

CC 51
Pg 397

CITY COUNCIL MEETING
APRIL 3, 1985

DISCOUNT TO
MOBILE HOME
PARK OWNERS

URGENCY ORD-
INANCE 1350
ADOPTED

Following introduction of agenda item k-3 - "Adopt Urgency Ordinance Adjusting Mobile Home Park Utility Discount". Utility Director Henry Rice apprised the Council that new City of Lodi electric rates were adopted by City Ordinance No. 1348 to become effective March 1, 1985. Schedule EM which covers service to mobile home parks through a master-meter was appropriately adjusted to reflect residential service. However, this EM service involves the Park owner providing submetering and wiring service to each individual mobile home unit. The former EM rate schedule provided a discount for this service of \$5.29 per mobile home space wired for service, per month. This discount amount was not changed when the rate was revised. Information regarding the discount has been obtained and analyzed.

The California Public Utilities Code, Section 739.5, states that a master-meter customer (mobile home park owner) be given an allowance to allow recovery of the reasonable average costs for providing a submetered service to individual mobile home residents. The recoverable cost (allowance) may not exceed the average cost the serving utility would have incurred in providing comparable services beyond the master-meter.

Decision 83-12-068 of the Public Utilities Commission of the State of California (December 22, 1983) determined, among other things, that the ultimate issues in the continuing controversy regarding recovery of reasonable average costs for a master-meter customer are (1) the size of the discount, and (2) what form it should take. Evidence adduced during the CPUC hearing led to the decision that a flat discount be adopted, noting that it is less controversial and is easily applied; a method to determine the appropriate average cost was adopted for PG&E; and a special condition recommended that would require the mobile home park owner to notify the utility when the number of customers changed.

The presently approved CPUC discount for such service (as incorporated in PG&E rate No. DF - Mobile Home Park Service, effective January 1, 1985) is \$7.34 per dwelling unit.

Review of the foregoing material regarding the discount would suggest that (1) the discount is a recognized way to allow recovery of associated cost by the mobile home park owner, (2) a monthly discount of \$7.34 per dwelling unit is applicable on the periphery of the Lodi service area, (3) our present EM rate schedule properly notes by "special condition" the responsibility of the Park owner to notify the City of any change in units taking service.

Therefore, the Schedule EM - Mobile Home Park master-meter rate sheet should reflect a discount of \$7.34 per dwelling per month within the City of Lodi electric service area.

Following discussion with questions being directed to Staff, Council, on motion of Mayor Pro Tempore Hinchman, Reid second, adopted Urgency Ordinance No. 1350 adjusting the mobile home park utility discount thereby reflecting a discount of \$7.34 per dwelling per month within the City of Lodi electric service area. The motion carried by unanimous vote.

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL

DATE

NO.

FROM: THE CITY MANAGER'S OFFICE

March 26, 1985

SUBJECT: DISCOUNT TO MOBILE HOME PARK OWNERS

New City of Lodi electric rates were adopted by City Ordinance No. 1348 to become effective March 1, 1985. Schedule EM which covers service to mobile home parks through a master-meter was appropriately adjusted to reflect residential service. However, this EM service involves the Park owner providing submetering and wiring service to each individual mobile home unit. The former EM rate schedule provided a discount for this service of \$5.29 per mobile home space wired for service, per month. This discount amount was not changed when the rate was revised. Information regarding the discount has been obtained and analyzed.

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The presently approved CPUC discount for such service (as incorporated in PG&E rate No. DT - Mobile Home Park Service, effective January 1, 1985) is \$7.34 per dwelling unit.

Review of the foregoing material regarding the discount would suggest that (1) the discount is a recognized way to allow recovery of associated cost by the mobile home park owner, (2) a monthly discount of \$7.34 per dwelling unit is applicable on the periphery of the Lodi service area, (3) our present EM rate schedule properly notes by "special condition" the responsibility of the Park owner to notify the City of any change in units taking service.

Therefore, the Schedule EM - Mobile Home Park master-meter rate sheet should reflect a discount of \$7.34 per dwelling per month within the City of Lodi electric service area.



Henry J. Rice
Utility Director

and they shall not be provided with more than one single party line if any family member residing at the principal place of residence receives universal telephone service.

(g) As used in this section, "residential" means residential use and excludes industrial, commercial, and every other category of end use.

(h) The Universal Telephone Service Fund shall be created and administered pursuant to Part 22 (commencing with Section 44000) of Division 2 of the Revenue and Taxation Code.

(i) This section shall become inoperative on July 1, 1988, and, as of January 1, 1989, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 1989, deletes or extends the dates on which it becomes inoperative and is repealed.

(Added by Stats.1983, c. 1143, p. —, § 2, imd. eff. Sept. 28, 1983.)

