# Mobile Home Park OIR

February 2011:

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

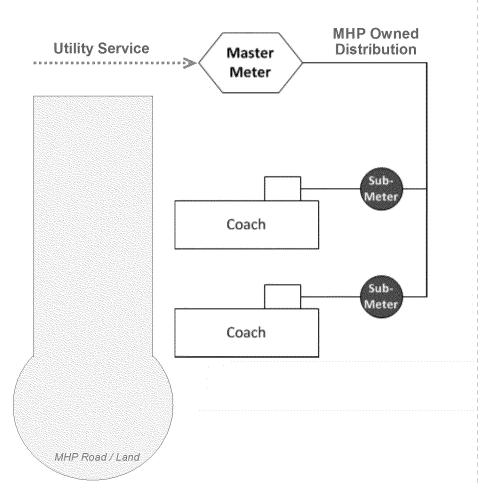
	Master-Metered Parks	Mobile Home Spaces
PG&E	1,383	105,000
SCE	1,308	107,000
SDG&E	694	45,000
SoCalGas	1,425	129,000
Others	95	5,000
Total Statewide	~4,905	~391,000

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

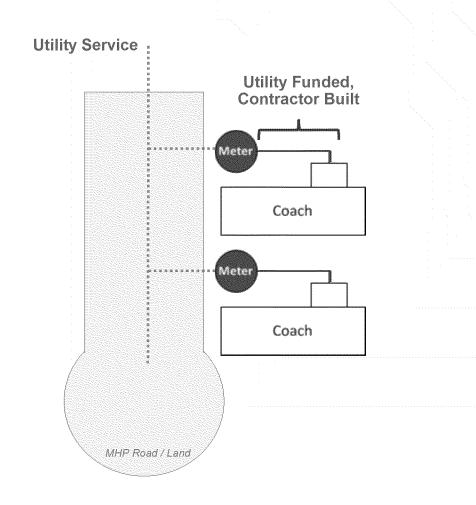


## Sample Utility System Diagram

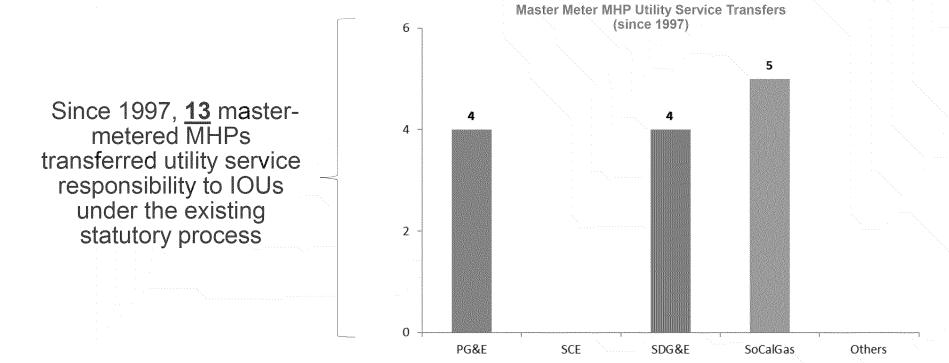
#### **Current State**



### **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