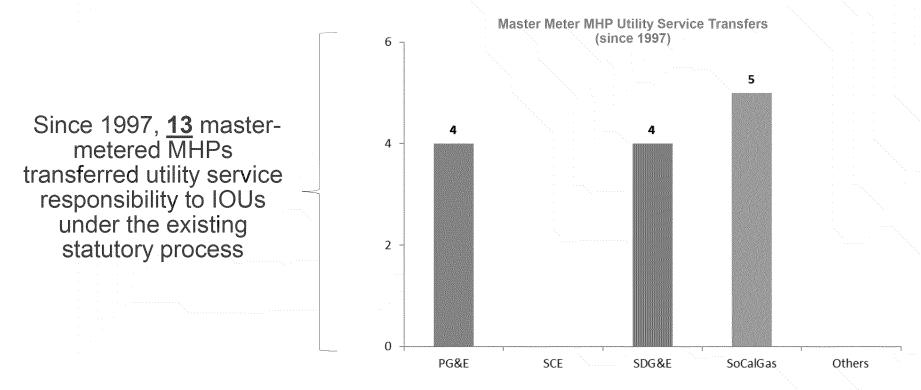
Current State



Proposed State



A Troubled Past



- 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	10-year 50% Participation	PD, 3-year 10% Participation		
		(\$ in millions)	(\$ in millions)	(\$ in Millions)		
To-the-meter						
Capital Expense		\$1,210 M 62	\$612 M 34	\$114 M 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