



A  Sempra Energy utility

**Mobilehome Park Utility Upgrade Program  
Annual Report**

**FEBRUARY 1, 2020**

**SOCALGAS MOBILEHOME PARK UTILITY UPGRADE PROGRAM**

**FEBRUARY 1, 2020 ANNUAL REPORT**

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# SOCALGAS MOBILEHOME PARK UTILITY UPGRADE PROGRAM

## FEBRUARY 1, 2020 ANNUAL REPORT

### 1. Executive Summary

As detailed in this Report, SoCalGas continues to successfully implement the extended Mobilehome Park Pilot Program. As of December 31, 2019, SoCalGas has converted<sup>1</sup> 225 mobilehome neighborhoods (14,726 permitted spaces), which is approximately 11% of eligible mobilehome spaces in SoCalGas' service territory.

### 2. Procedural History

On March 13, 2014, the California Public Utilities Commission ("Commission") approved and authorized Southern California Gas Company ("SoCalGas") to execute the Mobilehome Park Utility Upgrade Program ("Program") through Decision (D.) 14-03-021 ("Decision"). The Program was initiated as a three-year pilot (2015-2017) ("Pilot Program") to convert master-metered/sub-metered natural gas and/or electric services to direct utility services for qualified mobilehome parks and manufactured housing communities (collectively "MHPs"). On September 28, 2017, Resolution E-4878 authorized the investor-owned utilities ("IOUs") to continue their MHP Pilot Programs through December 31, 2019 ("Pilot Program Extension").<sup>2</sup> SoCalGas was authorized to complete the initial 10% scope of eligible spaces and convert up to an additional 5% of eligible spaces, bringing the total scope of the three-year Pilot Program and Pilot Program Extension to 15% of eligible MHP spaces.

On March 18, 2019, the Commission issued Resolution E-4958, authorizing SoCalGas to continue its Program for eligible MHPs until the earlier of either December 31, 2021 or the issuance of a Commission Decision for the continuation, expansion or modification of the program beyond December 31, 2021 in Rulemaking (R.) 18-04-018.<sup>3</sup> Eligible MHPs were defined as those where SoCalGas and/or MHP owners had incurred "financial obligations" on or before November 1, 2018. Resolution E-4958 further determined the number of spaces converted in each of years 2020 and 2021 may not exceed 3.33% of the total master-metered spaces in a utility's service territory, excluding MHPs that are already under conversion or scheduled for conversion. It further clarified that if a single MHP upgrade would result in the utility exceeding the 3.33% maximum requirement, the utility is authorized to proceed with that upgrade.

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<sup>1</sup> "Converted" MHPs are those where System Cutover has occurred and the Master Meter has been removed.

<sup>2</sup> Resolution E-4878, ordering paragraph (OP) 7.

<sup>3</sup> Resolution E-4958, OP 1.

This report is submitted in the format requested by the Commission’s Safety and Enforcement Division (“SED”).<sup>4</sup> Previous reports were submitted in accordance with D.14-03-021 OP 10, which directs each electric and/or gas utility to prepare a status report for the Program on February 1 of each year. SoCalGas filed its first, second, third and fourth status reports on February 1 of 2016, 2017, 2018, and 2019 respectively. In SoCalGas’ February 1, 2016 report, SoCalGas provided a timeline for implementation of the three-year Pilot Program, its status on the timeline, the number of initial applications received, information on the MHPs that would be converted, and the number of spaces to be converted. SoCalGas also provided an update on progress made against the timeline for implementation, as well as a preliminary cost assessment and/or cost accounting of to-the-meter (“TTM”) and beyond-the-meter (“BTM”) construction costs in its February 1, 2017, February 1, 2018, and February 1, 2019 reports. This report includes information on the following: (1) a cost accounting for both TTM and BTM construction, and (2) an optional narrative assessment of the Program.

