

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Petition of Western Manufactured Housing Communities Association to adopt, amend, or repeal a regulation pursuant to Public Utilities Code Section 1708.5.

Petition 10-08-016
(Filed August 20, 2010)

Order Instituting Rulemaking into Transfer of Master-Meter/Submeter Systems at Mobilehome Parks and Manufactured Housing Communities to Electric and Gas Corporations.

FILED
PUBLIC UTILITIES COMMISSION
FEBRUARY 24, 2011
SAN FRANCISCO OFFICE
RULEMAKING 11-02-018

DECISION GRANTING PETITION IN PART AND INSTITUTING RULEMAKING INTO ISSUES CONCERNING TRANSFER OF ELECTRIC AND NATURAL GAS MASTER-METERED SERVICE AT MOBILEHOME PARKS AND MANUFACTURED HOUSING COMMUNITIES TO DIRECT SERVICE BY ELECTRIC AND/OR NATURAL GAS CORPORATIONS

1. Summary

The rulemaking we open today will examine what the Commission can and should do to encourage the replacement by direct utility service of the master-meter/submeter systems that supply electricity, natural gas, or both to mobilehome parks and manufactured housing communities located within the franchise areas of electric and/or natural gas corporations. We look forward to a collaborative approach that will fashion creative solutions to advance existing legislative policy favoring direct utility service – in ways both timely and fair to all. We base the scope and schedule of this rulemaking upon suggestions parties made at an informal workshop Commissioner Ryan convened in late 2010.

Accordingly, to the extent consistent with this scope and schedule, we grant the petition for rulemaking requested by Western Manufactured Housing Community Association, which initiated our review.

2. Discussion

Today's decision refocuses attention upon the status of the distribution of electricity and natural gas through master-meter/submeter systems at mobilehome parks and manufactured housing communities located within the franchise areas of electric and/or natural gas corporations, the Commission-regulated entities commonly referred to as public utilities. (For ease of reference, we generally refer to these entities by the simple terms "utility" or "utilities" without further modification and we refer to the singular or plural of the terms "mobilehome park" and "manufactured housing community" collectively as MHP or MHPs.) All parties to this petition docket support the opening of a rulemaking to determine what options may exist for reducing or resolving problems identified, including what action the Commission should take.

We opened this petition docket in response to a petition for rulemaking filed by Western Manufactured Housing Community Association (WMA) pursuant to Public Utilities Code § 1708.5. That statute authorizes "interested persons to petition the commission to adopt, amend, or repeal a regulation."¹ As discussed further below, today's decision grants the petition in part but on the Commission's own motion expands the scope of requested review after consideration of the filed responses and replies, as well as the parties' discussion at an all-day workshop.

¹ Unless otherwise noted, all subsequent mentions of a statute or "section" refer to the Public Utilities Code.

2.1. Background

Many residents of MHPs built in California before 1997 do not receive electricity and/or natural gas directly from the utility holding the franchise to provide distribution-level service. Instead, the utility serves a master-meter customer (typically, the MHP owner or operator) who then distributes the electricity, natural gas, or both to individual coaches or homes at the MHP through a privately-owned submeter system.²

2.1.1. MHP Master-Meter/Submeter Pricing Structure

Pursuant to § 739.5, a utility bills the master-meter owner/operator at a discounted rate to adjust for the average costs that the utility avoids.³ The Commission has explained that “[t]he discount is intended to reimburse the MHP owner for the reasonable average cost of providing submeter service, and is not to 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 submetered.”⁴

Over the years, the Commission has been asked to interpret § 739.5’s implications for various aspects of the master-meter/submeter relationship. The

² Master-meter/submeter systems generally provide electricity; natural gas may or may not be available and where it is unavailable, propane may be a substitute.

³ Section 739.5(a) provides, in relevant part:

... The commission shall require the corporation furnishing service to the master-meter customer to establish uniform rates for master-meter service at a level that will provide a sufficient differential to cover the reasonable average costs to master-meter customers of providing submeter service, except that these costs shall not exceed the average cost that the corporation would have incurred in providing comparable services directly to the users of the service.

⁴ Decision (D.) 04-11-033 (2004), Finding of Fact 5, mod. and rhg. den. by D.05-04-031.

