

Date of Hearing: July 29, 2020

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Chris Holden, Chair

SB 1117 (Monning) – As Amended July 27, 2020

SENATE VOTE: 39-0

SUBJECT: Master-meter customers: electrical or gas service

SUMMARY: The provisions of this measure eliminate a statutory conflict and provides protection to residents, such as mobile home residents, by ensuring rates charged at master-meters are passed through to the submeters based on the electricity provider's actual residential rates.

Specifically, this measure mandates:

- Whenever gas or electrical service, is provided by a master-meter customer for users who are tenants of a mobile home park, apartment building, or similar residential complex, the master-meter customer shall charge each user of the service at the same rate that would be applicable if the user were receiving gas or electricity, directly from the gas corporation or load-serving entity.
- Any credit to customers from the revenues associated with the sale of greenhouse gas (GHG) allowances directly allocated to electrical corporations must also be distributed to sub-metered customers by a master-metered customer.
- The CPUC to respond to complaints relative to sub-metered and master-metered customers involving electrical corporations.
- A master-meter customer shall also post, in a conspicuous place, the applicable specific current residential gas or electrical rate schedule, as published by the load-serving entity or gas corporation, or the load-serving entity's or gas corporation's internet website address of the specific current residential gas or electrical rate schedule.
- Load-serving entities (defined as electrical corporations, community choice aggregators and electric service providers), 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 mobile home park, apartment building, or similar residential complex.

EXISTING LAW:

- 1) Provides that 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) The CPUC has jurisdiction and enforcement authority over all master-meters per PUC Code Section 739.5. The code specifically identifies that the rate passed onto the submeters must be "at the same rate that would be applicable if the user were receiving

gas or electricity, or both, directly from the gas or electrical corporation. (Public Utilities Code §739.5)

- 3) Provides in the “Mobilehome Residency Law” a private right of action to mobile home 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 that 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)
- 6) Specifies that it is unlawful for any person, at the time of sale of a commodity to charge an amount greater than a true extension of a price per unit. (Business and Profession Code §12024.2, et seq.)
- 7) Where the management provides both master-meter and submeter service of utilities to a homeowner, for each billing period the cost of the charges for the period shall be separately stated along with the opening and closing readings for his or her meter. This provision further requires that the management shall post, in a conspicuous place, the specific current residential utility rate schedule as published by the serving utility. (Civil Code §798.40, et seq.)

FISCAL EFFECT: Appropriation: NO Fiscal Committee: NO Local Program: NO

BACKGROUND:

Master-metered customer. The CPUC is mandated to require a master-meter customer, including mobile homeowners, 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. In recent years, there have been more aggressive efforts to convert master-meter mobile home parks to individual meters. Nonetheless, there are still many mobile home parks, apartment buildings, and other operating utility services as master-meters.

Electric load-serving entities (LSEs). In recent years, California has witnessed the growth of LSEs, including Community Choice Aggregators (CCA), 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 CCA. Unlike electric investor-owned utilities 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 their electric utility bills 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 that 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 mobile home 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 mobile home 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 mobile home park owner has overbilled sub-metered residents of master-metered mobile home 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 mobile home park owners agreed to credit customers for the overbilling. However, the complaint brought about the need to clarify in statute that owners who operate a master-meter must bill their sub-metered tenants at the LSE's generation rate.

COMMENTS:

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

Basic Consumer Protections. The need to protect customers from overbilling is a consistent and basic tenet of utility rate-making 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 mobile home park owners and other master-meter customers are billing sub-metered customers based on the generation rates provided by the CCA serving their area and not the electric IOU. Nonetheless, CCAs and other load-serving entities 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 the case that CCA rates could be higher than those of the electric IOU.

Clarifies CPUC's role to respond only to electrical corporation related complaints. The specific complaint that spurred the need for this bill raised two questions: 1) The need for enhanced consumer protection and 2) The broader questions about the role of the CPUC in resolving CCA customer disputes that do not involve the electric IOU. This bill ensures the CPUC must continue to respond to complaints involving the electrical corporation, but not those involving other providers. While the specific complaint is proposed to be settled by the parties,

none of which may involve the electric IOU. Additionally, there is private right of action to address these disputes.

Climate Credit. Pursuant to statute, every year, millions of California residents receive credits on their electric and natural gas bills identified as the "California Climate Credit," which is normally paid twice a year. 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 sizeable, depending on the utility (approximately \$25-30 paid twice a year). Appropriately, this bill explicitly requires master-metered customers to distribute the California Climate Credit to sub-metered tenants.

REGISTERED SUPPORT / OPPOSITION:

Support

California Community Choice Association
California State Association of Electrical Workers
Coalition of California Utility Employees
Golden State Manufactured-home Owners League, INC. (GSMOL)
Marin Clean Energy
Monterey County Board of Supervisors
Peninsula Clean Energy
Valley Clean Energy

Opposition

None on file.

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