


Attachment K
Submission of PUC Orders by Nomad Village Mobile
Home Park

1 Dated: November 8, 2011
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Attorney for NOMAD VILLAGE
MOBILE HOME PARK

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MAILED 03/19/03

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to re-examine the underlying issues involved in the submetering discount for mobile home parks and to stay D.01-08-040.

FILED
PUBLIC UTILITIES COMMISSION
March 13, 2003
SAN FRANCISCO OFFICE
Rulemaking 03-03-017

Order Instituting Investigation on the Commission's Own Motion to re-examine the underlying issues involved in the submetering discount for mobile home parks and to stay D.01-08-040.

FILED
PUBLIC UTILITIES COMMISSION
March 13, 2003
SAN FRANCISCO OFFICE
Investigation 03-03-018

Robert Hambly, for Himself and, On Behalf of the Residents of Los Robles Mobilehome Park,

Complainant,

vs.

Hillsboro Properties, a California Limited Partnership, and the City of Novato,
Defendants.

Case No. 00-01-017
(Filed January 14, 2000)

ORDER INSTITUTING RULEMAKING AND INVESTIGATION

I. Summary

This Order opens a Rulemaking (OIR) and an Investigation (OII) on the Commission's own motion to re-examine the unresolved issues involved in the master meter discount for submetered mobile home parks (MHPs), and to stay Decision (D.) 01-08-040, which was issued in a recent complaint case. We consolidate the complaint case with this OII/OIR. This OII/OIR will explore setting a uniform statewide rate structure

and method to calculate the master meter discount. In Phase 1, we will examine whether additional cost components exist. The Commission previously deferred this review to utility general rate cases (GRCs). In Phase 2, which we anticipate will include testimony and hearings, we will determine whether to adopt a statewide master meter discount and if so, the amount of the discount applicable to all jurisdictional utilities. We will also explore mechanisms to ensure any refunds to tenants are appropriately made.

II. Background

MHP tariffs for electric and gas service currently allow for direct metering of tenants by the utility or, in grandfathered cases, for a utility master meter with tenant submeters. Under the submetering arrangement, the MHP pays a single bill discounted by the utility while collecting bills from its submetered tenants at rates no higher than those for direct utility service. Under Public Utilities (PU) Code Sec. 739.5 submetering schedules were closed to new customers after January 1, 1997.

Approximately 5,000 MHPs in California provide spaces for 675,000 tenants. Disputes between MHPs and tenants have increased since the early 1990s. Most of the complaints that the Commission receives are from park residents who feel that the owners are passing on costs in violation of PU Code 739.5. They also allege that MHP owners have failed to provide information regarding low-income assistance, posting of current rates, surcharges, and Commission mandated refunds.

III. Procedural History

This OII continues our review of MHP submetering issues. In OII 93-10-022 we addressed the concerns of MHP tenants who alleged that they were being charged twice for repair and replacement of MHP utility systems: once through submetered utility rates paid to the MHP owner and secondly through rent increases and surcharges. That OII was limited to master-metered / submetered gas and electric service provided to MHPs by Edison, PG&E, SDG&E and SoCalGas. The OII was limited further to the single issue of whether receipt of the submetering discount bars park owners from recovering "costs

of owning, operating, and maintaining a submetered system” beyond the reimbursement provided by the submetering discount.

The resulting Decision 95-02-090 added new language to submetering tariffs to prohibit MHPs from further recovery of the cost of the replacement of the submetered gas / electric system beyond those costs that the PU Code Section 739.5 requires the master meter discount to include.¹ Whether there might be other, non-statutory “costs of owning, operating and maintaining” the system was not determined but left to GRCs.

The GRC review did not occur and the unresolved issues were raised, most recently in C.00-01-017 (Hambly case), which was opened when an MHP tenant filed a complaint alleging that an MHP impermissibly passed on costs to its tenants for which it was already compensated via the discount available to the master meter customer who is the MHP owner or operator. The Commission heard the complaint and issued D.01-08-040, concluding that, consistent with D.95-08-056 and PU Code Sect. 739.5, the “utility common area costs” in question could not be passed through to tenants because they were costs recovered through the master meter discount. In the Hambly case, PG&E presented evidence on the record that the costs questioned by the complainant (costs associated with pedestals and with service to common areas) may not be costs that the MHP recovers through the master meter discount, but are instead costs that the MHP may collect from submetered tenants via rents.