Commission has opined on the purpose of the master-meter discount (i.e., to cover operation, maintenance, and replacement of the submeter system) and the particular costs included and excluded.⁵ Further, the Commission has determined that § 739.5 establishes the master-meter discount as the sole source of cost recovery for all submeter costs factored into calculation of the discount.⁶

⁵ See the following threshold decisions:

OII into rates, charges and practices at MHPs (1995) D.95-02-090, 1995 Cal. PUC LEXIS 141, mod. and rhg. den. by D.95-08-056 [decision determines that § 739.5 expressly limits master-metered mobile home park owners' recovery of costs of owning, operating, and maintaining a submetered system to the reimbursement provided by the submeter discount and requires language to this effect to be inserted in utility tariffs];

OII to re-examine the submeter discount for MHPs, Phase 1 (2004) D.04-04-043 [decision adopts parties' settlement of Phase 1 of Rulemaking (R.) 03-03-017 including definitions of "utility avoided costs" (categories of costs covered by the electric or natural gas master-meter discount) and "costs not covered by the discount" (categories of electric costs unique to submetered MHP service or not reflected in utility rates for direct service)];

OII to re-examine the submeter discount for MHPs, Phase2 (2004) D.04-11-033 [decision in Phase 2 of R.03-03-017 determines, among other things, that the master-meter discount must be based on a utility's average cost of providing direct service to MHPs (insufficiency of MHP owner records/data prevents determination of MHPs' average cost of submeter service), be set in each utility's general rate case or other major ratemaking proceeding, be adjusted as specified between major ratemaking proceedings, and be calculated as an amount per space per day using one of two methods it deems to provide a reasonable approximation—a sampling method (using a statistically valid random sample of MHPs a utility serves directly) or a marginal cost method (used by each utility to calculate residential customer rates)].

⁶ See for example, *Home Owners Association of Lamplighter v. The Lamplighter Mobile Home Park* (1999) D.99-02-001, 1999 Cal. PUC LEXIS 119; *Yucaipa Mobilehome Residents' Association, et al. v. Knollwood Mobilehome Estates, Ltd.* (2004) D.04-05-056. The Commission has exclusive jurisdiction to interpret § 739.5 and its exercise of that authority does not improperly usurp local rent control authority. See *Hillsboro Properties v. Public Utilities Commission* (2003) 108 Cal.App.4th 246.

In other words, if in a given year a master-meter owner/operator incurs higher submeter costs than the corresponding utility's average cost, the excess may not be recovered from MHP tenants in rents or surcharges. However, a master-meter owner/operator who spends less on the submeter system than the utility's average cost retains the differential received via the master-meter discount. In theory, an excess or an underage in any given year should result in a balance over time.

2.1.2. Statutory Transfer Requirements

For more than a decade, state policy has disfavored the continuation of master-meter/submeter systems. Section 2791(c) requires the direct-metering of electric and/or natural gas service in MHPs constructed after January 1, 1997 within electric or natural gas corporation franchise areas. That statute is part of Chapter 6.5, entitled *Transfer of Facilities in Master-Metered Mobilehome Parks and Manufactured Housing Communities to Gas or Electric Corporation Ownership*, which added §§ 2791-2799.⁷ Pursuant to § 2791(a), transfer is a voluntary process, however—not a mandatory one. The bulk of Chapter 6.5 establishes the fundamental capabilities an existing submeter system must possess to be acceptable for transfer to a utility and provides a roadmap for the transfer process. We summarize the major provisions below.

To be transferable, § 2794 requires an MHP submeter system to meet three general criteria and permits the second of the three to be modified or waived by the parties; the statute does not require the system to meet all of the utility's standards.

⁷ Stats. 1996, ch. 424, Sec. 1 (effective on January 1, 1997), added Chapter 6.5 to Part 2 of Division 1 of the Code.

- Per § 2794(a) a system must:
 - be “capable of providing end users a safe and reliable source” of electricity or natural gas;
 - comply with the Commission’s general orders and be compatible with the utility’s “design and construction standards insofar as they are related to safety and reliability”;
 - be capable of serving customary expected load at the MHP, calculated by one of several specified methods.
- Per § 2794(b), customary expected load is defined to mean “the anticipated level of service demanded by the dwelling units” at the MHP.
- Per § 2794(c), compliance with § 2794(a) does “not require any particular system architecture or replacement of used and useful equipment, plant, or facilities, except as necessary to comply” with the criteria listed there and existing system components are to “be considered compatible unless their presence in the system would cause substantial increase in the frequency or duration of outages in the case of failure or emergency, or they have no remaining useful life.”

Sections 2792 and 2793 address the transfer process and articulate three milestones; each of them requires or contemplates some response within 90 days.