Operative Effect and Repeal

Section 739.2, by its own terms, becomes inoperative on July 1, 1988, and is repealed on Jan. 1, 1989.

§ 739.5. Residential gas or electric service; provision by master meter customer through submeter service system; rates; rebates; customer services; maintenance; itemized billing; notice

(a) The commission shall require that, whenever . . . gas or . . . electric service, or both, is provided by a master-meter customer to users who are tenants of a mobilehome park, apartment building, or similar residential complex, the master-meter customer . . . shall charge each user of the service at the same rate which would be applicable if the user were receiving . . . gas or electricity, or both, directly from the gas or electrical corporation. The commission shall require the corporation furnishing service to the master-meter customer to establish uniform rates for . . . master-meter service at a level which 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.

(b) Every master-meter customer of a gas or electrical corporation subject to subdivision (a) who, on or after January 1, 1978, receives any rebate from the corporation shall distribute to, or credit to the account of, each current user served by the master-meter customer that portion of the rebate which the amount of gas or electricity, or both, consumed by the user during the last billing period bears to the total amount furnished by the corporation to the master-meter customer during that period.

. . .

(c) An electrical or gas corporation furnishing service to a master-meter customer shall furnish to each user of the service within a submetered system every public safety customer service which it provides beyond the meter to its other residential customers. The corporation shall furnish a list of those services to the master-meter customer who shall post the list in a conspicuous place accessible to all users. Every corporation shall provide these public safety customer services to each user of electrical or gas service under a submetered system without additional charge unless the corporation has included the average cost of these services in the rate differential provided to the master-meter customer on January 1, 1984, in which case the commission shall deduct the average cost of providing these public safety customer services when approving rate differentials for master-meter customers.

(d) Every master-meter customer is responsible for maintenance and repair of its submeter facilities beyond the master meter, and nothing in this section requires an electrical or gas corporation to make repairs to or perform maintenance on the submeter system.

(e) Every master-meter customer shall provide an itemized billing of charges for electricity or gas, or both, to each individual user generally in accordance with the form and content of bills of the corporation to its residential customers, including, but not limited to, the opening and closing readings for the meter, and the identification of all rates and quantities attributable to each block in the applicable rate structure. The master-meter customer shall also post, in a conspicuous place, the applicable prevailing residential gas or electrical rate schedule, as published by the corporation.

Underline indicates changes or additions by amendment

(f) The commission shall require that every electrical and gas corporation shall notify each master-meter customer of its responsibilities to its users under this section.

(Added by Stats.1976, c. 922, p. 2109, § 3, urgency, eff. Sept. 14, 1976. Amended by Stats.1977, c. 194, p. 713, § 1; Stats.1983, c. 622, p. —, § 1.)

1976 Legislation.

Legislative findings and declarations of Stats.1976, c. 923, p. 2109, see note under Civil Code § 789.7b.

1977 Amendment. Added subs. (b) and (c).

1983 Amendment. Rewrote the section which had read:

"(a) The commission shall require that, whenever domestic gas or domestic electric service, or both, is provided by a master-meter customer to users through a submeter service system, the master-meter customer providing such submeter service, whether such customer is a mobilehome park, an apartment house, or a similar establishment, shall charge each user at the same rate which would be applicable if the user were receiving such gas or electricity or both, directly from the serving utility. The commission shall require the serving utility to establish uniform rates for each service schedule area for master-meter service at a level which will provide a sufficient differential to cover the reasonable average costs to master-meter customers of providing such submeter service provided, however, that such costs shall not exceed the average cost that the serving utility would have incurred in providing comparable services beyond the master-meter to the submeter tenants.

"(b) Every master-meter customer subject to subdivision (a) who, on or after January 1, 1978, receives any rebate from the serving utility shall distribute to, or credit to the account of, each current user served by the master-meter customer that portion of the rebate which the amount of gas or electricity, or both, consumed by the user during the last billing period bears to the total amount used by the master-meter customer during such period.

"(c) Serving utilities shall notify each master-meter customer subject to subdivision (b) of the master-meter customers' responsibilities under that subdivision."

Library References

Electricity § 11.3(1).
Gas § 14.1(1).
C.J.S. Electricity § 30.
C.J.S. Gas § 31 et seq.

Notes of Decisions

In general 1 Rates and charges 2

1. In general

In view of emphasis of this section upon "average costs" and costs for "comparable services", this section requires that apartment houses and mobile-home parks be considered separately in establishing rate differentials. Master Meter Gas and Electric Utility Customers (1979) 1 Cal.P.U.C.2d 172.