¹ Utilities added the following tariff language pursuant to Ordering Paragraph 4. of D.95-02-090:

“Condition for Receiving Submeter Rate Discount

The master-meter / submeter rate discount provided herein prohibits further recovery by mobile home park owners for the costs of owning, operating, and, maintaining the gas / electric submetered system. This prohibition also includes the cost of the replacement of the submetered gas / electric system.”

Rehearing was denied in D.95-08-056.

In D.01-08-040, the Commission also ordered MHPs to refund rents improperly collected from tenants and, consistent with D.95-08-056, invited the MHP industry to participate in their particular utility's next GRC in order to establish whether costs related to common area plant are deemed to be included in the master-meter discount.

D.01-08-040 thus held for complainant that, since the MHP had ignored the direction of D.95-08-056 and failed to seek Commission approval to recover certain costs from submetered tenants via rents, the MHP could not pass through the costs in question. On August 9, 2002, the California Court of Appeal granted review in the Hillsboro Writ Proceeding (Decision (D.) 01-08-040); (*Hillsboro Properties v. CPUC*, Cal. Ct. of App. Case No. A097737); and (*WMA v. CPUC*, Cal. Ct. of App. Case No. A098327), and oral argument was held on January 15, 2003. In briefing to the Court and at oral argument, the Commission asserted its exclusive jurisdiction to administer and implement PU Code Sect. 739.5, to calculate the master meter discount, and to ensure that submetered tenants are not treated differently than directly metered tenants.

IV. Preliminary Scoping Memo

A. Issues

~~Decision (D.) 01-08-040 should be stayed and consolidated with this OII/OIR because:~~

- ~~1. The Commission has not, but should, define and quantify any average costs, not already identified in D.95-02-090 and D.95-08-056, avoided by jurisdictional electric and gas utilities when serving MHPs that submeter electricity or gas used by their tenant residents;~~
- ~~2. MHP owners have not been given the promised opportunity through the GRC process to litigate whether any non-statutory avoided costs exist that should be recovered from MHP tenants in rent because they are not included within the MHP master meter discount; and because~~

3. Any refunds due tenants from MHPs if ordered through GRCs might constitute prohibited retroactive ratemaking but where warranted could be ordered through an OII/OIR process.

The Commission plans to answer the following questions as described further below:

1. What are the components of the cost to a utility of directly serving MHP tenants, not already identified in D.95-02-090 and D.95-08-056, and which of them does a utility avoid if a MHP submeters its tenants?
2. Can the Commission set a uniform statewide rate structure and method to calculate the master meter discount, and if so what cost figures or other issues of fact in dispute can parties present to resolve them?
3. Should the Commission revise the refunds ordered in D.01-08-040?
4. What mechanism should be implemented to ensure refunds, ordered in D.01-08-040, are appropriately made to MHP submetered tenants?
5. Should the Commission explore beyond the conclusions reached in D.95-08-056 a fair and reasonable way to mitigate the cost to MHP owners of converting existing submetered systems to directly metered service?
6. Should the Commission revise the methods and formulas by which refunds are currently paid to submetered tenants by MHP owners?

The first and central issue of this proceeding (Phase 1) is to identify, among all utility-related costs of operating an MHP, those costs, not already identified in prior Commission decisions that are avoided by a utility serving an MHP, when the MHP submeters its tenants. Costs identified and defined as not being incurred by the utility in MHPs that it meters directly, will emerge as costs that MHP operators will be legally entitled to pass through to their tenants, subject to the oversight and discretion of local rent control boards, where applicable. Examples of cost categories that we will address include: meter reading and billing, capital improvement and associated maintenance, repair and replacement for common areas, lighting, appliance energy, pedestals, and service drops. In Phase 1 we will define cost components and categories as a matter of policy.

