

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission, ) APPLICATION NO. MODF-7  
on its own motion, seeking to )  
determine the seal fee amount ) ORDER SETTING FEE  
for the Modular Housing Program. )  
)  
) ENTERED: September 4, 2013

BY THE COMMISSION:

The above-captioned proceeding was opened by the Commission, on its own motion, to determine the appropriate seal fee for the Modular Housing Program (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 Modular Housing Program pursuant to the Nebraska Uniform Standards for Modular Housing Units Act, *Neb. Rev. Stat. §§ 71-1555 to 71-1568.01 (2012 Cum. Supp.)*. The fees are subject to a statutory minimum of One Hundred dollars (\$100.00) and maximum of One Thousand dollars (\$1,000.00) per modular housing unit.<sup>1</sup> The fee is currently set at eighteen-cents (\$.18) per square foot.

Notice of the proceeding appeared in The Daily Record, Omaha, Nebraska, on August 2, 2013. The order opening the above-captioned docket and setting the hearing was entered on July 30, 2013, and mailed to all interested parties. A Public hearing was held on August 20, 2013 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 based on his review of the program's expenses and revenues, the revenue generated by the present seal fee are exceeding the expenses of the Program. Additionally, the revenue generated by all three Housing Department programs into the Public Service Commission Housing and Recreational Vehicle Cash Fund (Cash Fund) continues to increase, making the available cash level more the required to fund the Department's needs with a reasonable reserve. Further, the Department continues to operate at reduced staffing levels and utilize the services of four contractors.

<sup>1</sup> *Neb. Rev. Stat. § 71-1559(4) (2010 Cum. Supp.)*.

Based on his calculations, Director Luttich estimates that a label fee of Fifteen-cents (\$.15) would just allow the Program to cover its expenses and not generate additionally revenue to the Cash Fund. To begin to reduce the Cash Fund balance, the label fee should be reduced below the Fifteen-cents (\$.15) level. The current seal fee is set at Eighteen-cents (\$.18) per square foot of gross space per modular housing unit; minimum fee of One Hundred dollars (\$100.00) per modular housing unit and maximum fee of One Thousand dollars (\$1,000.00) per modular housing unit. Director Luttich recommends that the seal fee for the Modular Housing Program be reduced from its current per square foot rate to Ten-cents (\$.10) per square foot of gross space per modular housing unit.

Mr. Tracy Day, with Champion Homes in York, Nebraska, testified regarding the fees proposed by the Department. Mr. Day stated that he, "[had no] problem with the reserve" in the cash fund. He testified the company was pleased with the work of the Department and supported a "solid" cash fund. Mr. Day stated that times have been tough for Champion Homes and that the company was working extremely hard to get orders in, but overall the business is, "pretty good." He further reported that consumer response has been improving in the past year.

Mr. Day stated a reduction in fees is always a good thing for Champion Homes and the industry, but Nebraska remains the most affordable state in which they do business, even with the seal fees at their current levels. He expressed support for what the Department was doing to reduce costs and make the Department financially stable.

Mr. Martin Huff, Director of the Nebraska Manufactured Housing Association, also offered testimony at the hearing. Mr. Huff testified that it is a good situation to have a strong cash balance in the Cash Fund, but he agreed with the recommendation to begin reducing the Cash Fund balance. Mr. Huff further reminded the Commissioners that adjustments can be made at any time if necessary.

The Department continues to operate on a reduced staffing level and utilize the services of four contract employees in an attempt to keep expenses to the Department down and the workload at manageable levels to timely respond to factory needs. The revenues generated from the seal fees are currently close to the cost to administer the Program, however, the Cash Fund has continued to increase in the past few months. Due to the economic issues faced by the housing industry in Nebraska and nationally the past few years, the Commission, with the consent and support of the industry, increased seal fees and made

staffing reductions to keep the Program operating. Now, due to increased production and positive movement in the economic situation of the industry, the Cash Fund has a balance in excess of necessary to have a reasonable reserve.

The Commission appreciates the input from the industry, and with the current cash balance in the Cash Fund and the current revenues to the Department from all the seal fees, we think the recommended reductions are 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 that the recommendation of Director Luttich is reasonable and the seal fee for the Modular Housing Program should be reduced from Eighteen-cents (\$.18) per square foot of gross space per modular housing unit to Ten-cents (\$.10) per square foot of gross space per modular housing unit, effective October 1, 2013.

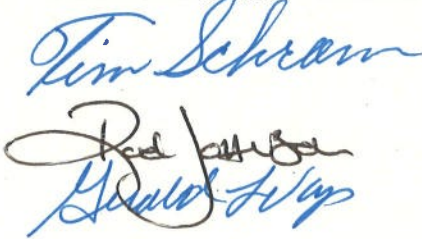
## O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that, pursuant to the Nebraska Uniform Standards for Modular Housing Units Act, the Modular Housing Program seal fee should be reduced to Ten-cents (\$.10) per square foot of gross space per modular housing unit; minimum fee of One Hundred dollars (\$100.00) per modular housing unit and maximum fee of One Thousand dollars (\$1,000.00) per modular housing unit, effective October 1, 2013.

MADE AND ENTERED at Lincoln, Nebraska, this 4<sup>th</sup> day of September, 2013.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:



//s//Anne C. Boyle  
//s//Frank E. Landis

  
Chair

ATTEST:

  
Executive Director