This section provides that a master meter customer providing submeter service shall charge each user the applicable gas or electric utility rate. App. of SDG&E Co. (1977) 82 Cal.P.U.C. 291.

2. Rates and charges

Pursuant to this section, the utility rate established for master meter service must be at a level to cover the reasonable average cost to provide submeter service provided such costs do not exceed the average cost the meter would have incurred to provide comparable service beyond the master meter. Maintenance of such differential will benefit tenants of mobile home parks by enabling them to have the full benefit of lifeline rates. App. of SDG & E Co. (1977) 82 Cal.P.U.C. 291.

§ 740.1. Guidelines for evaluating research, development and demonstration programs

The commission shall consider the following guidelines in evaluating the research, development, and demonstration programs proposed by electrical and gas corporations:

- (a) Projects should offer a reasonable probability of providing benefits to ratepayers.
- (b) Expenditures on projects which have a low probability for success should be minimized.
- (c) Projects should be consistent with the corporation's resource plan.
- (d) Projects should not unnecessarily duplicate research currently, previously, or imminently undertaken by other electrical or gas corporations or research organizations.
- (e) Each project should also support one or more of the following objectives:
 - (1) Environmental improvement.
 - (2) Public and employee safety.
 - (3) Conservation by efficient resource use or by reducing or shifting system load.
 - (4) Development of new resources and processes, particularly renewable resources and processes which further supply technologies.
 - (5) Improve operating efficiency and reliability or otherwise reduce operating costs.

(Added by Stats.1984, c. 1713, p. —, § 2.)

Asterisks * * * indicate deletions by amendment

ALJ/rr/jc

*mailed with the
1/6/84
has
decision*

Decision 83-12-068 December 22, 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND)
ELECTRIC COMPANY for authority, among)
other things, to increase its rates)
and charges for electric and gas)
service.)

Application 82-12-48
(Filed December 20, 1982)

(Electric and Gas)

(For appearances see Appendix C.)

PG&E should propose at least one TOU rate structure along the lines of those presented by LGC in this proceeding. PG&E should also consider changing the winter on-peak period and/or implementing a summer-winter pricing differential. Alternatively, a variation in the on-peak and off-peak periods by climate zones may be desirable to target the on-peak pricing incentives to the periods when customers have the largest discretionary electric loads.

4. Master Meter Discounts

Public Utilities (PU) Code Section 739.5 states that a master meter customer (mobile home park owner) be given an allowance to allow recovery of the reasonable average costs for providing a submetered service to individual mobile home residents. The recoverable cost may not exceed the average cost the serving utility (PG&E) would have incurred in providing comparable services beyond the master meter. The two schedules involved are DT for electric service and GT for gas service.

The ultimate issues in this continuing controversy are 1) the size of the discount, and 2) what form it should take.

PG&E testifies and Western Mobilehome Association (WMA) concurs that the comparable cost for providing gas submetered service in 1984 would be \$6.44 per month per mobilehome space.

The major issue in calculating the average electric cost is the weighting factor used to account for overhead versus underground service. PG&E shows that the cost for overhead service will be \$7.41 per month per space and \$9.60 for underground service. PG&E shows that it serves approximately 93% of the mobilehome parks with overhead service (from PG&E to master meter). WMA shows that about 94% of the individual mobilehome spaces (master meter to mobilehome) have underground service. Thus the issue is how the average cost should be determined.

We adopt the PG&E method. Since PG&E provides the majority of secondary distribution service to the master meter in overhead fashion, it is reasonable to assume that if PG&E extended the service beyond the master meter it would also use overhead service. Therefore, we adopt the figure of \$7.57 per space per month for the electric master meter allowance.

The next issue is what form the allowance should take. Presently it is a percentage discount of lifeline sales. PG&E proposes to maintain this form of the discount. Its chief attribute is that it prevents overpaying mobilehome parks due to vacant spaces. Its major drawback is that the percentage discount needs to be recalculated at every rate change and this presents an additional issue subject to contest during each offset proceeding.

The WMA proposes that the flat rate discount be adopted, noting that it is much less controversial and is then easily applied. It also notes that there are special conditions in both the DT and GT schedules that require the mobile home park owner to notify PG&E when the number of customers change. ~~We will adopt the proposed flat rate discount and encourage PG&E to strengthen its reporting requirements and penalty provisions for failure to report changes in number of customers by advice letter filing.~~

The other "master meter" schedule D.S. should be resolved similarly with the discount provided on a flat rate basis using PG&E's computation of the discount.

B. Light and Power Rate Design

Light and power customers comprise approximately 59% of PG&E's sales but only about 10% of its customers. Approximately 90% of the light and power customers are classified as small light and power and have demand levels below 500 kW. The medium light and power class consists of about 9.4% of light and power customers who have demand