PU Code Section 739.5 precludes the use of costs in excess of those that would be incurred by the serving utility in providing comparable service (D.89907, 1 C.P.U.C.2d 172, 179), but only bars from further recovery those capital improvement costs that relate to the submetered system and that are costs factored into the master meter discount. (D.95-08-056, 61 C.P.U.C.2d 225, 229.) ~~We will determine which costs are not factored into the master meter discount.~~

The second reason for opening this OII (Phase 2) is to explore setting a uniform rate structure and method to calculate the master meter discount, and to establish a statewide discount if possible. In Phase 2, depending on factors including developments in current GRCs for PG&E and Edison, we may quantify the amount of the master meter discount. To the extent permissible by statute or code, we will consider adopting a fixed discount per dwelling unit per day applicable to all jurisdictional utilities throughout the state.

A third reason for establishing this proceeding is to clarify what refunds are due tenants in C.00-01-017, the Hambly case, and to develop a mechanism to ensure refunds are appropriately made to submetered tenants. In D.01-08-040, the Commission ordered the parties to meet and confer to calculate refunds for excess rents charged to tenants via the improper operation of the NOI (net operating income) rent control formula, and for trenching, conduit and pedestal costs. In this OII/OIR, the Commission does not intend to revisit the issue of rent increases authorized pursuant to the NOI formula. The Commission does intend to re-examine the trenching, conduit and pedestal costs, and to that extent any refunds ordered by D.01-08-040 for trenching, conduit and pedestal costs should be stayed until resolution of this OII/OIR. In the event that the California Court of Appeal remands any part of the Hambly case back to the Commission, this proceeding will provide a forum to implement any refunds due tenants. Additionally, the Commission intends to examine, and possibly revise, the methods and formulas by which refunds are currently paid to submetered tenants by MHP owners throughout the state.

A final goal of this OII is to explore fair and reasonable ways to address the economic barrier that an MHP operator faces when converting a legally submetered delivery system to one directly metered by the local utility. MHPs can face significant expenditures to bring existing submetered systems into compliance with current construction standards such as GO 95 and GO 112. Substantial system upgrades to MHPs might be required before utilities will directly meter MHP tenants as utility customers, particularly if the MHP has not properly maintained the submetered system. The adequacy of the tariffed discount, over time, to offset the average cost of replacing the MHP submetered system remains an unresolved issue before the Commission, and will be addressed in this proceeding.

B. Schedule

The schedule for this proceeding, which the assigned Commissioner or assigned administrative law judge may adjust, is as follows:

Phase 1	
March 13, 2003	OII issued and mailed.
April 3, 2003	PHC Statements due
April 10, 2003	PHC Phase 1
Approx. April 18, 2003	Scoping Memo Phase 1
Approx. May 14, 2003	Concurrent Initial Briefs
June 6, 2003	Concurrent Reply Briefs / Submission Phase 1
July 22, 2003	Phase 1 Draft Decision mailed
Dates to be set	Comments / Reply Comments on Draft Phase 1 Decision
August 21, 2003	Commission Meeting on Phase 1 Decision

Phase 2	
Approx. September 3, 2003	PHC Phase 2
Approx. September 12, 2003	Scoping Memo Phase 2
Dates to be set	Parties Concurrent Prepared Testimony served
Approx. October 29, 2003	Evidentiary Hearings
Date to be set	Concurrent Initial Briefs
Approx. December 15, 2003	Concurrent Reply Briefs / Submission Phase 2
Approx. February 15, 2004	Phase 2 Draft Decision mailed.
Dates to be set	Comments / Reply Comments on Draft Phase 2 Decision
Approx. March 15, 2004	Commission Meeting on Phase 2 Decision

We name as respondents to this proceeding all gas and electric utilities regulated by this Commission that provide gas or electric service to master meter customers for submetering to MHP tenants. Respondents and other persons or entities who intend to participate in the proceeding shall file and serve Preliminary Hearing Conference statements, and shall provide a courtesy copy to the assigned administrative law judge. The initial service list is attached hereto as Appendix A.

Findings of Fact

1. Mobile home park (MHP) tariffs for electric and gas service currently allow for direct metering of tenants by the utility or for a grandfathered utility master meter with tenant submeters under which the MHP pays a single bill discounted by the utility and collects bills from its submetered tenants at rates no higher than direct utility service.
2. The CPUC continues to receive complaints from MHP residents who feel that the owners are passing on costs in violation of PU Code Section 739.5.

