

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation to
Address the Potential Loss of Natural
Gas Service for a Portion of the
Santa Nella Community.

FILED
PUBLIC UTILITIES COMMISSION
SEPTEMBER 15, 2022
CLOVIS, CALIFORNIA
INVESTIGATION 22-09-011

**ORDER INSTITUTING INVESTIGATION TO ADDRESS THE
POTENTIAL LOSS OF NATURAL GAS SERVICE FOR
A PORTION OF THE SANTA NELLA COMMUNITY**

TABLE OF CONTENTS

Title	Page
ORDER INSTITUTING INVESTIGATION TO ADDRESS THE POTENTIAL LOSS OF NATURAL GAS SERVICE FOR A PORTION OF THE SANTA NELLA COMMUNITY	1
Summary	2
1. Santa Nella	2
2. Status of Energy Service to Santa Nella	5
3. Procedural Background of Efforts to Improve Energy Service Relevant to Santa Nella	8
3.1. San Joaquin Valley Proceeding.....	8
3.2. Mobile Home Park Conversion Program	9
4. Options Identified	13
5. Preliminary Scope and Issues.....	14
6. Schedule.....	15
7. Responses to the OII and Party Status	16
8. Category and <i>Ex Parte</i> Communications	16
9. Need for Hearings.....	17
10. Notice and Distribution of OII	17
11. Addition to the Official Service List	17
12. Subscription Service.....	18
13. Filing and Service of Comments and Other Documents	18
14. Public Advisor	18
15. Intervenor Compensation	19
ORDER	19

Attachment A – Acronyms & Abbreviations

Attachment B – SNME Letter to CPUC and PG&E

ORDER INSTITUTING INVESTIGATION TO ADDRESS THE POTENTIAL LOSS OF NATURAL GAS SERVICE FOR A PORTION OF THE SANTA NELLA COMMUNITY

Summary

SNME, Inc., which provides sub-metered natural gas service to 280 lots in a subdivision of Santa Nella, has informed the California Public Utilities Commission and Pacific Gas & Electric Company that it intends to cease operations. Given the impending loss of natural gas service and the status of this community as a Disadvantaged Community, it is imperative that the California Public Utilities Commission identify a plan to meet the energy needs of Santa Nella residents facing the prospect of inability to provide for their heating needs. This proceeding is intended to explore heating options for Santa Nella residents that can be adopted and implemented expeditiously.

1. Santa Nella

Santa Nella is an unincorporated community of 1,981 people¹ located on the western edge of Merced County within Pacific Gas & Electric Company (PG&E) service territory. Within Santa Nella is a subdivision consisting of 280 parcels on which 270 manufactured homes are currently located, in addition to 10 vacant lots. Originally, all homes in the subdivision were part of a mobile home park (MHP). Over time, the MHP owner sold most of the lots such that 233 of the 280 parcels became individually owned and are no longer affiliated with the MHP. Currently, 47 manufactured homes continue to remain part of the original MHP and are therefore under the jurisdiction of California's Department of Housing and Community Development (HCD). The entire subdivision

¹ 2020 U. S. Census Bureau. *See*: <https://data.census.gov/cedsci/table?q=Santa%20Nella%20CDP,%20California&tid=ACSDP5Y2020.DP05>.

currently consists of one triple-wide coach, 18 double-wide coaches, 251 single-wide coaches, and the aforementioned 10 empty parcels. Five of the homes are newer, while the remainder range from mid-1960s construction to early 1980s construction.

The entirety of Santa Nella falls within Census Tract 6047002100 and is designated as a Disadvantaged Community (DAC) in the 85th percentile under CalEnviroScreen 4.0.² More than half of all homes in the subdivision currently participate in either the California Alternative Rates for Energy or Family Electric Rate Assistance programs, though more may qualify that are unaware of their eligibility. According to the 2020 U. S. Census Bureau, 73.09 percent of Santa Nella's population identifies as Hispanic or Latino (of any race).³ Figure 1 is an aerial view of the Santa Nella subdivision that is the focus of this proceeding.⁴

² CalEnviroScreen 4.0. See: <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40>.

³ 2020 U. S. Census Bureau. See: <https://data.census.gov/cedsci/table?q=Santa%20Nella%20CDP,%20California&tid=ACSDP5Y2020.DP05>.