### **3. Cost Accounting**

Table 1 below (“Annual Report Template”) reflects the space counts, costs, revenue requirements, and rate impacts of projects through December 31, 2019 for which final costs have been recorded.<sup>5</sup> Classification of costs within each category are defined within the table, which was provided by SED to the IOUs. These costs should be considered final, with the notation that there may be additional trailing costs.<sup>6</sup> Table 2 below shows the associated revenue requirements and rate impacts.

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<sup>4</sup> The request was made in a December 21, 2018 e-mail from Fred Hanes of the CPUC’s SED to the official service list for R. 18-04-018.

<sup>5</sup> Per SED’s email, as well as the instructions applicable to the Supplemental Cost Data template sent on November 13, 2018, the template captures projects for which final costs have been recorded. Trailing costs may follow, but they are not expected to exceed approximately 5% of a project’s total cost.

<sup>6</sup> “Trailing costs” may include, but are not limited to, final contractor invoices or internal cost allocations that have not been recorded; such costs are not expected to be more than approximately 5% of the total project cost.

**TABLE 1: ANNUAL REPORT TEMPLATE**

- Bolded words in "Descriptor" column were added by SoCalGas to clarify the reported data.
- All dollar amounts in Table 1 are rounded to the nearest dollar.
- Per the SED instructions accompanying the template, Table 1 costs have been grouped by project and included in the year in which financial closure for each project was completed, with financial closure defined as when all costs have been recorded for a project. Using this methodology has resulted in a shift in reporting year for certain projects where there have been unforeseen issues requiring remediation or trailing costs within the allowable threshold in a year different than previously reported as the year of financial closure.

Annual Report Template <sup>7</sup>		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
<b>Program Participation</b>						
CARE/FERA enrollment	Number of individuals enrolled in CARE/FERA after the conversion; <b>the data provided is not final as a process for capturing all CARE enrollments is still in development</b>	-	16	689	1,384	881
Medical Baseline	Number of individuals enrolled in Medical Baseline after the conversion; <b>the data provided is not final as a process for capturing all MB enrollments is still in development</b>	-	1	5	6	15
Disadvantaged Community	Number of converted spaces ( <b>i.e., PTO count, not directly corresponding with the costs below</b> ) within geographic zones defined by SB 535 map.	-	-	2,116	2,528	842
Rural Community <sup>8</sup>	Number of converted spaces ( <b>i.e., PTO count, not directly corresponding with the costs below</b> ) within rural community	-	-	-	-	-

<sup>7</sup> An appendix can be provided to define each category if needed.

<sup>8</sup> The Census Bureau identifies two types of urban areas: (1) Urbanized Areas (UAs) of 50,000 or more people, and (2) Urban Clusters (UCs) of at least 2,500 and less than 50,000 people. "Rural" encompasses all population, housing, and territory not included within an urban area. The Census Bureau website is: <http://www.census.gov/geo/reference/urban-rural.html>

Annual Report Template <sup>7</sup>		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
Urban Community <sup>8</sup>	Number of converted spaces (i.e., PTO count, not directly corresponding with the costs below) within urban community	-	47	3,092	5,390	3,852
Leak Survey (Optional)	Number of Leaks identified during preconstruction activity (if known)	N/A	N/A	N/A	N/A	N/A
<b>Completed Spaces</b>	Spaces converted that correspond to the project costs reported below (TTM includes common areas). If a project incurs costs over multiple years, report all project costs and spaces converted in the year the project closes.					
Number of TTM MH and Covered Common Area Locations Converted (Gas)		-	135	3,746	5,309	3,852
Number of TTM MH and Covered Common Area Locations Converted (Electric)		N/A	N/A	N/A	N/A	N/A
Number of BTM MH Converted Register Spaces (Gas)		-	111	3,194	4,690	3,515
Number of BTM MH Converted Register Spaces (Electric)		N/A	N/A	N/A	N/A	N/A
<b>Cost Information</b>						
<b>To The Meter - Capital Costs</b>						
<b>Construction Direct Costs</b>						
Civil/Trenching	To the Meter Construction costs for civil related activities (e.g., trench/cut excavation & backfill [joint trench], paving [temp & final], and distribution	-	-	-	-	-
Electric		N/A	N/A	N/A	N/A	N/A