3. In Decision D.95-02-090, specific language was added to submetering tariffs prohibiting MHPs from further recovery, beyond the master meter discount, of the “cost of the replacement of the submetered gas / electric system.”
4. Decision D.01-08-040 ordered the MHP industry to participate in their particular utility’s next GRC in order to establish which costs related to common areas are deemed to be included in the master-meter discount.
5. In D.01-08-040 the Commission did not define the costs of owning, operating, and maintaining a submetered system not already identified in D.95-02-090 and D.95-08-056.
6. In D.01-08-040, the Commission ordered the MHP to refund rents improperly collected from tenants.

Conclusions of Law

1. Decision (D.) 01-08-040 should be stayed.
2. No hearings are necessary on the issue of whether (D.) 01-08-040 should be stayed because the stay is temporary pending the resolution of this OII/OIR, and because this OII/OIR does not deprive tenants of their refund rights under (D.) 01-08-040.
3. The Commission should re-examine (D.) 01-08-040 as part of this OII/OIR to resolve the common issues identified herein.
4. In order to provide a complete record, all Commission-regulated gas and electric utilities that serve master meter customers at submetered MHPs should be named as respondents to this proceeding.
5. The Commission asserts its exclusive jurisdiction to administer and implement Public Utilities Code Section 739.5, to calculate the submetering discount, and to ensure that submetered tenants are not treated differently than directly metered tenants.

IT IS ORDERED that:

1. All electric or gas utilities regulated by the California Public Utilities Commission, which provide gas or electric service to master meter customers at submetered MHPs, are made respondents to this proceeding.
2. Decision (D.) 01-08-040 is stayed.
3. C.00-01-017 is consolidated with this OII/OIR for further proceedings.
4. Respondents and other persons and entities who intend to participate in this proceeding shall file and serve Prehearing Conference Statements on or before April 3, 2003, and shall file a courtesy copy by e-mail to the assigned administrative law judge. The initial service list for this proceeding is attached as Appendix A.

ENERGY/PAC/egl I.03-03-018

This order is effective today.

Dated March 13, 2003, at San Francisco, California.

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners

I.03-03-018

Appendix A
Service List

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Appendix A
Service List

I.03-03-018

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Decision 04-04-043 April 22, 2004

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's own Motion to re-examine the underlying issues involved in the submetering discount for mobile home parks and to stay D.01-08-040.

Rulemaking 03-03-017
(Filed March 13, 2003)

Order Instituting Investigation on the Commission's own Motion to re-examine the underlying issues involved in the submetering discount for mobile home parks and to stay D.01-08-040.

Investigation 03-03-018
(Filed March 13, 2003)

Robert Hambley, for Himself and, on Behalf of the Residents of Los Robles Mobilehome Park,

Complainant,

vs.

Hillsboro Properties, a California Limited Partnership, and the City of Novato,

Defendants.

Case 00-01-017
(Filed January 14, 2000)

INTERIM OPINION RESOLVING PHASE 1

Summary

In this interim decision, we adopt the unopposed joint recommendation of seven of the parties. The joint recommendation identifies the categories of costs the electric and natural gas utilities incur when directly serving mobile home

park (MHP) tenants that are avoided by the utilities when the MHP is served through a distribution system owned by the MHP owner (sub-metered MHP). These categories of costs are to be used in determining the amount of the discount provided by the utility to the sub-metered MHP owner as reimbursement for the cost of providing sub-metered service. The joint recommendation also identifies categories of costs that are either not incurred by the utility when it directly serves MHP tenants, or are not reflected in utility rates for direct service, but are incurred by sub-metered MHP owners, and may be separately charged to tenants if not otherwise prohibited.

Background

A large number of MHP owners provide electricity and/or natural gas to their tenants through a master meter. In such cases, the MHP owner receives electricity and/or natural gas from the utility at a master meter. The electricity and/or natural gas are then distributed to tenants through the MHP owner's distribution system, and a sub-meter located at each tenant's mobile home. Each tenant is billed by the MHP owner for the usage recorded by the sub-meter. As a result, the tenant is not a customer of the utility.

Public Utilities Code § 739.5 requires sub-metered MHP owners to charge the same rates for electricity and natural gas that would be applicable if the utility served the tenant directly. The utilities are required to provide the electricity and natural gas to the sub-metered MHP owner at a discount. The discount is intended to reimburse the MHP owner for the reasonable average cost of providing sub-metered service. However, it may not exceed the average cost that the utility would have incurred in providing comparable services to the tenant directly, which is avoided when the MHP is sub-metered.