- Upon receipt of an MHP owner’s written notice of intent to transfer, the utility must do the followings six things within 90 days, per § 2792(a):
 - meet with the MHP owner;
 - perform a preliminary review of the submeter system;
 - inspect the owner’s documentation of the construction, operation, and condition of the system;
 - advise the owner concerning the system’s general condition and provide a preliminary opinion of the work needed for the system to comply with § 2794;
 - offer a preliminary, nonbinding estimate of the cost of transfer; and

- offer a preliminary, nonbinding estimate of the cost of the utility's engineering evaluation and estimate of the construction work and equipment replacement the utility would need to do.
- Upon receipt of an MHP owner's deposit (in the amount of the estimate for the engineering evaluation) the utility must do the following three things within 90 days, per § 2793(a):
 - develop an engineering plan for bringing the submeter system into compliance with § 2794;
 - develop an appraisal of the value of the system to be transferred, as specified, and its remaining useful life; and
 - present a proposal for transfer that can serve as a bid document.
- Upon receipt of the utility's proposal for transfer, an MHP owner may do any one of the following four things within 90 days, per § 2793(e):
 - present objections to the utility in writing (and request mediation by the Commission if the parties cannot resolve their differences);
 - decline to proceed, without prejudice to presenting a new notice in the future;
 - accept the proposal and contract with the utility for completion of the required construction work and equipment replacement; and
 - accept the proposal and contract with an approved third party for completion of the required construction work and equipment replacement.

2.1.3. Submeter System Responsibilities and Oversight

MHP master-meter/submeter systems are private distribution systems interconnected with the larger electricity grid and with natural gas transmission facilities. Because the utilities do not own or maintain MHP submeter systems, they do not have the same maintenance or safety responsibilities as for their own

distribution systems. Maintenance and primary safety responsibility for MHP submeter systems lies with MHP owners/operators.

Governmental oversight and enforcement authority at MHP submeter systems is more highly structured for natural gas than for electricity. Generally, as part of its broad authority over health and safety issues that arise in the housing context, the California Department of Housing and Community Development (HCD) may perform inspections of MHP electric or natural gas submeter systems when it inspects the MHPs where those systems exist. In some instances, HCD has delegated MHP inspection authority to the cities or counties where the MHPs are located.

However, specific requirements delegated by the United States Department of Transportation (DOT) apply to natural gas. Sections 4351-4361, entitled *Enforcement of Federal Pipeline Safety Standards for Mobilehome Park Owners*, establish the framework that governs safety at *all* MHPs with natural gas submeter systems.⁸ At the majority of such MHPs, an electric or gas corporation provides service to the MHP master-meter, but in a few instances, a municipal utility provides that service (examples include the cities of Coalinga and Long Beach).

Section 4352(a) charges the Commission with inspection and enforcement “to ensure compliance with the federal pipeline standards by mobilehome park operators.” The Utility Safety and Reliability Branch, located within the Commission’s Consumer Protection and Safety Division (CPSD), carries out the actual inspection and initial enforcement activities and, pursuant to § 4353(g), is

⁸ Sections 4351-4361 are found in Chapter 4 of Division 2 of the Code.

empowered to issue citations, as necessary. Below we summarize the major elements of the Commission's responsibility and the MHPs' obligations under the statutory framework of §§ 4351-4361.

Section 4353(a) requires the Commission to perform an initial inspection that consists of review of the adequacy of the MHP's operations and maintenance plan, the annual report on the distribution system that the MHP must provide to the Commission pursuant to § 4354, and the MHP's records of leak surveys and repairs, corrosion control, and cathodic protection. Pursuant to § 4353(a)(4), a physical inspection must be performed "[i]f deemed appropriate from the review of the records." If a system demonstrates compliance, § 4353(b) requires its subsequent inspection at five year intervals thereafter, though annual inspections may be resumed if problems occur. If a system is non-compliant, § 4353(c) requires annual inspections to continue. However, if the problem is serious, such as a gas leak or other significant safety hazard, then the Commission must notify DOT, appropriate law enforcement, the utility that serves the master-meter, and the MHP operator (per § 4356(a)) and the Commission must direct the MHP operator to take immediate corrective action (per § 4356(b)). Section 4353(d) authorizes frequent inspections until the problem is corrected.

The operator of a MHP natural gas submeter system must maintain the following documents, pursuant to § 4354.5: "a map, drawing, or diagram" of the distribution system that shows the location of its main and service lines, master-meter, and key valves"; copies of all annual reports; and copies of all leak surveys as well as records of repairs, corrosion control, and cathodic protection.

2.1.4. Data Issues

The focus of today's decision is those submetered MHPs in California where an electric and/or natural gas corporation provides service to a

master-meter. As yet, this docket lacks a sufficiently reliable quantification of these MHPs (whether the submeter system is electric, natural gas, or a combined system) – or of the individual spaces these MHPs submeter systems serve.

No single database exists. As discussed above, both the Commission and HCD conduct inspections within their respective spheres of authority and maintain databases based on those inspections (CPSD's data include MHPs served by municipal utilities). Likewise, the utilities maintain records of master-meter accounts, but a given MHP may have more than one master-meter account and may be served by more than one utility, if it submeters both electricity and natural gas. Further, a MHP that was developed over a period of time may have more than one service arrangement, including multiple submeter systems as well as an area with direct utility service. Neither WMA, which represents MHP owners, nor Golden State Manufactured Home Owners League, Inc. (GSMOL), which represents MHP tenants, has records that provide a complete picture of the status quo.