Annual Report Template <sup>7</sup>		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
Gas	<b>system installation - including contractor labor and materials)</b>	-	284,151	10,546,283	15,668,331	12,935,063
<b>Gas System</b>						
Labor	Cost for installation of distribution Gas assets, pre-inspection testing, decommissioning of legacy system (Gas Design cost was previously incorporated here) <b>(Specific to SoCalGas, no gas design costs were previously incorporated in this line item)</b>	-	100,444	3,659,671	5,714,073	4,776,270
Material / Structures	Pipes, fittings and other necessary materials required for gas construction	-	76,430	1,578,224	1,966,236	1,119,199
<b>Electric System</b>						
Labor	Cost for installation of distribution Electric assets, pre-inspection testing, decommissioning of legacy system (Electric Design cost was previously incorporated here)	N/A	N/A	N/A	N/A	N/A
Material / Structures	Cables, conduits, poles, transformers and other necessary materials for electrical construction	N/A	N/A	N/A	N/A	N/A
Design/Construction Management	Cost for engineering, design and construction inspection cost	-	185,130	5,395,874	8,010,300	7,524,460
<b>Other</b>						
Labor (Internal)	Meter installation, gas relights, easements, environmental desktop reviews and other support organizations, <b>including legacy system decommissioning internal labor</b>	-	12,003	388,528	358,703	303,923
Other Labor (Internal)		N/A	N/A	N/A	N/A	N/A

Annual Report Template <sup>7</sup>		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
Non-Labor	Permits, vehicle utilization, payment discounts, consultant support (e.g., environmental monitoring)	-	3,260	28,150	(16,946)	155,168
Materials	meters, modules and regulators	-	11,736	328,446	480,109	337,757
<b>Program - Capital Costs</b>	Costs that are inconsistent among the other IOUs, driven by utility specific business models or cost accounting practices. These costs should be separated out so that others do not compare costs that are not comparable with others.					
<b>Project Management Costs</b>						
Project Management Office (PMO)	Program management office costs (Project Management, Program Management, schedulers, cost analysts and field engineers)	-	46,647	1,213,052	1,841,529	1,466,928
Outreach		-	-	-	-	-
<b>Other</b>						
Property Tax	Property tax on capital spending not yet put into service	-	122	19,802	23,546	26,003
AFUDC	AFUDC is a mechanism in which the utility is allowed to recover the financing cost of it's construction activities. AFUDC starts when the first dollar is recorded on the project and ends when HCD complete the first inspection so that the new assets are in use by the residents.	-	2,397	165,230	173,509	203,675
Labor (Internal)		N/A	N/A	N/A	N/A	N/A
Non-Labor	Utility specific overhead driven by corporate cost model	-	22,955	754,851	1,056,927	1,038,366
<b>Sub-Total Capital Cost</b>		-	<b>745,274</b>	<b>24,078,112</b>	<b>35,276,318</b>	<b>29,886,811</b>