In Rulemaking (R.) 03-03-017 and Investigation (I.) 03-03-018, the Commission initiated a rulemaking and investigation into the discounts. In Phase 1 of the proceeding, the Commission intended to identify utility costs, not already identified in prior Commission decisions, which are avoided by the utility when the MHP is sub-metered. In addition, costs related to providing electric or natural gas service, that are not covered by the discount, and that the sub-metered MHP owner could pass through to tenants, subject to the oversight of local rent control boards where applicable, were to be identified. Phase 2 will address how the discounts should be determined, and related matters.

Joint Recommendation

On November 20, 2003, seven of the parties filed an unopposed joint recommendation to resolve Phase 1.¹ The joint recommendation proposed adoption of documents entitled "Phase 1 Handout-Electric," and "Phase 1 Handout-Gas" included as Attachments A and B to this decision. The handouts identify the categories of costs the utility incurs when directly serving MHP tenants that are avoided by the utility when a MHP is sub-metered. The handouts also identify categories of costs related to electric or natural gas utility service that are either not incurred by the utility when it directly serves MHP tenants, or are not reflected in utility rates for direct service, but are incurred by

¹ The joint recommendation was proposed by The Western Manufactured Housing Community Association, Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, San Diego Gas and Electric Company, Southwest Gas Corporation, and The Utility Reform Network. There are eight active parties to R.03-03-017 and I.03-03-018. Of those, only the Latino Issues Forum did not join in the joint recommendation. However, the Latino Issues Forum does not oppose it.

sub-metered MHP owners. These are the categories of costs that may be separately charged to tenants if not otherwise prohibited.

Discussion

The joint recommendation was distributed to all parties with ample time for review. No party has indicated its opposition to the joint recommendation. As a result, the joint recommendation is, in essence, an unopposed settlement of Phase 1. Therefore, we will evaluate it as such.

Rule 51.1(e) of the Commission's Rules of Practice and Procedure provides that the Commission will not approve settlements or stipulations, whether contested or not, unless they are reasonable in light of the whole record, consistent with law, and in the public interest. As discussed below, the joint recommendation meets these criteria.

The joint recommendation is the result of parties' participation in a workshop run by our staff, comments filed by the parties, discussions held at several prehearing conferences, and numerous other discussions among the parties. In addition, the joint recommendation is unopposed. Therefore, it is reasonable in light of the whole record.

The joint recommendation does not contravene any statute or Commission decision. Therefore, it is consistent with law.

There is strong public policy favoring settlements to avoid costly and protracted litigation. The joint recommendation is the result of extensive discussions by parties representing a diverse range of affected interests, including the utilities, MHP owners, utility customers, and MHP tenants. In addition, no party opposes it. Therefore, the joint recommendation is in the public interest.

The joint recommendation resolves Phase 1 issues, and will provide the basis for moving forward with Phase 2. Therefore, it conveys to the Commission sufficient information to permit it to discharge its future regulatory obligations with respect to the parties and their interests.

Comments on Draft Decision

This is an uncontested matter in which the decision grants the requested relief. Therefore, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

Assignment of Proceeding

Geoffrey F. Brown is the Assigned Commissioner and Jeffrey P. O'Donnell is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The joint recommendation is unopposed.
2. The joint recommendation does not contravene any statute or Commission decision.
3. There is strong public policy favoring settlements to avoid costly and protracted litigation.
4. The parties who participated in the discussions that led to the joint recommendation, and who recommend it or do not oppose it, are fairly representative of a diverse range of affected interests.
5. The joint recommendation conveys to the Commission sufficient information to permit it to discharge its future regulatory obligations with respect to the parties and their interests.

Conclusions of Law

1. The joint recommendation is, in essence, a settlement.
2. Pursuant to Rule 51.1(e) of the Commission's Rules of Practice and Procedure, the Commission will not approve settlements or stipulations, whether contested or not, unless they are reasonable in light of the whole record, consistent with law, and in the public interest.
3. The joint recommendation is reasonable in light of the whole record, consistent with law, and in the public interest.
4. The joint recommendation should be adopted.
5. The decision should be effective immediately so that Phase 2 of the proceeding can be resolved in a timely manner.

