

# **PROPOSAL OF SAN LUIS REY HOMES, INC.**

November 3, 2011

Sam Rosen, Revitalization Project Director

**SAN LUIS HOMES, INC.**

300 Academy Road • Oceanside, California 92057

PH: 760-757-5000 FX: 760-757-5001

---

# HISTORY

- Started as a RV Park
- In 1966 Land Owner granted 328 lots for Senior Mobile Home Park and formed a Non-Profit HOA Corporation
  - Bylaws: “to provide important housing opportunities for older persons in the Oceanside area of North San Diego County, California.”
- Each Grant Deed Holder owns 1/328 of entire Park, including common areas, assets

# HOW SLRH GOT HERE

- SLRH is distinctive from the majority of MHP owners in that we have no “tenants” because our residents are also owners of their homes and all of the land included in our entire mobile home park
- Therefore, we do not have complaints that TURN pointed out in their Response to the WMA petition: “some MHP owners have allowed their utility systems to seriously deteriorate or have failed to make needed upgrades”
- Another factor that makes SLRH distinct from the majority of MHPs is that our corporation operates as a non-profit residential community
  - No chance of pass through of illegal costs to tenants
  - Common areas not owned by for-profit owners

# SLRH'S SUBMETERED SYSTEM

- SLRH has successfully operated our unregulated utility company for over 45 years by using the discount provided by the CPUC in a transparent and meaningful way to keep our infrastructure as current as possible.
- In 1985 SLRH spent close to \$350,000.00 to bring our infrastructure up to the current needs at that time for the types of homes that were populating our Park (25 amp breakers were replaced by 50 amp breakers).

SUBSURFACE ELECTRIC  
15360 Van Buren Blvd.,  
Riverside, Ca. 92504

San Luis Rey Homes Inc.  
300 Academy Road  
Oceanside, Ca. 92056

May 16, 1985

Att: Mr. Frank Firko

Dear Mr. Firko,

In compliance with your request of May 15, 1985 we agree to adjust the stipulated contract completion times, as follows.

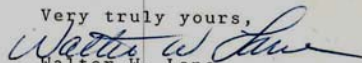
- A - Trenching, conduit and pull box installation and re-paveing to be completed between July 15 and August 1, 1985.
- B - Installation of primary and secondary cable for transformers 1-A and 1-B to be completed between August 1 and August 15, 1985.
- C - Installation of main switchboard and six transformers to be completed between August 15 and September 1, 1985.
- D - Installation of primary and secondary cable for transformers 2-A and 2-B to be completed between September 1 and October 1, 1985.
- E - Installation of primary and secondary cable for transformers 3-A and 3-B to be completed between October 1 and November 1, 1985.
- F - Final cleanup to be completed between November 1 and November 15, 1985.

The work and material listed in items A through F is all inclusive covering all work and material necessary to complete each phase. Anticipated completion dates are not firm but we will attempt to maintain this schedule as closely as possible. Invoicing for these items will be approximately as follows:

1 - Contingency invoicing	8,000.00
2 - Item A	115,930.00
3 - Item B	29,800.00
4 - Item C	69,800.00
5 - Item D	31,800.00
6 - Item E	31,800.00
7 - Item F	10,790.00

This change in work progress should allow you the delay you require, to make sufficient funds available to meet invoice requirements.

Very truly yours,

  
Walter W. Lane  
Subsurface Electric  
Lic. #C10 294340

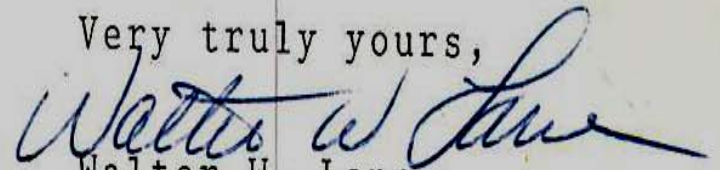
In compliance with your request of May 15, 1985 we agree to adjust the stipulated contract completion times, as follows.

- A - Trenching, conduit and pull box installation and repaveing to be completed between July 15 and August 1, 1985.
- B - Installation of primary and secondary cable for transformers 1-A and 1-B to be completed between August 1 and August 15, 1985.
- C - Installation of main switchboard and six transformers to be completed between August 15 and September 1, 1985.
- D - Installation of primary and secondary cable for transformers 2-A and 2-B to be completed between September 1 and October 1, 1985.
- E - Installation of primary and secondary cable for transformers 3-A and 3-B to be completed between October 1 and November 1, 1985.
- F - Final cleanup to be completed between November 1 and November 15, 1985.

1 - Contingency invoicing	8,000.00
2 - Item A	115,930.00
3 - Item B	29,800.00
4 - Item C	69,800.00
5 - Item D	31,800.00
6 - Item E	31,800.00
7 - Item F	10,790.00

This change in work progress should allow you the delay you require, to make sufficient funds available to meet invoice requirements.