⁴ Note that the Recreational Vehicle (RV) park in the upper right corner of the picture is not part of the rest of the subdivision and does not receive any form of gas service. The portion of the subdivision that remains part of the original MHP consists of the non-RV lots in the upper left corner of the picture.



Figure 1: Santa Nella Subdivision; Aerial View (Source: Google Earth)

2. Status of Energy Service to Santa Nella

SNME, Inc. (SNME) is a private corporation that owns the underground natural gas pipelines and customer meters that serve sub-metered natural gas to all 270 manufactured homes currently in the Santa Nella subdivision, including the 233 lots no longer within the formal boundary of the MHP. SNME receives natural gas from a PG&E master meter located in the center of the subdivision on Sun Street in the area that is not part of the officially registered MHP lots. SNME believes that most community members typically use gas as opposed to electricity for cooking, water heating, space heating, and clothes drying.

Santa Nella Mobilehome & RV Park, which includes the 47 registered MHP spaces served by SNME's natural gas pipeline system, is classified as Category 1 (High Priority) for conversion under the MHP Utility Conversion Program, and is currently park #106 in the queue for conversion to direct utility natural gas service. The remaining 233 spaces are served by SNME but are not part of the MHP. The structure of natural gas service in the Santa Nella subdivision means that the subdivision's non-MHP lots are directly affected by any future conversion of the MHP lots to direct utility service since, when converting sub-metered properties to individually metered infrastructure, civil engineering and construction work generally begins at the master meter and affects the entirety of the natural gas system.

On May 19, 2022, SNME informed the California Public Utilities Commission (CPUC or Commission) and PG&E that it is no longer able to deliver gas to this community and is on the verge of filing for bankruptcy (*see* Attachment 1). SNME states that it has been operating at a loss for the past several years.

The community's electricity is provided directly by PG&E. PG&E electric distribution lines feed electricity to several meter banks located on various lots across the Santa Nella subdivision. Each meter bank consists of 10-20 meters. Figure 2 displays the meters housed within a PG&E meter bank in Santa Nella. From the meter, underground conduit serves each individual lot. Nothing beyond the meter is owned or maintained by PG&E and all infrastructure not owned by PG&E is poorly understood.



Figure 2: Meters housed within a PG&E meter bank in Santa Nella

PG&E believes that most of the subdivision's coaches are using 50 amperage panels with limited capacity to add any additional electrical load. Additionally, PG&E's existing distribution infrastructure may be inadequate to support additional electrical load, as the 13 transformers that serve the

community have four transformers serving 107 customers at 100% capacity, four transformers serving 83 customers at 75%-98% capacity, two transformers serving 41 customers at 68% capacity, and three transformers serving 39 customers at 48%-55% capacity. Figure 3 displays a PG&E electrical pole dropping into a Santa Nella meter bank.



Figure 3: PG&E electrical pole dropping into a Santa Nella meter bank

In 2013, the Santa Nella community experienced an unusual fire incident when an abandoned coach caught fire and that fire then spread to electrical panels and conduit powering more than 30 homes, shutting down electric supply for nearly two months.⁵ Because the damage was to behind-the-meter infrastructure, PG&E determined that they had no authorization or responsibility to repair the damage. Instead, electrical union workers donated labor and materials to restore power.

⁵ <https://abc13.com/archive/9215868/>

3. Procedural Background of Efforts to Improve Energy Service Relevant to Santa Nella

3.1. San Joaquin Valley Proceeding

Rulemaking (R.) 15-03-010 – the San Joaquin Valley Affordable Energy proceeding –was initiated in March 2015 in accordance with Public Utilities Code § 783.5 following the passage of Assembly Bill 2672 (Perea, 2014).⁶ The purpose of R.15-03-010 was to identify disadvantaged communities (DACs) in the San Joaquin Valley (SJV) and to evaluate economically feasible options for providing affordable access to energy in those communities, residents of which lacked access to natural gas and commonly relied on propane and/or wood-burning to meet their heating needs.

