

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

AGENDA ID: 17217
RESOLUTION E-4958
March 14, 2019

R E S O L U T I O N

Resolution E-4958. Authorization to extend the Mobile Home Park Utility Upgrade Pilot Program (MHP Pilot) to December 31, 2020, for currently participating electric and gas utilities.

PROPOSED OUTCOME:

- Authorizes all participating electric and gas utilities to continue their MHP Pilot until the earlier date of either December 31, 2020, or the issuance of a Commission Decision for the continuation, expansion or modification of the program beyond December 31, 2020.
- Eligible Mobilehome Parks (MHPs) are only those where the utilities and/or MHP owners have incurred “financial obligations” on or before November 1, 2018, as defined.
- The number of spaces converted in year 2020 may not exceed 3.33% annually of the total master-metered spaces in a utility’s service territory not including MHPs that are already under conversion or scheduled for conversion.
- If a single MHP upgrade results in the utility exceeding the 3.33% maximum requirement, the utility is authorized to proceed with that upgrade.

SAFETY CONSIDERATIONS:

- Continuation of the MHP Pilot for electric and gas utilities will increase the safety of Mobilehome Parks for its residents.

ESTIMATED COST:

- Based on historic conversion costs and rates, the estimated cost of continuation for the MHP Pilot from January 1, 2020 through December 31, 2020 is \$149.2 - \$230.3 million.

By Energy Division’s own motion

SUMMARY

The Commission opened Rulemaking (R.) 18-04-018 to establish criteria for evaluating the effectiveness of the MHP Pilot and consider whether a permanent program should be adopted. This Resolution extends the MHP Pilot Program, with limits, until the earlier date of either December 31, 2020, or the issuance of a Commission decision in R.18-04-018 for the continuation, expansion or modification of the program beyond December 31, 2020. This allows the Commission time to update and refine MHP cost forecasts and actual costs and safety data necessary in order to fully evaluate the MHP Pilot Program and consider a more permanent program in R.18-04-018. It will also provide cost certainty for projects currently in the Pilot and will allow pending Pilot projects to be completed irrespective of the Commission's determinations in the Rulemaking.

The MHP Pilot extension for year 2020 is subject to the following limitations.

- 1) Eligible MHPs refers to those which the utilities and/or MHP owners have incurred financial obligations on or before November 1, 2018, defined as:
 - When a utility has begun its design/planning/construction of the To-the-Meter (TTM) work, OR
 - When a MHP owner has selected and made a commitment to a Beyond-the-Meter (BTM) contractor to do the BTM work.
2. The number of eligible spaces converted in year 2020 may not exceed 3.33% annually of the total master-metered spaces in a utility's respective territory not already under conversion or scheduled for conversion.
3. If a single MHP upgrade results in the utility exceeding the 3.33% maximum requirement, the utility is authorized to proceed with that upgrade.

BACKGROUND

The Mobile Home Park Utility Upgrade Pilot Program (MHP Pilot) was established in Decision (D.) 14-03-021 in 2014 as a three-year pilot program (2015-

2017) to convert mobilehome parks and manufactured housing communities (collectively, MHPs) to direct utility service.¹

On September 28, 2017, Resolution E-4878 authorized all currently participating electric and gas utilities to continue their MHP Pilots until the earlier date of either December 31, 2019, or the issuance of a Commission Decision for the continuation, expansion or modification of the program beyond December 31, 2019.

On May 7, 2018, the Commission approved *Order Instituting Rulemaking (OIR) R.18-04-018 to Evaluate the Mobilehome Park Pilot Program and to Adopt Programmatic Modifications*. This Resolution extends the MHP Pilot Program to December 31, 2020, to afford the Commission time to update and refine MHP cost forecasts and actual costs and safety data. This will allow the Commission to fully evaluate the MHP Pilot Program and consider a more permanent program in R.18-04-018.

On June 21, 2018, an ALJ Ruling entered a joint proposal prepared by the Safety and Enforcement Division (SED) and Energy Division (ED) into record of the OIR. This staff report is entitled "Evaluation of 2015-2017 Mobile Home Park (MHP) Utility Conversion Pilot Program & Joint Staff Proposal for Proposed Program Continuation and Refinements in R.18-04-018".

RATIONALE FOR EXTENDING THE MHP PILOT TO 2020

The Commission has determined that there is a need to extend the MHP Pilot Program to December 31, 2020, based on the need to update and refine MHP cost forecasts and actual costs and safety data necessary in order to fully evaluate the MHP Pilot Program and consider a more permanent program. The primary objectives of this extension and the methodology formulated for program efficiency and cost effectiveness are explained below.