INTERIM ORDER

IT IS ORDERED that the joint recommendation filed on November 20, 2003, is approved. The Phase 1 Handouts proposed for adoption in the joint recommendation, and adopted herein, are included as Attachments A and B to this decision.

This order is effective today.

Dated April 22, 2004, at San Francisco, California.

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners

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PHASE 1 HANDOUT – ELECTRIC

November 20, 2003

Agreed to by Pacific Gas and Electric Company (PG&E), Southern California Gas Company, San Diego Gas & Electric Company, Southwest Gas Company, Southern California Edison Company, the Western Manufactured Housing Community Association, and The Utility Reform Network.

1. Definitions.

- ◆ Common areas: facilities available for use by all tenants such as: swimming pools, buildings, recreation rooms, clubhouses, parking lots, laundry facilities, and street and common area lighting. This excludes utility-owned load control devices, such as air conditioning cycling mechanisms, where applicable.
- ◆ Pedestal: The pedestal is a rectangular metal box that sits near the concrete pad on which the mobile home is placed. It supports the service panel that contains the meter socket, breaker, and receptacle to connect the electric supply to the mobile home. In a directly-metered MHP, this is a component of the required service equipment (Applicant's responsibility) as specified in Electric Rule 16.D.1.c.
- ◆ Distribution Line Extension Allowance: Distribution Line Extension and Service Extension allowances are granted to Applicants requesting electric service based on expected revenues from permanent loads in accordance with Electric Rules 15 and 16. The allowances for residential electric service are set as a fixed amount per meter or residential dwelling unit.

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2. **Boundaries of the distribution system and services within the master-metered mobile home park (MHP) whose costs are recovered through the sub-metering discount.** - Distribution system and service facilities running from the master meter to, and including, the tenant's meter that are used to deliver electricity to the sub-metered tenant. This does not include required service equipment that would otherwise be owned and maintained by a directly-metered MHP owner pursuant to Electric Rule 16.D.1.c. (including but not limited to: the meter pedestal, its foundation and the meter panel). It also does not include, where applicable, the excavation and supporting substructures of the required service equipment that would otherwise be owned and maintained by a directly-metered MHP owner pursuant to Electric Rule 16.D.1.a.

3. **Utility avoided costs** - Categories of costs the utility incurs when directly serving MHP tenants that are avoided by the utility when a master-metered MHP is sub-metered. These categories of costs are those for which the owner of a master-metered MHP is reimbursed through the discount provided pursuant to the utility tariff for service to master-metered mobile home parks (to the extent these costs do not exceed the average costs the utility would have incurred in providing direct service), and may not be separately charged to MHP tenants by the MHP owner. The following is a general list of costs incurred in the provision of direct service that are avoided in a sub-metered MHP, i.e., utility avoided costs (electric):
 - ◆ Operations and maintenance expenses including, but not limited to, meter reading, billing, maintenance, and repair of the distribution system and service facilities, including distribution and service trenching, distribution and service conduit, distribution and service substructures, and distribution protective structures maintenance, where appropriate, as defined in the applicable utility tariffs, e.g., Electric Rules 15 and 16.

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- ◆ Administrative and general expenses.
- ◆ Uncollectibles.
- ◆ Unaccounted for loss of electrical energy.
- ◆ Capital Investment Costs: Utility cost portion of initial and subsequent capital investment, including capital expenditures for replacement, and improvement of the distribution system and service facilities.
- ◆ This may include, but is not limited to:
 - Capital investment for maintenance-related trenching, conduit (maintenance), transformers, poles, service lines, service drops, and meters as specified in the applicable utility tariffs.
- ◆ Capital investment-related cost components include:
 - depreciation,
 - return on investment (rate base)
 - taxes related to capital investment (including property taxes).
- ◆ Other taxes (not related to capital investments) associated with operations and maintenance, as well as meter reading and billing, that are the utility's responsibility under the applicable tariffs, e.g., Electric Rules 15 and 16.