Decision (D.) 17-05-014 resolved Phase 1 of the proceeding and identified 170 disadvantaged communities that met the criteria established in the statute. Santa Nella was identified as one of the 170 disadvantaged communities, but was not short-listed for the initial pilots. D.18-12-015 subsequently approved 12 pilot efforts in 11 communities previously identified as eligible DACs.⁷ Of the 12 SJV pilot efforts initiated, 11 involve “electrification” of households so that electricity can power all necessary home needs without reliance on propane, wood, or any other combustible fuel. The one pilot effort that was not focused on electrification was in California City, where a particular neighborhood had gas lines extended due to SoCalGas distribution mains being located in close proximity to the neighborhood, thus facilitating ease of line extension.

⁶ All subsequent citations to code sections are to the Public Utilities Code unless otherwise specified.

⁷ California City in Kern County is the location of two separate pilot efforts.

The SJV pilots have encountered numerous challenges in electrifying pilot communities. Homes in rural and disadvantaged areas have unique infrastructure challenges, such as the need for extensive trenching, inadequate amperage at the service panel, unsafe wiring within homes, cost of new appliances, lack of adequate space for new appliances, and other remediation needs that have had to be addressed before the homes can be electrified. As such, the SJV pilots have frequently encountered cost overruns that approved funding was unavailable to assist with, thus requiring program implementers to lean on other existing programs such as the Technology and Equipment for Clean Heating Initiative (TECH) approved under the building decarbonization proceeding⁸ to provide funding for remediation costs, as the SJV decision approving the pilots capped the remediation funds at \$5,000 per household.

Given that many homes in the Santa Nella subdivision are expected to have similar issues as those experienced in SJV pilot communities, the current lack of funding within the SJV program poses a major barrier to electrifying the Santa Nella subdivision through the SJV pilot program if electrification is the preferred solution to the Santa Nella subdivision's impending loss of natural gas service.

3.2. Mobile Home Park Conversion Program

In February 2011, the Commission opened R.11-02-018 to examine how to encourage owners of MHPs to upgrade aging gas and electric distribution systems in an effort to enhance both public safety and service reliability for MHP residents. D.14-03-021 established a three-year pilot program authorizing each California investor-owned utility to convert 10% of master-metered gas and/or

⁸ R.19-01-011. Authorized by Senate Bill 1477 (Stern, 2018).

electric MHP spaces within its operating territory to direct utility service. Due to overlap in operating territories, the utilities worked together to develop pilot processes and procedures that promote uniform and consistent implementation throughout California. All utilities refer to the pilot program as the “MHP Utility Upgrade Program.” Electric publicly-owned utilities like Sacramento Municipal Utility District and Los Angeles Department of Water and Power, as well as gas publicly-owned utilities like the City of Long Beach, and communication providers, have been encouraged to participate in the upgrade program. The MHP Utility Upgrade Program began on January 1, 2015 and was designed to end on December 31, 2017. The program was extended by Resolutions E-4878 (issued September 28, 2017) and E-4958 (issued March 18, 2019).

On April 26, 2018, the CPUC opened R.18-04-018 in order “to undertake a comprehensive evaluation of the MHP Pilot and determine based upon that evaluation whether the program should be adopted as a permanent MHP Utility Program on a going forward basis and if so, under what provisions and guidelines.” D.20-04-004 established the MHP Utility Conversion Program (MHP-UCP). The MHP-UCP is designed to continue converting MHP utility infrastructure until the end of 2030, with the goal of converting a total of 50% of the MHP spaces in each utility territory to direct gas and/or electric utility service. The program began accepting applications for this new phase on January 1, 2020 and ended the application period on March 31, 2021.

Using the applications received during the 2020 application period, as well as the remaining park systems on the Pilot Program list, the CPUC’s Safety and Enforcement Division (SED) is prioritizing systems for conversion based on risk, reliability, and other factors. SED is working with HCD to collect data for park utility systems. The utilities were provided with a priority list on June 1, 2021.

Because 233 of the 280 lots in the Santa Nella subdivision are no longer part of a MHP, the provisions of the MHP-UCP do not apply to most Santa Nella subdivision residents. D.14-03-021, Ordering Paragraph 4 states “Major components of the pilot program... must include... a standard, conversion program agreement, *executed by the mobile home park or manufactured housing community owner* and the electric and/or gas corporation...” (emphasis added). Ordering Paragraph 6 of the same decision describes the components of the agreement between the utilities and the MHP, including “proof that the mobile home park or manufactured housing community (MHP) agreement has a valid operating license from the governmental entity with relevant authority.”