Very truly yours,



Walter W. Lane  
Subsurface Electric  
Lic. #C10 294340

# CHALLENGES FACING SLRH

- The burden on SLRH to implement an upgrade or replacement of our 40+ year old existing utility service is nearly impossible based on the resources available through the differential
  - Even when compared to new utility costs, the problem that needs close attention is that using *new* connection cost estimates like those that occur mainly in new subdivision projects in which excavation costs are minimal, upgrades and replacements in MHPs involve existing infrastructure that must be removed and replaced, such as driveways, streets, and other existing structures.
  - SLRH does not have the scale approaching that of the smallest Investment Owned Utility (IOU) and makes the execution of a revitalized utility infrastructure that includes Smart Meters and a Smart Grid, practically impossible
  - The discount differential partially pays for the investments that the MHP owner has already made and does not fully cover future investment costs required to upgrade our existing infrastructure to the current IOU standards for transfer.
  - The CPUC has never provided an actual cost recovery mechanism for master meter customers to recover costs of replacing or upgrading their systems for necessary infrastructure improvements even as they relate to new and improved technologies.
- 
- In 2011 SLRH needs to go from 50 amp breakers to 200 amp breakers
    - Cost as estimated by SCE for civil is \$10K per space
      - 328 homes X \$10K = \$3,280,000.00
      - Other cost to include: conduit, pedestals, moving of service hookups



- **PG&E states:** It is difficult to estimate with any level of confidence the average time it will take to complete a MHP conversion. The upfront evaluation process (site assessment, communications with MHP tenants and communities, scheduling and site preparation, and permitting process) could overlap into subsequent years. Given the unique nature of each MHP conversion project and associated project time, PG&E reserves the option to review and revise the annual maximum number of program participants that can be accepted into the MHP conversion program so resources can be allocated cost effectively.
- **Page 12:** Prior to acceptance into PG&E's conversion program, PG&E will inspect and assess all MHP systems submitted for conversion and prioritize each MHP conversion before the project is scheduled. If PG&E identifies a MHP system with serious safety hazards, PG&E will require that the MHP owner correct the hazardous condition whether or not the MHP proceeds with conversion. Similarly, if serious environmental remediation conditions are identified during the inspection process, PG&E will require that the MHP owner correct the environmental condition before proceeding with the MHP conversion process.
- IOUs now use contract labor to upgrade parks

- PG&E 12: Given the uncertainty of MHP site conditions and the expectation that the early MHP participants will be converting old, unsafe MHP systems to the utility, PG&E proposes that the utility have the option of replacing the meter panels and/or pedestals if PG&E deems them unsafe to use or incompatible with the new system. The cost for this work and associated materials would be included in the total costs paid by PG&E and recovered through balancing account treatment discussed later in this proposal. Upon completion of the work, MHP owners/residents will retain ownership of the newly-installed meter panels and/or pedestals.
- PG&E's proposal would place the Utility in a project management role for a project with a unique and unprecedented scope. PG&E proposes to undertake a lead project management role under the following conditions: **(a)** To facilitate the MHP conversion process, PG&E proposes to manage the process and to fund certain project costs that are typically funded by the MHP owner pursuant to current utility line extension tariffs and Public Utilities Code sections 2791-2799. All direct MHP conversion costs would be recovered through a two way balancing account managed separately from the General Rate Case (GRC).11/

## Page 7 of TURN Proposal

### E. Resident owned parks

TURN and GSMOL also acknowledge that resident-owned parks may have even more difficulty with the cost of transferring their systems to utility ownership and that it may be necessary to modify the proposals presented above to account for these resident owned parks. TURN and GSMOL do not have a specific proposal at this time for these parks, but recommend that the issue be addressed further as this rulemaking moves forward.

October 21, 2011 Respectfully submitted,

\_\_\_\_\_/s/\_\_\_\_\_

Nina Suetake

Staff Attorney

THE UTILITY REFORM NETWORK

115 Sansome Street, Suite 900

San Francisco, CA 94104

(408) 916-3691 (direct line)

(415) 929-8876 (office)

(415) 929-1132 (fax) nsuetake@turn.org

Bruce E. Stanton, Esq.

Law Offices of Bruce E. Stanton

6940 Santa Teresa Blvd., Suite 3

San Jose, CA 95119

# SAN LUIS REY HOMES PROPOSAL

- SLRH proposes that the CPUC establish a process whereby SLRH and other resident owned MHPs that have complied with statutory and regulatory requirements in operating their systems be allowed and be compensated to upgrade their utility infrastructures to the standards of the IOUs as they relate to transfer requirements.
- When the upgrade is completed, the Commission will require the utilities to pay for the value of the parks infrastructure, which would include the entire cost of the upgrade completed by each of the resident owned MHPs.
- This type of process will allow resident-owned MHPs to obtain whatever loans or grants needed to complete the upgrade, because in essence, reimbursement for the upgrade will take place upon transfer, and the “tenants” (resident owners) will not incur any of the direct costs of the transfer.
- A CPUC representative familiar with the unique status and class of resident owned parks should be available to advise and assist in the submission of the application to the respective IOUs to alleviate the extensive delay that SLRH experienced in their application process

# LEGISLATION?

2791(b) Costs, including both costs related to transfer procedures and costs related to construction, related to the transfer of ownership process, whether or not resulting in a transfer of ownership to the serving gas or electric corporation, shall not be passed through to the park or community residents.

2793a.(2) Develop an appraisal of the value to the gas or electric corporation of the physical plant and equipment found to be used, useful, and compatible that comprise the gas or electric system, or both, to be transferred, including an estimate of the remaining useful life of the gas or electric system. The value to the gas or electric corporation shall take into consideration the expenditures by the park or community owner to comply with the criteria established in Section 2794.

2793b. (2) The gas or electric corporation shall pay the park or community owner for the appraised value to the gas or electric corporation of any gas or electric distribution facilities found to be used, useful, and compatible.

2797. The commission shall permit the gas or electric corporation to recover in its revenue requirement and rates all costs to acquire, improve, upgrade, operate, and maintain transferred mobilehome park or manufactured housing community gas or electric systems.