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4. **Costs not covered by the discount** - Categories of costs related to electric utility service that are either not incurred by the utility when it directly serves MHP tenants or are not reflected in utility rates for direct service, but are incurred by the owners or operators of master-metered MHPs. This may include Applicant (MHP owner) responsibility service equipment required by utilities to provide service to the MHP (Electric Rule 16) and equipment to hook-up the mobile home to the MHP's electric service. The following are the categories of electric costs for which the owners of master-metered MHPs are not compensated through the electric sub-metering discount provided pursuant to a utility tariff. Such costs may only be separately charged to sub-metered tenants if doing so can be shown not to violate any of the following: (1) Public Utilities Code Section 739.5(a), (2) related case and statutory law that owners of sub-metered MHPs may not pass through to tenants as rent increases costs related to the repair and maintenance of their sub-metered electric utility systems if such cost components are covered by the sub-metering discount, or (3) other local rent control ordinances:
- ◆ Costs related to common area
 - ◆ Purchase and capital-related installation, repair and maintenance costs for: pedestals, meter sockets, circuit breakers, service panels, and support pads.
 - ◆ Trenching (excavation) for (1) underground service reinforcements, as defined by Rule 16.F.1; and (2) expansion of sub-metered distribution and services under Rules 15.B.1.a and 16.D.1.a(2).¹ (Trenching for maintenance and repair is included in the discount)

¹ PG&E's policy is that master-metered mobile home parks cannot be expanded by the addition of additional sub-metered spaces.

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- ◆ Conduits for (1) service reinforcements, as defined by Rule 16.F.1; and (2) expansion of sub-metered distribution and services under Rule 15.B.1.a and 16.D.1.a(3).² (Capital-related costs for initial installation only, not maintenance and repair, which are already covered by the discount).
- ◆ Substructures and protective structures for (1) service reinforcements as defined by Rule 16.F.1; and (2) expansion of sub-metered distribution and services under Rule 15.B.1.a and 16.D.1.a.³
- ◆ Capital investment related costs for the cost components listed in this Section 4 if not otherwise directly recovered by the MHP owner, such as:
 - depreciation
 - return on investment
 - taxes related to capital investment (including property taxes).
- ◆ Operations and maintenance expenses for the interconnection between the meter set and each sub-metered dwelling unit (mobile home), including associated taxes.

² PG&E's policy is that master-metered mobile home parks cannot be expanded by the addition of additional sub-metered spaces.

³ PG&E's policy is that master-metered mobile home parks cannot be expanded by the addition of additional sub-metered spaces.

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- ◆ Other taxes (not related to capital investments) not otherwise directly recovered by the MHP owner associated with operations and maintenance that are the responsibility of the owner of the master-metered mobile home park under the applicable tariffs, e.g., Electric Rules 15 and 16.

The inclusion on the above list of any cost category does not warrant automatic approval by a rent board of related rent increases for the sub-metered tenants of a master-metered MHP. The MHP owner must first demonstrate that costs incurred properly fall within the categories of costs set forth above. Then, the rent board would need to determine that any related recovery of these costs through rent is not prohibited by (1) Public Utilities Code Section 739.5(a), (2) related case and statutory law, and (3) other local rent control ordinances.

(END OF ATTACHMENT A)

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PHASE 1 HANDOUT – GAS

November 20, 2003

Agreed to by Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), Southwest Gas Company (Southwest), Southern California Edison Company, the Western Manufactured Housing Community Association, and The Utility Reform Network.

1. Definitions.

- ◆ Common areas: facilities available for use by all tenants such as: swimming pools, buildings, recreation rooms, clubhouses, and laundry facilities.
- ◆ Distribution Main/Service Extension Allowance:
Distribution main and service allowances are granted based on expected revenues from permanent loads per Rules 15 and 16 for PG&E, SDG&E, and Southwest, and Rules 20 and 21 for SoCalGas (these references hold throughout this document). The allowances for residential gas distribution and service may vary among utilities. They are set as an amount per meter or residential dwelling unit that varies by the number of gas end-use appliances installed at each residential dwelling unit.

2. Boundaries of the distribution system and services within the master-metered mobile home park (MHP) that are addressed by the discount.

Distribution system and service facilities running from the master-meter to, and including, the tenant's meter that are used to deliver natural gas to the tenant. This does not include, where applicable, the excavation and supporting substructures for required service equipment that would otherwise be owned and maintained by a directly metered MHP owner pursuant to gas Rule 16.D.1.a.