D.20-04-004, Ordering Paragraph 3 states “... Unless expressly stated otherwise in this decision, all other program features of the Mobile home Park Pilot as directed by Decision 14-03-021 remain in full force and effect.” Sections 1.4 and 1.5 of the Mobile Home Park Utility Upgrade Program Agreement in Appendix C of the decision have requirements for licensure and defines which spaces are eligible:

Section 1.4: The number of MHP-Spaces that will be eligible for conversion to direct Utility service under the MHP Program (both “To-the-Meter” and “Beyond-the-Meter”) shall be equal to the number of occupied residential MHP-Spaces permitted by the California Department of Housing and Community Development or its designated agency, within the MHP that currently receives a discount under the current qualifying mobilehome rate schedule and the number of unoccupied residential MHP-Space permitted by the California Department of Housing and Community Development or its designated agency that are designated on the Utilities’ MHP Program Application and is currently able to receive electric service from the existing master-metered/submetered system (Legacy System).

Section 1.5: The MHP Owner/Operator must provide the following documents with the MHP Agreement pursuant to MHP Program criteria in MHP Rules: (1) proof that the MHP has a valid operating license from the governmental entity with relevant authority; (2) if the MHP is operated on leased real property, proof that the land lease will continue for a minimum of 20 years from the time that the MHP Agreement is executed by the Utilities; and (3) declaration under penalty of perjury/affirmation that the MHP is not subject to an enforceable condemnation order or to pending condemnation proceedings...

Tariff Rule 15 obligates PG&E to maintain those utility assets that serve multiple customers and allows recovery of the costs of installing and maintaining those assets through the rate base. In the case of the Santa Nella subdivision, the ratepayer-owned assets that PG&E is required to maintain are up to the master meter. After loss of SNME gas service, if a Santa Nella subdivision resident were to request PG&E provide gas service directly to a home, the cost for extending service and individually metering the residence would fall on the resident. Given that this could require extensive civil engineering and construction work

involving planning, materials, trenching, and labor, these costs are likely infeasible for any individual customer in the Santa Nella subdivision to absorb.

4. Options Identified

Upon notification by SNME, the Commission's Energy Division facilitated numerous conversations between SNME, PG&E, Merced County, and other local entities in search of short-term and long-term solutions to serving the Santa Nella subdivision customers affected by SNME's pending termination of service.

Through these efforts, SNME has agreed to continue to provide service at least 12 more months, if needed, as a long-term solution is devised, approved, and implemented. Thus, in this proceeding, we will focus on potential solutions that can be decided and implemented expeditiously so as to ensure that the Santa Nella subdivision has access to energy services of a comparable or higher level of safety than the energy services they currently receive.

We have identified the following options:

- a. Direct PG&E to replace the gas infrastructure serving the 280 Santa Nella subdivision lots and take over provision of gas service to these customers no later than January 1, 2024, and ideally by September 2023, by using distribution rates in the same manner as the pilots first established in R.11-02-018;
- b. Direct PG&E to replace the gas infrastructure serving the 280 Santa Nella subdivision lots, and to install new electrical infrastructure – including conduit, transformers, meters, and other necessary equipment – to accommodate future electrification at each parcel while the trench is open, and take over provision of gas service to these customers no later than January 1, 2024, and ideally by September 2023, by using distribution rates in the same manner as the pilots first established in R.11-02-018;
- c. Direct PG&E to electrify the 280 Santa Nella subdivision lots through upgrading electrical infrastructure, panels,

and appliances no later than January 1, 2024, and ideally by September 2023, by drawing on Public Purpose Program funds in the same manner as the pilots established in R.15-03-010;

- d. Direct PG&E to electrify the 280 Santa Nella subdivision lots through upgrading electrical infrastructure, panels, appliances, and weatherizing existing units or replacing coaches if more cost-effective no later than January 1, 2024, and ideally by September 2023, by drawing on Public Purpose Program funds in the same manner as the pilots established in R.15-03-010; or
- e. Direct PG&E to electrify the 280 Santa Nella subdivision lots through upgrading electrical infrastructure, panels, appliances, and replacing coaches if more cost-effective no later than January 1, 2024, and ideally by September 2023, by drawing on recently approved state and federal funds.