Current MHP Pilot Upgrade Status and Completion Projections of Approved MHPs by 2019 and 2020

¹ PG&E, SCE, SDG&E, PacifiCorp, Golden State Water Company (DBA Bear Valley Electric Service), Liberty Utilities, SoCalGas, and Southwest Gas participated in the MHP Pilot program.

Mobilehome Park Upgrade Program/DKL

In order for the Commission to develop criteria for considering whether to extend the MHP Pilot Program to 2020, Energy Division sent data requests to each electric and gas utility to obtain information on the current status of its MHP Pilot program and its ability to complete the approved Categories 1, 2, and 3 MHPs in 2019 and in 2020 (if completion in 2019 is not possible).² Responses from the gas and electric utilities are summarized in Table 1 of Appendix A. Table 1 shows that all the utilities have uncompleted MHPs and with “financial commitment” except for BVES and PacifiCorp. PacifiCorp did not make any request for continuation of the MHP Pilot Program. Hence, PacifiCorp doesn’t have any uncompleted and “financially committed” MHPs. Conversion of the remaining MHP spaces of the utilities will provide sufficient activity through the end of 2020 to be able to evaluate the program. This also ensures that another open season for MHP applications is not required.

Collection of Supplemental Data for MHP Upgrade Program Evaluation

The Commissioner’s Scoping Memo and Ruling (Scoping Memo) in R.18-04-018 outlined information needed for MHP Pilot program evaluation and the process for carrying out that work.³

Section 4 of the Scoping Memo requested supplemental cost and safety data for program evaluation. Once this supplemental data is collected, SED/ED expect to issue a Revised Staff Proposal in early 2019 that will help the Commission to determine whether a permanent program is warranted beyond the Pilot Program.⁴ The Scoping Memo also directed SED and ED to hold technical working group meetings with utilities and parties to refine the annual report

² Each MHP system is assigned a total point value based on these issues of safety, reliability, capacity, and cost efficiency. The MHPs are ordered by their total scores, with high scores determining the highest priority parks. Safety and Enforcement Division (SED) ranks the MHPs into three categories. Category 1 are the highest priority by risk and represent approximately 10% of the MHP spaces within the utility’s service territory. Category 2 are lower scored and represent approximately another 10% of the MHP spaces within the utility’s service territory. Category 3 are the remaining parks that applied for the program. The numbers of parks within the groupings for Categories 1, 2, and 3 depend on the numbers of MHPs in service territories and applicants.

³ Scoping Memo at 3-7.

⁴ Scoping Memo at 17.

template and identify needed data collection based on feedback.⁵ This Resolution will extend the MHP Pilot long enough to allow collection of more pertinent data and enable a more comprehensive evaluation of the program.

Section 5 of the Scoping Memo also stated that the preliminary schedule adopted in the OIR does not include hearings.⁶ However, this rulemaking will undertake an evaluation process pertaining to more refined Pilot cost data, specific cost scenarios, and ratemaking issues that could involve material disputed facts should the Commission decide to establish a permanent program. Hence, this OIR leaves open the possibility that hearings may be necessary, and the schedule includes an opportunity for parties to request hearings. Therefore, the extension authorized by this Resolution allows time for the proceeding to evaluate the program and conduct hearings if they are warranted.

Program Extension

To balance the costs and benefits of extending the MHP Pilot Program, the Commission needs to balance safety, reliability, electric service capacity improvement, and program efficiency while addressing the ratepayer cost concerns during the evaluation phase of the MHP Pilot program.

In order to allow for a complete staff analysis of the Pilot, the Commission authorizes commitment of ratepayers' fund to upgrade projects where the utilities and/or MHP owners have already incurred "financial obligations" on or before November 1, 2018.

"Financial obligation" is defined as:

- When a utility has begun its design/planning/construction of the To-the-Meter (TTM) work, OR
- When a MHP owner has selected and made a commitment to a Beyond-the-Meter (BTM) contractor to do the BTM work.

This Resolution authorizes each utility to convert no more than 3.33% of its total master-metered spaces in their respective service territory in 2020, which are not

⁵ An initial teleconference TWG meeting was held on September 28, 2018, and a second meeting was held on October 9, 2018.

⁶ Scoping Memo at 14.

already under conversion or scheduled for conversion beyond 2019. This conversion rate is equal to the 3.33% per year rate (10% over a 3-year period) authorized in D.14-03-021.

If this Resolution is not approved, the Pilot will be suspended effective January 1, 2020. Suspension and subsequent re-starting of the program due to proceeding delays would potentially add additional costs and will slow the conversion pace. Currently deployed trained and contracted resources would be redeployed to other projects and may not be readily available to the program if it were restarted at a later date.