While no one can dispute that MHP submeter systems are aging, information on the age of the MHPs is largely anecdotal, as well. Inspections provide some information but are imperfect, since very often little is visible--MHP natural gas systems typically run underground and some or all of electrical systems may also. Moreover, at some MHPs, particularly those where ownership has changed over time, the original construction records may no longer be available.

Given the statutory prohibition on new MHP submeter systems beginning in 1997, we know that the majority of existing systems are at least 14 years old. According to various parties to this petition docket, most MHP submeter systems were built a decade or more before that and now are 30 to 40 years old, with

perhaps a few as much as 70 years old. WMA states that many MHP submeter systems have been fully depreciated, are reaching the end of useful life, and consequently may have little salvage value.

2.2. Petition: Procedural History

Petitioner, WMA, represents perhaps 40% of MHP owners in California (the record does not reflect what percentage of them own MHPs served by CPUC-jurisdictional utilities). WMA filed the initiating petition on August 20, 2010. The following additional parties filed timely responses on September 20, 2010: jointly, San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas); Southern California Edison Company (SCE); and The Utility Reform Network (TURN). The assigned Administrative Law Judge (ALJ) granted GSMOL's leave to file a response out of time, on October 27, 2010. GSMOL, a non-profit mutual benefit corporation for MHP residents, has some 30,000 members. WMA filed a timely reply on September 30, 2010, as did Pacific Gas and Electric Company (PG&E).

The ALJ held a prehearing conference (PHC) on October 27, 2010, which all parties attended: GSMOL, PG&E, SCE, SDG&E/SoCalGas, TURN, and WMA. With the concurrence of all parties, an informal workshop was set for November 18, 2010, and the ALJ asked the parties to work together to develop a joint list of issues that a rulemaking might consider and to distribute it to the service list by email no later than November 15. In response, the parties produced a five-page matrix which Commissioner Ryan and the ALJ reviewed prior to preparing the workshop agenda and to forwarding it to the service list by email at noon on November 17, 2010. Both the matrix and agenda were filed in this docket by ALJ ruling on November 23, 2010, together with a list of "needed

information” that PG&E had distributed at the PHC but which was omitted, inadvertently, from the PHC transcript.

All parties attended the workshop, together with Commission advisory staff from CPSD and from Energy Division, and a representative from HCD.

2.3. Overview of Parties' Concerns

WMA filed its petition out of concern that the voluntary transfer process codified by §§ 2791-2799 rarely reaches fruition. Since 1997, only a handful of MHPs have successfully transitioned from master-meter/submeter systems to direct provision of electricity, natural gas, or both from a utility. WMA and the utilities have markedly different perspectives on the reasons for this situation and in very broad terms, each tends to see the participants on the other side of the transfer process as adversaries. From WMA's standpoint, the utilities impede transfers by interpreting statutory requirements for fitness too narrowly such that virtually none of the existing systems meet their standards, regardless of age. From the utilities' view, WMA (and other park owners) fail to make realistic assessments of the condition of existing submeter facilities and the costs of their retrofit or replacement. Contributing to the disharmony are conflicting views about whether, in all cases, the entirety of the master-meter discount actually has been apportioned and used for submeter operation, maintenance, and replacement.

To expedite transfers, WMA's petition seeks four things: establishment of a standard transfer agreement to replace the agreements each utility now uses (WMA attaches a proposed draft agreement to its petition); adoption of specific procedural steps to accompany the standard agreement; adoption of eligibility

standards which mirror the Commission decision in a recent complaint case, D.09-02-030,⁹ and clarification of cost sharing requirements between MHP owners and utility ratepayers for converting existing MHP submeter systems to direct utility service.¹⁰ With respect to the latter, in situations where a MHP submeter system has no remaining useful life at the time of transfer, WMA urges the Commission to require that:

[T]he host utility should bear the cost of upgrade or replacement needed to extend the system's life necessary to provide direct service on a going forward basis. An MHP owner would receive no compensation for the transfer of the system, but would also be relieved of making investments for which there is no opportunity for recovery through future revenues. In other words, a transferring MHP owner cannot be fairly required to invest in an extension upgrade or replacement of a system as a condition of transferring that system, and thus make a gift to the future direct service utility. (WMA Petition at 14.)

At the workshop, WMA explained informally that most MHP owners "want to get out of the utility business" but that faced with the need to completely replace an end of life submeter system with either a new submeter

⁹ See *Harbor City Estates, LLC v. Southern California Gas Company* (2009) D.09-02-030.

