
THIRD READING

Bill No: SB 1117
Author: Monning (D)
Amended: 5/20/20
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 12-0, 5/14/20

AYES: Hueso, Moorlach, Bradford, Chang, Dahle, Dodd, Hertzberg, Hill,
McGuire, Rubio, Stern, Wiener

NO VOTE RECORDED: Skinner

SUBJECT: Master-meter customers: electrical or gas service

SOURCE: Golden State Manufactured-home Owners League

DIGEST: This bill ensures existing consumer protections relative to electrical service provided via a master-meter customer are explicit for tenants of mobilehome parks, apartment buildings, or similar residential complexes, regardless of whether the electrical generation is provided by an entity other than an electrical corporation.

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. Existing law requires master-meter customers that receive a rebate for electrical or gas service to distribute the rebate to, or credit the rebate to the account of, current users served by the master-meter customer, as specified. (Public Utilities Code §739.5)

- 3) Provides in the “Mobilehome Residency Law” 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 sub-meter utility service to separately state individual residents’ charges and conspicuously post utility rate schedules. (Civil Code §798.40)
- 4) Establishes the California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases (GHG) and requires a statewide GHG emissions limit, as specified. Authorizes the State Board to include a market-based compliance mechanism to comply with the regulations which allow the direct allocation of GHG allowances to electric utilities, including electrical corporations. (Health and Safety Code §38500 et seq.)
- 5) Authorizes the CPUC, with respect to GHG allowances directly allocated to electrical corporations, to allocate fifteen percent of the revenues generated by the sale of the allowances for clean energy and energy efficiency projects and requires the CPUC to direct the balance of the revenues be credited directly to the residential, and other specified, customers. (Public Utilities Code §748.5)

This bill:

- 1) 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.
- 2) Requires, explicitly, that any credit to customers from the revenues from the sale of GHG allowances directly allocated to electrical corporations must also be distributed to sub-metered customers by a master-metered customer.

- 3) Requires the CPUC to respond to complaints relative to sub-metered and master-metered customers involving electrical corporations.

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 cites 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 lower electricity generation rates of the CCA, Pioneer Energy. 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 sub-metered 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 sub-metered 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 sub-metered customers of electrical corporations to all sub-metered 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 sub-metered 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 sub-metered customers unknowingly.

Clarifies CPUC role to respond only to electrical corporation related complaints. 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. This bill ensures the CPUC must continue to respond to complaints involving the electrical corporation, but not those involving other providers.

Explicitly requires California Climate Credit is distributed to sub-metered customers. Pursuant to statute, every year, millions of California residents receive twice annual credits on their electric and natural gas bills identified as the "California Climate Credit." The Climate Credit is generated by the electrical corporations sale of allocated GHG allowances from the state's cap-and-trade program. The CPUC has noted that in some instances the Climate Credit issued by the electrical corporation is not always passed along to sub-metered customers. The twice-annual credit can be a sizeable, depending on the utility (around \$25-30 twice a year). Appropriately, this bill explicitly requires master-metered customers to distribute the California Climate Credit to sub-metered tenants.

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

SUPPORT: (Verified 5/20/20)

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

OPPOSITION: (Verified 5/20/20)

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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