Based on historic conversion costs and rates, the estimated cost of continuation for this program from January 1, 2020 to December 31, 2020 is \$149.2 - 230.3 million. Both cost figures assume constant conversion costs, with the higher figure assuming that all eligible spaces are converted.

Conclusion

Data collection, completion of a SED/ED Revised Staff Proposal, and possible hearings in R.18-04-018 might delay a final Decision beyond December 31, 2019.

Extending the MHP Pilot Program provides time and information needed to fully evaluate the program pursuant to R.18-04-018. The limitations adopted herein allow priority projects with financial commitments to proceed while ensuring that costs don't exceed the level required for effective evaluation of the MHP pilot program. Continuation of the conversion program increases safety and provides benefits to customers.

In order to ensure the continued smooth delivery of these benefits and allow for a more thorough evaluation, this Resolution extends the MHP Pilot. Each participating utility may convert no more than 3.33% annually of its total master-metered spaces in their respective service territory which are not already under conversion or scheduled for conversion beyond 2019, until the earlier of a Commission Decision or December 31, 2020.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review. Please note that comments are due 20 days from the mailing date of this resolution. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS

1. D.14-03-021 approved a three-year pilot program (January 1, 2015 to December 31, 2017) to incentivize the utilities to convert 10% of the MHP residential spaces from a privately owned submeter system to direct utility service in each utility's service territory.
2. Resolution E-4878 authorized continuation of the Mobile Home Park (MHP) Utility Upgrade Pilot Program until the earlier date of December 31, 2019, or the issuance of a Commission Decision.
3. Data collection, completion of a SED/ED Revised Staff Proposal, possible hearings in R.18-04-018, and time needed to vet alternative proposals might delay a final Decision in R.18-04-018 beyond December 31, 2019.
4. Extending the MHP Pilot Program provides time and information needed to fully evaluate the program pursuant to R.18-04-018.
5. The limitations adopted herein for the MHP Pilot extension allow priority projects with financial commitments to proceed while ensuring that costs don't exceed the level required for effective evaluation of the MHP pilot program.
6. Continuation of the MHP Pilot improves safety and reliability while providing additional benefits to customers.
7. Suspension and subsequent re-starting of the program due to proceeding delays would potentially add additional costs and will delay the conversion pace. Currently deployed trained and contracted resources would be redeployed to other projects and may not be readily available to the program if restarted at a later date.

THEREFORE, IT IS ORDERED THAT:

1. All participating electric and gas utilities shall continue their Mobile Home Park (MHP) Utility Upgrade Pilot Program and complete all Category 1, 2 and 3 MHP conversions until the earlier date of either December 31, 2020, or

the issuance of a Commission Decision for the continuation, expansion or modification of the program beyond December 31, 2020 in Rule-Making R.18-04-018.

2. The MHP Pilot extension for year 2020 is subject to the following limitations.
 - a) Eligible MHPs are those which the utilities and/or MHP owners have incurred financial obligations on or before November 1, 2018, defined as:
 - i) When a utility has begun its design/planning/construction of the To-the-Meter (TTM) work, OR
 - ii) When a MHP owner has selected and made a commitment to a Beyond-the-Meter (BTM) contractor to do the BTM work.
 - b) The number of eligible spaces converted in year 2020 may not exceed 3.33% annually of the total master-metered spaces in a utility's respective territory not already under conversion or scheduled for conversion beyond 2019.
 - c) If a single MHP upgrade results in the utility exceeding the 3.33% maximum requirement, the utility is authorized to proceed with that upgrade.
3. Once a construction project has begun, it must be completed unless a situation arises under which an MHP owner fails to comply with the conditions of its agreement(s) with the utility(ies) involved with the park's MHP Pilot project.
4. Within 7 days of the issuance of this Resolution, the participating utilities may file a Tier 1 Advice Letter including the necessary tariff revisions to reflect the changes ordered in this Resolution.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on March 14, 2019; the following Commissioners voting favorably thereon:

ALICE STEBBINS
Executive Director

Appendix A

Table 1: MHP Upgrade Program Status as of November 2018

Project Category	Number of parks assigned ¹	Number of spaces assigned	Number of parks opt-out ²	Number of spaces opt-out	Number of parks not yet began ³	Number of spaces not yet began	Number of parks in Preparation ⁴	Number of spaces in Preparation	Number of parks not yet Completed and with financial Commitment ⁵	Number of spaces not yet Completed and with financial Commitment	Number of parks completed ⁶	Number of spaces completed	Complete all approved MHPs in Resolution E-4878 by 2019?	New Open Application Season?	Complete all approved MHPs in Resolution E-4878 by 2020?
PG&E															
Category 1	149	10,652	23	1,612	3	146	62	5,532	0	0	61	3,365	No	No	No
Category 2	49	8,335	6	571	22	5,241	21	2,523	22	5,241	0	0			PG&E will work on Cat 2 list. PG&E recommends SED prioritize 3,500 additional spaces with MHPs of less than 150 spaces & move from Cat 3 to Cat 2.
Category 3	441	47,220	0	0	441	47,220	0	0	441	47,220	0	0			
Total	639	66,207	29	2,183	466	52,607	83	8,055	463	52,461	61	3,365			
SDG&E															
Category 1	34	3,584	10	1,045	0	0	0	0	0	0	24	2,539	No	No	No
Category 2	21	3,218	8	884	9	1,777	0	884	6	813	4	557			But will complete 15 MHPs in Cat 2, & 3, 1,891 Spaces
Category 3	132	16,666	2	281	130	16,385	0	0	10	1,132	0	0			
Total	187	23,468	20	2,210	139	18,162	0	0	16	1,945	28	3,096			
Southern California Edison															
Category 1	209	12,457	26	1,754	6	241	0	0	12	1,187	165	886	But will complete all Cat 1 MHPs	No	No
Category 2	84	9,330	15	1,586	17	2,443	0	0	47	4,496	5	450			By the end of 2020, SCE expects to complete all of the parks identified by SED during 2018-2019.
Category 3	510	63,580	0	0	490	62,373	0	0	490	62,373	0	0			
Total	803	85,367	41	3,340	507	65,057	0	0	549	68,056	170	9,318			
Bear Valley Electric Service (BVES)															
Category 1	1	80	1	80									No	No	Yes
Category 2	1	250									1	250			2 MHPs in Cat 3, 134 Spaces
Category 3	2	134			2	134	0	0	0	0					
Total	4	464	1	80	2	134	0	0	0	0	1	250			
Liberty Utilities (CalPeco Electric) LLC															
Category 1	2	67									2	67	No	No	No
Category 2	2	91	1	30					1	61					But will complete 3 MHPs in Cat 3, 346 Spaces
Category 3	4	346			3	76	1	270							
Total	8	504	1	30	3	76	1	270	1	61	2	67			
PacifiCorp															
Category 1	2	52	0	0	0	0	0	0	0	0	2	52	N/A	No	N/A
Category 2															No assigned MHPs for conversion in 2019 or 2020.
Category 3															
Total	2	52	0	0	0	0	0	0	0	0	2	52			
Southern California Gas															
Category 1	232	13,439	29	1,841	3	146	0	0	10	965	190	10,487	No	No	No
Category 2	86	10,023	15	1,708	16	2,435	0	0	45	4,882	10	1,009			But will complete 70 MHPs in Cat 1, 2, & 3, 6,437 Spaces
Category 3	605	77,408	2	78	597	77,015	0	0	4	171	2	144			
Total	923	100,870	46	3,627	616	79,596	0	0	59	6,018	202	11,640			
SouthWest Gas															
Category 1	7	412	1	80	0	0	0	0	0	0	6	233	3 Cat 3 MHPs in Prep and 16 Cat 2 & 3 with Fin Com	No	Yes
Category 2	7	588	2	77	0	0	0	0	4	228	1	250			It will complete the 5 MHPs in Cat. 3 which are not yet began.
Category 3	26	2,318	6	298	5	1,113	3	364	12	543	0	0			
Total	40	3,318	9	455	5	1,113	3	364	16	771	7	483			

Note:

- Number of parks assigned - all parks that have been categorized 1, 2 or 3 which are on the master list.
- Number of parks opt out - parks which have opted out of the program and have not opted back in.
- Number of parks not yet began – parks on the master list that have not been contacted by SCE to begin the process.
- Number of parks in preparation - MHP owners have done some research or work to bring the MHP coaches to code. They are investigating about hazardous material in their parks, working with IOUs to find out how to prepare for the upgrade program, reviewing and evaluating a MHP pilot agreement. The IOU has performed outreach and told the MHP owners that their turns could be coming up.
- Number of parks not yet Completed and with financial Commitment:
 - When a utility has begun its design/planning/construction of the To-the-Meter (TTM) work, OR
 - When a MHP owner has selected and made a commitment to a Beyond-the-Meter (BTM) contractor to do the BTM work.
- Number of parks completed - parks which have been cutover to SCE.
- SCE does not need to take any action for these six parks, for the following reasons: 3 parks are outside SCE's territory and 3 parks already had direct electric service (they only needed the gas conversion).