¹⁰ WMA challenges contentions that the Commission addressed this matter by approving the settlement in D.04-04-043. That decision, WMA argues, "does not address cost recovery in transfers at all" but rather "only lists the costs that are in and out of the discount." (WMA petition at 12.) WMA relies on D.05-04-03, which modified Ordering Paragraph 13 of D.04-11-033 to read:

The motion, filed by the active parties on January 16, 2004, to establish a new proceeding to consider the issue of whether there are fair and reasonable ways to mitigate the cost to MHP owners of converting exiting submetered systems to directly-metered service, is denied. This issue is reserved for consideration in a future proceeding.

system or a direct system built to meet all utility requirements, economics dictate the former.

Other parties contend that the scope proposed by WMA is too narrow. Though they do not oppose a new rulemaking into MHP transfer issues, they believe that the scope should be more comprehensive and most importantly, that any policy determinations must be based on a stronger factual assessment of the status quo than the one presently available to this docket.

At the workshop, the ALJ asked each party to identify its top three objectives for the rulemaking. The list below summarizes those responses but does not attempt to assign an absolute priority to them, given the informal nature of the discussion. More than one party identified the first three issues in the list; the remaining six were each raised once.

- Ensuring safety of utility service at MHPs, or safety and reliability.
- Establishing a means/method for prioritization of transfers from MHP submeter systems to direct service, including clarity of scope – must transfers be voluntary or can/should the Commission move toward the complete elimination of MHP submeter systems?
- Ensuring reasonableness/equity in cost allocation associated with transfers, including the impact on all ratepayers, whether MHP tenants or not.
- Improving the ease and speed of transfers and reducing their cost.
- Better utilization of existing line extension rules (Rules 15 and 16 in each utility's filed tariffs).
- Recognizing and apportioning risks/liabilities during construction/transfer.
- Considering the impact of an increase in transfers on the financial resources available for and timing of other utility endeavors.
- Ensuring seamless continuation of service to MHP tenants (no interruptions as transfers are implemented).

- Ensuring consistency with previous Commission decisions.

3. Preliminary Scoping Memo

The petition, various responses and replies to the petition, the five-page issue matrix the parties developed prior to the workshop, and the informal workshop discussion all represent early stages in the process of defining “problems” with the status quo and working toward “solutions.” We are persuaded to open a rulemaking to further this dialogue and ultimately, to adopt additional guidance for all parties, including new or revised rules as may be warranted. Thus, the initial scope is broad: What can and should the Commission do to encourage the replacement of MHP submeter systems with direct utility service on a reasonable basis and in a manner both timely and fair to all concerned?

Any answer to this question must address the first three issues in the list above (safety/reliability, transfer prioritization, reasonableness of cost allocation), all of which have undisputed merit. The remaining six issues in the list should all be considered as a plan is devised for moving forward and those issues which prove meritorious should be incorporated into the plan.

We offer further comments on several issues, beginning with safety. We have no evidence that existing MHP submetered service, taken as a whole, poses an imminent and serious safety risk. There may well be some MHP submeter systems where age or other factors raise the potential for safety problems that should be addressed before actual problems occur. As we consider how to move forward, safety must be the first consideration, which Commissioner Ryan recognized at the PHC:

[T]he bedrock responsibility of the PUC is consumer protection, and consumer protection has many faces, certainly rates, which is

what we talk about most often, but clearly customer safety is an important dimension of consumer protection as well ... [a]nd I think safety is the paramount consideration in the context of how will electric and gas service be provided in the mobilehome parks and who will provide that service. (PHC transcript at 3.)

While safety is paramount, reliability also warrants further assessment. Some parties, such as TURN, link safety with reliability and contend that in terms of the functioning of electric and natural gas systems, safety and reliability are so interconnected that conceptual efforts to separate them are not meaningful. In particular, how should § 2794(3)(b)'s reference to "customary expected load" be understood given the increased power demands necessitated over time by electrical appliances and devices, and the increased power capabilities of modern mobilehomes and manufactured housing?

Though the age of a system may not pose an absolute safety or reliability risk, this factor provides a meaningful opportunity to reassess the provision of electricity, natural gas, or both at MHPs. As Commissioner Ryan observed:

[W]e have these systems that were put in 30 or 40 years ago that ... in many instances are ending their useful life. And I think we have an opportunity to rethink as we go into . . . the second generation of distribution systems in these settings, what's the framework in which we want to do it. (PHC transcript at 19.)

Clearly, the transfer from MHP master-meter/submeters systems to direct utility service cannot happen all at once. An important element of any transfer plan must be a method for reasonably prioritizing those transfers, including, perhaps, some way of processing them in groups or "batches." However, both a prioritization method and any "bigger picture" roadmap for the pace of transfers over time require a better factual predicate than the one available to us at present.