Because of state policy objectives to decarbonize California's energy infrastructure, the Commission's preference would be to electrify the Santa Nella subdivision. However, because these customers have existing gas service and appliances, and given the significant cost of upgrading the existing manufactured homes in the Santa Nella subdivision to accommodate electrification, the age of the existing mobile homes in the Santa Nella subdivision, the conversion difficulties identified in the SJV electrification pilots, and the limited time frame for a solution, we recognize that the best option may be to direct PG&E to replace the gas and/or electric infrastructure serving the 280 Santa Nella subdivision lots and take over provision of gas service to these customers from SNME no later than January 1, 2024, and ideally by September 2023, by drawing on Public Purpose Program funds in the same manner as the SJV pilots as authorized in D.18-12-015.

5. Preliminary Scope and Issues

The issues to be determined or otherwise considered are:

1. Should the Commission order PG&E to replace the gas infrastructure serving the 280 Santa Nella subdivision lots and take over provision of gas service to these customers or should any other replacement energy service option be considered, such as electrification?
2. What is the cost to PG&E to replace the gas infrastructure serving the 280 Santa Nella subdivision lots? What are the costs to PG&E of other identified options? What are PG&E's estimated timeframes to complete the work for each option?
3. Should the cost of PG&E's replacement of the gas infrastructure serving the 280 Santa Nella subdivision lots be reimbursed from Public Purpose Program funds in the same manner as the pilots established in R.15-03-010 (the San Joaquin Valley proceeding) or distribution rates in the same manner as the MHP pilots established in R.18-04-018?
4. Are there other sources of funding the Commission should consider for the necessary infrastructure replacement?

PG&E is ordered to respond to the preliminarily scoped questions and other interested parties may also respond. Potential parties may also identify in their responses and replies other issues they believe to be relevant to ensure that Santa Nella subdivision has access to energy services, no later than January 1, 2024, and ideally by September 2023, of a comparable or higher level of safety than the energy services they currently receive.

6. Schedule

The preliminary schedule is set forth below. We do not believe that additional evidence is necessary to make a decision in this proceeding, but parties may comment on the need for evidence and testimony in their comments on the Order Instituting Investigation (OII). A final schedule will be adopted in the Assigned Commissioner's Scoping Memo in this case. The schedule may be

modified by written ruling by the assigned Administrative Law Judge (ALJ) or the assigned Commissioner.

Item	Date
Responses to the OII Preliminary Scope and Issues	Thirty days after issuance by the Commission
Replies to Responses to the OII Preliminary Scope and Issues	Twenty days after Responses
Prehearing Conference	Within 30 days of receipt of Replies
Scoping Memo	Within 30 days of Prehearing Conference

Pursuant to the authorization conferred by Pub. Util. Code § 1701.5(a), this proceeding should be resolved within 18 months beyond the date this OII is adopted.

7. Responses to the OII and Party Status

PG&E is a respondent to this OII. Other entities interested in participating in this OII may file a response to the preliminary scope, schedule and need for hearing determination within 30 days of adoption of this OII by the Commission. Entities that file responses will be granted party status.

8. Category and *Ex Parte* Communications

The proceeding is categorized as ratesetting. Pursuant to Rule 7.1(c); this determination is appealable under the procedures in Rule 7.6. *Ex parte* communications are governed by Pub. Util. Code § 1701.1 et seq. and Article 8 of the Commission's Rules of Practice and Procedure. Communication with the assigned ALJ shall occur either through formal filing or via written e-mail to the entire service list of this proceeding.

9. Need for Hearings

Pursuant to Rule 7.1(c), it is preliminarily determined that hearings will not be needed in this proceeding. A final determination on the need for hearings will be made in the assigned Commissioner's Scoping Memo.

10. Notice and Distribution of OII

In the interest of broad notice, this OII will be served on the official service lists for the following dockets:

R.15-03-010- the San Joaquin Valley Affordable Energy proceeding

R.18-04-018- the Mobile Home Park Conversion Program

R.19-01-011- Building Decarbonization Rulemaking

Service of this OII does not confer party status or place a person or organization that has received such service on the Official Service List for this proceeding, except as otherwise noted (PG&E as respondent is automatically a party; entities that file responses to the OII will be conferred party status). To be placed on the service list, persons or entities should follow the instructions in Section 11, below.