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3. **Utility avoided costs**- Categories of costs the utility incurs when directly serving MHP tenants that are avoided by the utility when a master-metered MHP is sub-metered. These categories of costs are those for which the owner of a master-metered MHP is reimbursed through the discount provided pursuant to the utility tariff (to the extent these costs do not exceed the average costs the utility would have incurred in providing direct service), and may not be separately charged to MHP tenants by the MHP owner. The following is a general list of costs incurred in the provision of direct service that are avoided in a sub-metered MHP, i.e., utility avoided costs (gas):
- ◆ Operations and maintenance expenses including, but not limited to, meter reading, billing, maintenance, and repair of the distribution system and services, as defined in the applicable utility tariffs, e.g., Gas Rules 15 and 16.
 - ◆ Administrative and general expenses.
 - ◆ Uncollectibles.
 - ◆ Unaccounted for gas losses
 - ◆ Capital Investment Costs: Utility cost portion of initial and subsequent capital investment, including capital expenditures for replacement and improvement of the distribution system and services.
 - ◆ This may include, but is not limited to:
 - capital investment for maintenance-related trenching, meters, meter set assemblies, distribution mains and service lines as specified in the applicable utility tariffs.
 - ◆ Capital-investment-related cost components include:
 - depreciation
 - return on investment (rate base)
 - taxes related to capital investment (including property taxes).

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- ◆ Other taxes (not related to capital investments) associated with operations and maintenance (including meter reading and billing) that are the utility's responsibility under the applicable tariffs, e.g., Gas Rules 15 and 16.
4. **Costs not covered by the discount**- Categories of costs related to gas utility service that are either not incurred by the utility when it directly serves MHP tenants or are not reflected in utility rates for direct service, but are incurred by the owners or operators of master-metered MHPs and are incidental to the service they directly provide to MHP tenants. The following are the categories of costs for which the owners of master-metered MHPs are not compensated through the gas sub-metering discount provided pursuant to a utility tariff. Such costs may only be separately charged to sub-metered tenants if doing so can be shown not to violate any of the following: (1) Public Utilities Code Section 739.5(a), (2) case and statutory law, that owners of sub-metered MHPs may not pass through to tenants as rent increases costs related to the repair and maintenance of their sub-metered natural gas utility systems if such cost components are covered by the sub-metering discount, or (3) other local rent control ordinances:
- ◆ Costs related to common areas,
 - ◆ Trenching (excavation) for (1) service reinforcements as defined by Rule 16.F.1; and (2) expansion of sub-metered distribution and services¹ under Rules 15.B.2. and 16.D.1.a(2).²

¹ It is the policy of PG&E and Southwest that master-metered parks not be expanded by the addition of additional sub-metered spaces.

² The utilities are responsible for all trenching costs up to the line extension allowance for SoCalGas and Southwest. The utilities are responsible for distribution main trenching for PG&E and SDG&E.

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- ◆ Substructures and protective structures for (1) service reinforcements as defined by Rule 16.F.1.; and (2) expansion of sub-metered distribution and services³ under Rule 15.B.1. and 16.D.1.a.
- ◆ Capital investment related costs for the cost components listed in this Section 4 if not otherwise directly recovered by the MHP owner, such as:
 - depreciation
 - return on investment
 - taxes related to capital investment (including property taxes).
- ◆ Operations and maintenance expenses of the interconnection between the meter set and dwelling unit (mobile home), including associated taxes.
- ◆ Other taxes (not related to capital investments) not otherwise directly recovered by the MHP owner associated with operations and maintenance that are the customer's responsibility under the applicable tariffs, for example Gas Rules 15 and 16.

The inclusion on the above list of any cost category does not warrant automatic approval by a rent board of related rent increases for the sub-metered tenants of a master-metered MHP. The MHP owner must first demonstrate that costs incurred properly fall within the categories of costs set forth above. Then, the rent board would need to determine that any related recovery of these costs through rent is not prohibited by (1) Public Utilities Code Section 739.5(a), (2) related case and statutory law, and (3) other local rent control ordinances.

(END OF ATTACHMENT B)

³ It is the policy of PG&E and Southwest that master-metered parks not be expanded by the addition of additional sub-metered spaces.