The parties are the best equipped to identify the necessary facts and to suggest a reasonable, cost effective means of developing them.

Any transfer plan must be fair and reasonable to all ratepayers, including MHP tenants, to utilities, and to MHP owners. While it is premature for us to opine on the specific requirements of a just solution, we observe that a deep-seated and ongoing source of contention among the parties has been whether the MHP master-meter discount is adequate, on the one hand, and whether MHP owners have used the discount they have received for appropriate master-meter/submeter purposes. We urge all parties to consider how to reasonably bridge this disagreement in a way that minimizes unfairness, including the likelihood of financial penalty or windfall to either ratepayers or MHP owners.

Some parties have urged us to consider whether the focus of this rulemaking and any transfer effort should be limited to voluntary transfers (in other words, situations where the MHP owner actively seeks to relinquish the MHP submeter system transfers, as specified in § 2791(a)). One demarcation is clear – the Commission’s rulemaking can extend only to MHPs located in the franchise areas of Commission-jurisdictional utilities. A rulemaking cannot apply, for example, to MHPs served by municipal utilities. However if, as WMA suggests, MHP owners as a group wish to exit the master-meter/submeter business, then the looming problem will be prioritization, not reluctance to transfer.

At the workshop, the parties agreed that any initial plan for moving forward should include at least three components: (1) fact-finding to establish facts necessary or useful to policy formulation; (2) development of party proposals, and (3) one or more workshops, potentially followed by evidentiary

hearings and/or briefs or comments. We agree that this approach generally makes sense. We encourage collaboration among parties wherever possible and at each process stage and at this time, we do not foresee the need for evidentiary hearings.

With respect to the fact-finding undertaking, we caution that it must be timely and it must be reasonable in other respects. Each party should consider the importance of a fact or group of related facts to the issues to be resolved, the burden in time and financial resources to develop that information, and the existence of one or more reasonable alternatives or proxies.

Finally, we grant WMA's petition to the extent the relief it seeks may be considered within the scope identified above and we deny the petition to the extent it would limit our consideration to the specific issues and solutions WMA has identified.

4. Schedule

This preliminary schedule is necessarily limited and may be revised by ruling of the assigned Commissioner or assigned ALJ. We encourage collaboration among parties and we will cancel any process step that ceases to be necessary. Reference below to the date of "filing of this rulemaking" means the date of issuance of today's decision, which includes an order instituting rulemaking.

April 8, 2011	Parties may file comments authorized by Rule 6.2 and must file initial list of necessary facts, together with a plan or proposal for development of that factual information.
April 15, 2011 @ 10:00 a.m. Commission Courtroom State Office Building	1 st PHC to discuss fact-finding procedure & schedule.

505 Van Ness Avenue San Francisco, CA 94102	
Within approx. 75 days of the filing of this rulemaking	Workshop on fact-sharing and preliminary exploration of options for creative solutions.
Within approx. 150 days of the filing of this rulemaking	Parties file proposals.
Within approx. 170 days of the filing of this rulemaking	Workshop to discuss party proposals, to assess areas of potential agreement , and/or seek support for creative solutions.
Within approx. 200 days of the filing of this rulemaking	Parties file responses to proposals of other parties.
Within approx. 210 days of the filing of this rulemaking	2nd PHC to discuss need for workshops (or other procedures).
Within approx. 240 days of the filing of this rulemaking	Workshops (or other procedures).
Within approx. 270 days of the filing of this rulemaking	Initial briefs filed.
Within approx. 295 days of the filing of this rulemaking	Reply briefs filed.
Within approx. 385 days of the filing of this rulemaking	Proposed decision filed.
Within approx. 410 days of the filing of this rulemaking	Opening comments on proposed decision filed.
Within approx. 415 days of the filing of this rulemaking	Reply comments on proposed decision filed; Commission may act on proposed decision.

The schedule above contemplates resolution of this rulemaking within approximately 14 months. In any event, we anticipate the rulemaking will conclude within 18 months of the issuance of this preliminary scoping memo, pursuant to § 1701.5.

5. Proceeding Category and Need for Hearing

Rule 7.1(d) of the Commission's Rules of Practice and Procedure (Rules) specifies that a rulemaking will preliminarily determine the category of the proceeding and the need for hearing.¹¹ We determine that this proceeding is quasi-legislative as defined in Rule 1.3(d) and do not foresee the need for evidentiary hearings at this time. As permitted by Rule 6.2 of the Rules, the comments due after the rulemaking has been filed may address this and all other determinations in the preliminary scoping memo.

