

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) APPLICATION NO. MANF-7
on its own motion, seeking to)
determine the seal fee amount) ORDER SETTING SEAL FEE
for the Manufactured Home)
Program.)
ENTERED: September 9, 2014

BY THE COMMISSION:

On July 29, 2014, the Nebraska Public Service Commission (Commission) entered an order opening the above-captioned proceeding to determine the appropriate seal fee for the Manufactured Home Program (Program) and to set a hearing. Notice of the proceeding appeared in The Daily Record, Omaha, Nebraska, on August 1, 2014.

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 (2012 Cum. Supp.).

A Public hearing was held on August 26, 2014 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 regarding plans to hire a new full-time employee (FTE) in the Department due to increased requirements in the Program instituted by the U.S. Department of Housing and Urban Development (HUD). For the revenue generated by the present seal fee to cover the current expenses and the expense of the new employee just in the Program, the current seal fee of One Hundred dollars (\$100.00) would need to be increased to Four Hundred and Ninety dollars (\$490.00). Director Luttich further testified that if the cost of the new FTE was shared evenly between the three programs in the Department, the seal fee would need to increase to Three Hundred and Forty dollars (\$340.00).

Director Luttich also testified regarding the Public Service Commission Housing and Recreational Vehicle Cash Fund (Cash Fund). He reminded the Commission that in 2013, the fees in all three programs administered by the Department were set to generate less revenue than expenses to begin reducing the balance of the Cash Fund. However, even with the reductions to the Cash Fund, the Cash Fund currently contains more than required to fund the Department's needs with a reasonable

reserve. Director Luttich also discussed the Department's current utilization of the services of independent contractors. The current plan is to reduce the Department's usage of independent contractors as the new FTE becomes fully engaged in all three programs in the Department in the next year.

Therefore, based on his calculations, Director Luttich estimates that to continue to reduce the Cash Fund balance and fund the new FTE, the seal fee should be increased from the current level of One Hundred dollars (\$100.00) per seal to Two Hundred dollars (\$200.00) per seal.

Mr. Tracy Day, with Champion Homes in York, Nebraska, testified regarding the fees proposed by the Department. Mr. Day stated that he supported keeping the fees affordable but agreed with the Department proposal to increase the Manufactured Home Program seal fee some, but continue to reduce the Cash Fund. He testified forecasting the economic future of the industry has been very difficult as of late and supported reasonably reducing the Cash Fund but keeping the seal fees at levels that will not require a large increase if economic times worsen for the industry.

Mr. Mike Morrow, with Chief Industries in Aurora, Nebraska, also offered testimony at the hearing. Mr. Morrow testified that he supported the Department proposal and thought the increase in the Manufactured Home Program seal fee was fair, as the FTE was being hired mostly for the Manufactured Home Program, it was reasonable that Program bear more of the cost. Mr. Morrow stated the industry remains in support of the state program and Nebraska having its own program is vastly superior because a local entity that is familiar with the local plant and local operations is able to work through issues without delays.

The Uniform Standard Code for Manufactured Homes allows the Commission to determine the appropriate seal fee based on the revenues and expenses of the Manufactured Homes Program.

The Department has been operating at reduced staffing levels and continues to utilize the services of independent contractors to keep the Department workload at manageable levels to timely respond to factory needs. However, with the increased workload due to newly implemented requirements from HUD, the Commission plans to hire a new employee for the Department. The revenues generated from the seal fees are currently less than the cost to administer the Program, and the Cash Fund has decreased in the past year. However, the Cash Fund currently contains more than required to fund the Department's needs with a reasonable reserve.

The Commission appreciates the input from the industry, and with the need to hire a new FTE in the Department and the current cash balance in the Cash Fund, we think the recommended increase to the Program seal fee reasonable. However, the Commission will continue to closely monitor the financial situation of the industry and the Department, especially during the traditionally slower winter months, and will reevaluate the seal fee and make adjustments accordingly.

Therefore, the Commission finds based upon the staffing needs of the Department and the current balance in the Cash Fund, the recommendation by Director Luttich should be adopted and the seal fee should be increased from One Hundred dollars (\$100.00) per seal to Two Hundred dollars (\$200.00) per seal, effective October 1, 2014.

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 dollars (\$200.00) per seal, effective October 1, 2014.

MADE AND ENTERED at Lincoln, Nebraska, this 9th day of September, 2014.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Gene Boyle
Tim Schram
Paul Johnson
Gerald A. Vop

//s//Frank E. Landis

John Landis
 Chairman

ATTEST:

Steve Meredith
 Executive Director