

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) APPLICATION NO. MANF-3
on its own motion, seeking to)
determine the seal fee amount) ORDER SETTING SEAL FEE
for the Manufactured Home)
Program.)
) ENTERED: November 9, 2010

BY THE COMMISSION:

The above-captioned proceeding was opened by the Commission, on its own motion, to determine the appropriate seal fee for the Manufactured Home Program. The Commission is charged by statute to hold an annual public hearing to determine the amount of seal fee necessary to carry out the provisions of the Manufactured Home Program pursuant to the Uniform Standard Code for Manufactured Homes Neb. Rev. Stat. §§ 71-4601 to 71-4620.01 (Laws 2010, LB 849, Operative July 1, 2010).

Notice of the proceeding appeared in The Daily Record, Omaha, Nebraska, on August 26, 2010. The order opening the above-captioned docket and setting the hearing was entered on August 10, 2010, and mailed to all interested parties. A Public hearing was held on September 23, 2010 in the Commission Hearing Room.

O P I N I O N A N D F I N D I N G S

Mark Luttich, Director of the Commission's Housing Department, testified on behalf of the Staff. Director Luttich testified that the revenue generated by the present seal fee is not meeting the cost of the Manufactured Home Program. The Department continues to make every effort to keep the costs of the program low and is still operating at reduced staffing levels. The drastic decrease in production of manufactured homes has continued and seal fee revenues have remained at significantly decreased levels. Even with the continued efforts to reduce costs, the net effect is that the revenue is insufficient to fund the program. Based on his calculations, Director Luttich estimates that to just cover the costs of the program, the Department would need to charge approximately Four Hundred and Fifty-six dollars (\$456.00) per seal. Mr. Luttich recommended increasing the seal fee to somewhere between Two Hundred and fifty (\$250.00) to Three Hundred dollars (\$300.00) per seal.

Mr. Daryl Mouw, an employee of Sears Manufactured Homes located in Lincoln, Nebraska, testified regarding the Manufactured Homes Program seal fee. Mr. Mouw testified in support of increasing the seal fee in the Manufactured Homes

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Program. Mr. Mouw stated that the cost of using a private third party inspector would be significantly higher than the proposed seal fees even with the proposed increase, running approximately Seventeen Hundred dollars (\$1,700.00) per inspection. Therefore, Mr. Mouw supports increasing the seal fee to enable the Manufactured Homes Program to continue to operate in Nebraska.

The current seal fee is set at Seventy-five dollars (\$75.00) per seal, the maximum level allowed by statute prior to the passage of Legislative Bill 849 in 2010. LB 849 removed the maximum cap on the seal fee and allows the Commission to determine the appropriate seal fee based on the revenues and expenses of the Manufactured Homes Program.

The Department continues to make every effort to reduce costs in the program and is still operating on a reduced staffing level. The revenues of the program continue to be substantially insufficient to meet the needs of the program. Due to the continued economic slowdown in the housing industry in Nebraska and nationally, the production of manufactured homes has continued to slow. The slowdown has resulted in a reduced number of seals issued. Even with the efforts to reduce costs in the program, the slowdown in the industry continues to render the current seal fee insufficient to fund the program.

The Commission does not take such a significant fee increase lightly, and does not usually contemplate such increases absent extreme circumstances. However, in light of the current financial situation in the industry and the Manufactured Homes Program, the economic benefit gained by the state of Nebraska from the housing industry, the industry's expressed desire to keep the Manufactured Homes Program in Nebraska, and the industry's support of the proposed increase, the Commission finds that the seal fee should be increased.

The Commission further finds that it will continue to closely monitor the financial situation of the industry and the Department, and in the event that the industry shows signs of economic recovery and Housing Department's revenues begin to recover, the Commission will reevaluate the seal fee and make adjustments accordingly.

The Commission finds that the recommendation of Director Luttich to increase the Manufactured Homes Program seal fee is reasonable and that the seal fee for the Manufactured Homes Program should be increased to Two Hundred and Twenty-five dollars (\$225.00) per seal fee, effective January 1, 2011.

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O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that, pursuant to the Uniform Standard Code for Manufactured Homes, the Manufactured Home Program seal fee should be increased to Two Hundred and Twenty-five dollars (\$225.00) per seal fee, effective January 1, 2011.

MADE AND ENTERED at Lincoln, Nebraska, this 9th day of November, 2010.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Frank E. Landis

Anne Boyle

Gerald L. Vap

//s// Frank E. Landis
//s// Gerald L. Vap

Chairman

Gerald L. Vap

ATTEST:

Nicholas J. J. J.

Executive Director