6. Parties and Service List

The Executive Director will serve copies of this rulemaking on the service list for this petition docket (petition service list), which shall constitute the initial, official service list for the rulemaking. The Executive Director shall also serve any other electric corporations and/or natural gas corporations, not listed on the petition service list, that have master-meter customers. Within 30 days of the filing of this rulemaking, each utility should provide by direct mail notice of the rulemaking and information about how to participate to all of its MHP master-meter customers that, under any account, schedule or tariff, submeter electricity and/or natural gas to MHP tenants. Likewise, within 30 days of the filing of this rulemaking, each utility should provide all of its MHP master-meter customers with a form letter that each master-meter customer promptly should disseminate to its submeter customers and should post in conspicuous places within the MHP. The utilities should work jointly to develop, to the extent

¹¹ These Rules are available on the Commission's website at: <http://www.cpuc.ca.gov/PUC/documents/codelawspolicies.htm>.

possible given differences in their systems and account nomenclature, a common draft notice and draft letter and should provide both to the Commission's Public Advisor no later than 20 days after the filing of this rulemaking, so as to permit timely review and approval.

The Commission's Process Office will publish the initial, official service list at the Commission's website (www.cpuc.ca.gov) and will update the list as necessary. All persons or entities on the petition service list will remain in the same category (party, state service or information only) for the rulemaking unless they contact the Commission's Process Office to request changes. Persons or entities that are not on the initial service list must contact the Process Office and ask to be added. The subsections immediately below describe how to contact the Process Office and what information to provide.

6.1. Changes to the Official Service List During the First 30 Days

Within 30 days of the filing this rulemaking, any person or entity may ask to be added to the official service list. Send a written request to the Process Office by e-mail (Process_Office@cpuc.ca.gov) or letter (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102) and include the following information:

- Docket Number of this Rulemaking;
- Name (and party represented, if applicable;)
- Postal Address;
- Telephone Number;
- E-mail Address; and
- Desired Status (Party, State Service, or Information Only--
an entity that desires party status must designate a lead

representative and all other representatives will listed as state service or information only, as appropriate).¹²

6.2. Changes to the Official Service List After the First 30 Days

If you want to become a party after the first 30 days, you may do so by filing and serving timely comments in the rulemaking (Rule 1.4(a)(2) of the Rules), or by making an oral motion (Rule 1.4(a)(3)), or by filing a written motion (Rule 1.4(a)(4)). If you file a motion, you must also comply with Rule 1.4(b).

If you want to be added to the official service list as a non-party (that is, as State Service or Information Only), follow the instructions in Section 6.1 above.

6.3. Updating Information on the Official Service List

Once you are on the official service list, you must ensure that the information you have provided is up-to-date. To change your postal address, telephone number, e-mail address, or the name of your representative, send the change to the Process Office by letter or e-mail, and send a copy to everyone on the official service list.

6.4. Serving and Filing Documents

When you serve a document, use the official service list published at the Commission's website as of the date of service. You must comply with Rules 1.9 and 1.10 of the Rules when you serve a document to be filed with the Commission's Docket Office. All parties must serve by e-mail any person on the official service list (whether Party, State Service, or Information Only) who has provided an e-mail address.

¹² If you want to file comments or otherwise actively participate, choose "Party" status. If you do *not* want to actively participate but want to follow events and filings as they

Footnote continued on next page

The Commission encourages electronic filing and e-mail service in this rulemaking. You may find information about electronic filing at <http://www.cpuc.ca.gov/PUC/efiling>. E-mail service is governed by Rule 1.10. If you use e-mail service, you must also provide a paper copy to the assigned Commissioner and ALJ. The electronic copy should be in Microsoft Word or Excel formats to the extent possible. The paper copy should be double-sided. E-mail service of documents must occur no later than 5:00 p.m. on the date that service is scheduled to occur.

If you have questions about the Commission's filing and service procedures, contact the Docket Office (Docket_Office@cpuc.ca.gov).

7. Public Advisor

Any person or entity interested in participating in this rulemaking who is unfamiliar with the Commission's procedures should contact the Commission's Public Advisor in San Francisco ((415) 703-2074 or (866) 849 8390) or e-mail at public.advisor@cpuc.ca.gov; or in Los Angeles ((213) 576-7055 or (866) 849 8391) or e-mail at public.advisor.la@cpuc.ca.gov. The TYY number is (866) 836 7825.

8. Intervenor Compensation

Any party that expects to claim intervenor compensation for its participation in this rulemaking must file its notice of intent to claim intervenor compensation no later than 30 days after the first PHC, or as otherwise provided in Rule 17.1 of the Rules. However, parties that filed notices of intent in the petition docket need not file new notices, but may carry forward to the

occur, choose "State Service" status if you are an employee of the State of California; otherwise, choose "Information Only" status.

rulemaking any hours and costs incurred during the petition and then file a single request for intervenor compensation in the rulemaking docket, if they choose to do so. Any intervenor compensation awarded will be paid by PG&E, SCE, SDG&E, and SoCalGas.