11. Addition to the Official Service List

Additions to the official service list are governed by Rule 1.9(f).

Persons who file responsive comments to the OII will become parties to this proceeding and will be added to the "Parties" category of the official service list upon such filing. *In order to assure service of comments and other documents and correspondence in advance of obtaining party status, persons should promptly request addition to the "Information Only" category as described below.* They will be removed from that category upon obtaining party status.

Any person will be added to the "Information Only" category of the official service list upon request and will receive electronic service of all

documents in the proceeding. Interested entities should request to be added to the service list promptly to ensure timely service of comments and other documents and correspondence in the proceeding. (See Rule 1.9(f).) The request must be sent 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, California 94102). Please include the Docket number of this investigation in the request.

12. Subscription Service

Persons may monitor the proceeding by subscribing to receive electronic copies of documents in this proceeding that are published on the Commission's website. There is no need to be on the official service list in order to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission's website at <http://subscribecpuc.cpuc.ca.gov/>.

13. Filing and Service of Comments and Other Documents

Filing and service of comments and other documents in this proceeding are governed by the rules contained in article 1 of the Commission's Rules of Practice and Procedure. (See particularly Rules 1.5 through 1.10 and 1.13.) If you have questions about the Commission's filing and service procedures, contact the Docket Office (Docket_Office@cpuc.ca.gov) or check the Practitioner's Page on our website at www.cpuc.ca.gov.

14. 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 at (415) 703-2074 or (866) 849-8390 or e-mail public.advisor@cpuc.ca.gov. The TTY number is (866) 836-7825.

15. Intervenor Compensation

Any party that expects to claim intervenor compensation for its participation in this Investigation must file its notice of intent to claim intervenor compensation within 30 days of the filing of a response to the OII, except that notice may also be filed within 30 days of the prehearing conference. Intervenor compensation rules are governed by § 1801 et seq. of the Public Utilities Code. Parties new to participating in Commission proceedings may contact the Public Advisor's office for assistance. Contact information is set forth in Section 11 above.

IT IS ORDERED that:

1. The Commission institutes this investigation on its own motion to identify a solution that can be decided and implemented no later than January 1, 2024, and ideally by September 2023, to ensure that the Santa Nella subdivision has access to energy services of a comparable or higher level of safety than the energy services they currently receive. The preliminary scope and schedule are set forth herein.
2. Pacific Gas and Electric Company, Attn: Steven Frank, Attorney, 77 Beale Street, Mail Code B30A, San Francisco, CA 94105, is named as a respondent to this investigation.
3. Pursuant to the authorization conferred by Public Utilities Code Section 1701.5(a), this Order Instituting Investigation will not exceed an 18 month time frame.
4. Responses to the issues identified, preliminary scope, schedule and determination on the need for hearings are due 30 days after the Commission issues this Order Instituting Investigation.

5. Any entity that submits a response or reply will be conferred party status in this proceeding.

6. This Order Instituting Investigation is classified as ratesetting. Pursuant to Rule 7.1(c) of the Commission's Rules of Practice and Procedure (Rules), this determination is final but appealable under the procedures in Rule 7.6.

7. This Order Instituting Investigation preliminarily determines that hearings will not be needed.

8. The Executive Director shall cause this Order Instituting Investigation to be served on the following service lists: R.15-03-010- the San Joaquin Valley Affordable Energy proceeding; R.18-04-018- the Mobile Home Park Conversion Program; and R.19-01-011- Building Decarbonization Rulemaking

9. *Ex Parte* communications in this investigation are governed by Public Utilities Code Section 1701.1 et seq. and Article 8 of the Commission's Rules of Practice and Procedure. Communications with the assigned Administrative Law Judge shall occur either through formal filing or via e-mail written to the entire service list in this proceeding.

10. The assigned Administrative Law Judge shall set a Prehearing Conference in this proceeding as soon as practicable after the receipt of responses to the Order Instituting Investigation. The assigned Commissioner or Administrative Law Judge may adjust the schedule or scope identified herein as needed to promote the efficient and fair resolution of this investigation.

11. A party that expects to request intervenor compensation for its participation in this proceeding must file its notice of intent to claim intervenor compensation within 30 days of the filing of a response, except that notice may be filed within 30 days of a prehearing conference in the event that one is held (*See* Rule 17.1(a)(2) of the Commission's Rules of Practice and Procedure).

