
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**
Senator Ben Hueso, Chair
2019 - 2020 Regular

Bill No: SB 1117 **Hearing Date:** 5/14/2020
Author: Monning
Version: 2/19/2020 As Introduced
Urgency: No **Fiscal:** No
Consultant: Nidia Bautista

SUBJECT: Master-meter customers: electrical or gas service

DIGEST: This bill extends most of the consumer protections provided to submetered customers of a master-meter mobilehome park operator when electric service is provided by an electrical corporation to now also apply when service is provided by other electric load serving entities, including community choice aggregators.

ANALYSIS:

Existing law:

- 1) Establishes the California Public Utilities Commission (CPUC) has regulatory authority over public utilities, including electrical corporations and gas corporations. (California Constitution, Article XII, §§3 and 4)
- 2) Establishes various provisions related to the responsibilities of a gas or electrical corporation and master-meter customer when gas or electrical service is provided by a master-meter customer to users who are tenants of a mobilehome park, apartment building, or similar residential complex. Requirements include that the master-meter customer charge each user at the same rate that would be applicable if the user were receiving gas or electricity directly from the gas corporation or electric corporation. (Public Utilities Code §739.5)
- 3) The “Mobilehome Residency Law” provides a private right of action to mobilehome park residents against park owners for failing to abide by requirements, including a requirement that park owners who provide master-meter and submeter utility service to separately state individual residents’ charges and conspicuously post utility rate schedules. (Civil Code §798.40)

This bill replaces “electrical corporation” with “load-serving entity,” defined as including electrical corporations, community choice aggregators (CCAs), and

electric service providers, in many of the provisions relative to the responsibilities of an electrical corporation and master-meter customer when electrical service is provided by a master-meter customer to users who are tenants of a mobilehome park, apartment building, or similar residential complex.

Background

Master-metered mobilehome parks. Mobilehome park owners may have individual units that receive electric utility service directly with individual meters, or that receive service through a master meter to the entire property and then bill individual homeowners or tenants a portion of the charges. Current law, Public Utilities Code §739.5, requires the CPUC to require a master-meter customer, including mobilehome owners, to charge tenants at the same rate that would otherwise apply if the tenant received utility service directly. Mobilehome park owners are required to provide tenants an itemized billing of charges for utility service generally in accordance with the form and content of residential utility bills, including opening and closing readings for the meter, and identification of all rates and details of the applicable rate structure. Frankly, this is an additional challenge of master-metered services. In recent years, there have been more aggressive efforts convert master-meter mobilehome parks to individual meters. Nonetheless, there are still many mobilehome parks, apartment buildings, and others operating utility service as master-meters.

Electric load-serving entities (LSEs). In recent years, California has witnessed the growth of LSEs, including CCAs, who provide electric generation within the territory of the electric corporation. In the case of Pacific Gas & Electric (PG&E), about half of its service territory is now served by CCAs. Unlike electric investor-owned utilities (IOUs) who have their rates reviewed and approved by the CPUC, CCA electric generation rates are approved by the governing body of the respective CCA, usually consisting of local elected officials with no say by the CPUC. Master-metered customers, just as all other customers, continue to receive the electric utility bill from their electric IOU, even when a CCA provided the generation portion. The electric utility bill includes the generation, distribution, and transmission charges. As such, it may be difficult for master-meter customers to distinguish the electric generation portion is provided by a CCA, unless explained directly to the master-meter customer.

CCA files complaint... at CPUC? The sponsor of this bill cite a recent example in Placer County where the mobilehome park owner has been billing customers based on PG&E's electric generation rates, instead of the electricity generation rates of the CCA, Pioneer Energy, that are currently below those of PG&E's. The mobilehome park owners refusal to adjust the rates resulted in Pioneer Energy

filing a formal complaint at the CPUC in December of 2019. The complaint (C. 120-01-006) alleges that since March 2018, the mobilehome park owner has overbilled submetered residents of master-metered mobilehome parks that receive generation from Pioneer by billing at the higher PG&E rate. The parties involved in the complaint recently filed a settlement whereby the mobilehome park owners agreed to credit customers for the overbilling. However, the complaint spurred the desire for this bill in order to clarify in statute that the mobile home park owners who operate a master-meter must bill their submetered tenants at the LSE's generation rate corresponding to who is serving the load.

Comments

Need for consumer protections. The need to protect customers from overbilling is a consistent and basic tenant of utility ratemaking principles. The proposal in this bill to extend existing protections for submetered customers of electrical corporations to all submetered customers, regardless of the LSE procuring their generation, seems both just and reasonable. As the example in Placer County illustrates, there is a need to ensure that mobilehome park owners, and other master-meter customers, are billing submetered customers based on the generation rates provided by CCAs and not the electric IOU. Nonetheless, CCAs should make a good faith effort to help educate these master-meter customers about the differences in the generation rates. As the electric IOU continues to handle billing customers, it can be very difficult for even the savvy customer to be aware that the generation portion of the utility bill is procured by another LSE, not the electric IOU. It may also be case that CCA rates could be higher than the electric IOU. As such, there could be instances where master-meter customers would be subsidizing these costs of their submetered customers unknowingly.

Amendments needed. The specific complaint that spurred the need for this bill raised to questions, the need to better protect customers and the broader questions about the role of the CPUC in resolving CCA customer disputes that do not involve the electric IOU. While the specific complaint is proposed to be settled by the parties, none of which involve the electric IOU, this committee may wish to limit the involvement of the CPUC in these complaints as the agency has no role in setting CCA rates or regulating third-parties. Additionally, there is private right of action to address these disputes. *The author and committee may wish to amend this bill to make clear that the CPUC's role in resolving complaints is narrowed to those involving the entities it is charged with regulating – the electric IOU.* The CPUC has noted that in some instances the Climate Credit issued by the electrical corporation is not always passed along to submetered customers. The twice-annual credit can be a sizeable, depending on the utility and should be provided to the all customers. *The author and committee may wish to amend this bill to explicitly*

note the requirement for master-metered customers to pass along the credit to submetered customers.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT:

Golden State Manufactured-home Owners League (Sponsor)
California Community Choice Association
California State Association of Electrical Workers
Coalition of California Utility Employees
Peninsula Clean Energy Authority

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

By clarifying existing law relating to master-meters, mobile/manufactured home residents, who have opted to have a Community Choice Aggregator provide electricity to them, will be able to fully realize lower energy costs.

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