9. *Ex Parte* Communications

Pursuant to Rule 8.2(a) *ex parte* communications in this rulemaking are allowed without restriction or reporting requirement.

10. Assignment of Petition

The petition has been reassigned from Commissioner Nancy E. Ryan to Commissioner Michel Peter Florio; ALJ Jean Vieth is the assigned ALJ. Both Commissioner Florio and ALJ Vieth are assigned to the rulemaking.

11. Comments on Proposed Decision

The proposed decision on the petition, which also initiates today's rulemaking, was mailed to the parties at the request of Commissioner Ryan and the assigned ALJ, and is consistent with § 311(g). Comments were allowed under Rule 14.3 of the Rules. WMA's comments, filed February 2, 2011, support the proposed decision. The February 2 joint comments of PG&E, SCE, SDG&E and SoCalGas recommend certain revisions to the proposed decision, and support it if so revised. In particular, the utilities request reasonable changes to the proposed schedule, make several very helpful suggestions to ensure broad dissemination of the rulemaking to master-meter customers at MHPs and to MHP tenants, suggest that the broadly stated scope be narrowed in time, and note a few typographical errors. The joint reply comments of TURN and GSMOL, filed February 4, 2011, support the proposed decision if revised to incorporate the utilities' suggestions on schedule and service. Today's decision incorporates all of the requested schedule changes (and sets the date for comments on the rulemaking and for the

first PHC), includes the recommended service directives, and corrects typographical errors and omissions. As the proceeding moves forward, the assigned Commissioner will consider whether the scope should be narrowed, and if so, how.

Finding of Fact

It is reasonable to grant the petition to the extent it requests that the Commission act within the scope of the rulemaking today's decision initiates.

Conclusion of Law

To the extent the petition requests initiation of a rulemaking into what the Commission can and should do to encourage the replacement by direct utility service of the submeter systems that supply electricity, natural gas, or both to MHPs located within the franchise areas of electric and/or natural gas corporations, the petition should be granted and otherwise, should be denied.

O R D E R

IT IS ORDERED that:

1. A rulemaking is opened, on the motion of the California Public Utilities Commission (Commission), into what the Commission can and should do to encourage, on a reasonable basis and in a manner both timely and fair to all concerned, the replacement by direct utility service of the submeter systems that supply electricity, natural gas, or both to mobilehome parks and manufactured housing communities located within the franchise areas of electric and/or natural gas corporations.

2. The Petition filed August 20, 2010, by the Western Manufactured Housing Communities Association is granted to the extent consistent with Ordering Paragraph 1 and otherwise is denied.

3. The Executive Director will serve this Order on the service list for Petition 10-08-016, which will constitute the initial, official service list, and on any electric corporations and/or natural gas corporations, not listed there, that have master-meter customers that serve submeter customers at mobilehome parks and manufactured housing communities.

4. Within 30 days of the filing of this rulemaking, each electric corporation and/or natural gas corporation must provide by direct mail to master-meter customers at the mobilehome parks and manufactured housing communities that it serves under any account, schedule or tariff: (a) notice of this rulemaking and information about how to participate in it; and (b) a form letter for prompt dissemination by the master-meter customer to all submeter customers at the mobilehome park or manufactured housing community and for posting in conspicuous places at that site. All electric corporations and/or natural gas corporations must work jointly to develop, to the extent possible given

differences in their systems and account nomenclature, a common draft notice and draft letter and should provide both to the Commission's Public Advisor no later than 20 days after the filing of this rulemaking, for review and approval.

5. Within 30 days of the filing of this rulemaking, any person or entity not already listed on the initial, official service list may ask to be added to the official service list by contacting the Process Office as specified in the body of this Order. After 30 days, a person or entity must follow the procedures further specified herein.

6. Within 45 days of the filing of this rulemaking, any party that chooses to file comments authorized by Rule 6.2 of the Rules of Practice and Procedure must state its objections to the preliminary scoping memo regarding category, need for hearing, issues to be considered, or schedule.

7. Within 45 days of the filing of this rulemaking, all parties must file an initial list of necessary facts and a plan or proposal for development of that factual information.

8. Petition 10-08-016 is closed.

9. All filings made after the filing of this Order must bear only the caption and docket number for this rulemaking.

This order is effective today.

Dated February 24, 2011, at San Francisco, California.

MICHAEL R. PEEVEY
President
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
Commissioners

Commissioner Catherine J.K. Sandoval,
being necessarily absent, did not participate.