This order is effective today.

Dated September 15, 2022, at Clovis, California.

ALICE REYNOLDS
President
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
DARCIE L. HOUCK
JOHN REYNOLDS
Commissioners

ATTACHMENT A

Acronyms & Abbreviations

AB	Assembly Bill
ALJ	Administrative Law Judge
Commission	California Public Utilities Commission
CPUC	California Public Utilities Commission
D.	Decision
DAC	Disadvantaged Community
DOE	United States Department of Energy
HCD	Housing and Community Development
I./OII	Order Instituting Investigation
MHP	Mobile Home Park
MHP-UCP	Mobile Home Park- Utility Conversion
PG&E	Pacific Gas & Electric Company
R.	Order Instituting Rulemaking
Rules	Commission's Rules of Practice and Procedure
RV	Recreational Vehicle
SED	Safety and Enforcement Division
SJV	San Joaquin Valley
SNME	SNME, Inc.
TECH	Technology and Equipment for Clean Heating Initiative

END ATTACHMENT A

ATTACHMENT B

SNME Letter to CPUC and PG&E

TO: CPUC Board of Commissioners; PG&E

RE: NOTICE OF INABILITY TO CONTINUE OPERATIONS OR DELIVERY OF RESIDENTIAL NATURAL GAS SERVICES

Dear All,

SNME Inc. is a California corporation that presently provides natural gas service to approximately 280 residential lots located in a Santa Nella community subdivision in an unincorporated area of Merced County. Specifically, the residential lots comprise separate fee simple parcels located generally east of W. Comet Road, west of E. Comet Road, north of W. Centinella, Ave, and south of Saturn Street, in the Santa Nella area of Merced County.

The residential lots were once collectively part of single or lesser number of parcels on which a mobile home park formerly operated. However, decades ago, Merced County approved the subdivision of these parcels, such that each lot/mobile home became a separate fee simple parcel/single family home. At or about that same time of the subdivision, the mobile home park ceased to exist. As a result, each mobile home and lot is now, and has been for decades, separately owned. The owners of each lot are not tenants of any landlord. Again, this all occurred decades ago.

Sometime after the above-referenced subdivision, SNME, Inc. was formed, and began providing gas service through a submeter of PG&E (Account number [REDACTED]) to each fee simple lot. SNME, Inc. continues to do so presently, and its practice has been, and is, to invoice the customers at the individual lots, each of which is equipped with a separate/individual gas meter. During its entire existence, SNME, Inc. has never provided gas service to residents of a mobile home park.

SNME, Inc. cannot continue to operate or provide natural gas service to the above-referenced lots due to a variety of economic factors resulting in extreme financial hardship for SNME, Inc. Among other things, SNME, Inc. ability to collect from customers has diminished sharply. Inflation and COVID-19 have made further operations cost prohibitive. Despite its best efforts, SNME was unable to secure COVID-19 relief from any governmental agencies. Furthermore, SNME, Inc. understands that despite the fact that it has only provided natural gas to the above-referenced fee simple parcels which are not, and never have during SNME, Inc.'s existence been, located in a mobile home park, that the CPUC contends that SNME, Inc. is under the GTR Mobile home Park rate structure which has severely limited SNME, Inc.'s ability to recover sufficient revenue to continue operating. Thus, with SNME, Inc.'s expenses skyrocketing, and its revenues falling, it simply cannot continue to operate despite its best efforts.

In the coming weeks, SNME Inc. anticipates that it will be filing for bankruptcy protection, and may be liquidating.

Nevertheless, to extent that PG&E or CPUC, or even Merced County are interested in ensuring uninterrupted natural gas service to the above-referenced 280 residential lots, SNME, Inc. is willing to cooperate to the limited extent it can in transitioning its services and any related infrastructure to a successor.

However, unless a plan for the transition of services is formulated by June 1, 2022, SNME, Inc. will have no choice but to send notice to each of the current customers informing them that no further gas service will be provided after June 30, 2022.

If a transition of services and the related infrastructure identified above is of interest, please contact the undersigned to discuss a mechanism for that transition at your earliest convenience.

Very truly yours,

SNME, Inc.



END ATTACHMENT B