Annual Report Template <sup>7</sup>		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
<b>To The Meter - Expense Costs</b>						
<b>Project Management Costs</b>						
Project Management Office (PMO)	Program startup cost, <b>program management activities associated with Outreach or other non-capital activities</b>	-	2,863	110,790	178,122	124,993
Outreach	Outreach efforts to educate MHP Owners, residents, government and local agencies about the program	-	18,920	585,456	929,909	813,546
<b>Other</b>						
Labor (Internal)	Program startup cost for supporting organizations, <b>meter removal</b>	-	503	6,789	20,276	11,954
Other Labor (Internal)	<b>Construction management expenses costs (e.g., training, supplies)</b>	-	2,124	63,411	81,546	41,956
Non-Labor	Cancelled Project Costs from MHPs that have failed to complete the MHP agreement or have cancelled the project, <b>vehicle utilization, and overheads associated with meter removal</b>	-	421	15,164	28,667	28,392
<b>Sub-Total To The Meter</b>		<b>-</b>	<b>24,830</b>	<b>781,610</b>	<b>1,238,520</b>	<b>1,020,840</b>
<b>Beyond The Meter - Capital</b>						
	Pass through cost where the MHP Owner is responsible for overseeing the vendor's work and IOU to reimburse per D.14-02-021					
<b>Civil/Trenching</b>	<b>All civil labor for BTM construction, such as landscaping (does not include trenching work)</b>	-	-	-	-	-
<b>Electric System</b>						
Labor	Labor and material for installing BTM Electric	N/A	N/A	N/A	N/A	N/A

Annual Report Template <sup>7</sup>		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
Material / Structures	infrastructure (e.g. Pedestal, foundation, meter protection, grounding rods, conduit)	N/A	N/A	N/A	N/A	N/A
<b>Gas System</b>						
Labor	Labor and material for installing BTM Gas infrastructure (e.g. houselines, meter protection, foundation)	-	123,899	6,507,188	11,110,471	7,501,075
Material / Structures		-	193,291	2,483,031	2,962,483	2,719,944
<b>Other</b>						
Other Labor (Internal)		N/A	N/A	N/A	N/A	N/A
<b>Other Non Labor</b>	<b>BTM Permits, including HCD fees</b>	-	26,981	502,623	1,300,792	1,181,122
<b>Sub-Total Beyond The Meter</b>		-	<b>344,171</b>	<b>9,492,843</b>	<b>15,373,747</b>	<b>11,402,141</b>
<b>Total TTM &amp; BTM</b>		-	<b>1,114,275</b>	<b>34,352,565</b>	<b>51,888,585</b>	<b>42,309,792</b>

**TABLE 2: RATE IMPACT AND REVENUE REQUIREMENT**

- Rate impact and revenue requirements are reported based on actual revenue requirement filings for 2015-2020 (i.e., not based on year of financial closure); 2021-2025 revenue requirements and rate impacts are forecasted based on actual filings (i.e., not forecasted program costs).
- Regulatory interest is applicable to the entire Master Meter Balancing Account (MMBA) balance which includes both TTM and BTM costs. Since the MMBA does not include subaccounts to separate the TTM and BTM balances, regulatory interest for these components of the MMBA is not available. For purposes of this response, regulatory interest is included in the “Gas Revenue Requirement – TTM” line in this table.
- The Present Value Revenue Requirement was calculated as the sum of 1) actual revenue requirements from 2015-2019 and 2) the Present Value of revenue requirements for 2020-2025 discounted to 2019 nominal dollars using SoCalGas' rate of return (7.34%). SoCalGas does not typically calculate present value of total revenue requirements for ratemaking purposes. Although amortization amounts will be collected in rates over a 12-month period, this exercise assumed simplified collection at year-end.
- Revenue requirements are in thousands of dollars.
- Gas rate impact dollar amounts are rounded to the nearest hundred thousandths of a dollar to illustrate a visible rate change.

Rate Impact and Revenue Requirement												
Rate Impact	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Gas</b>												
Average Rate w/o MMBA recovery - Core	N/A	\$0.65217	\$0.57379	\$0.59324	\$0.60503	\$0.82348	\$0.82348	\$0.82348	\$0.82348	\$0.82348	\$0.82348	
Average Rate w/ MMBA recovery - Core	N/A	\$0.65241	\$0.57395	\$0.59465	\$0.60890	\$0.82735	\$0.82735	\$0.82854	\$0.82944	\$0.82940	\$0.82919	
Rate Change - Core	N/A	\$0.00024	\$0.00016	\$0.00140	\$0.00386	\$0.00387	\$0.00387	\$0.00506	\$0.00597	\$0.00592	\$0.00571	
% Rate Change - Core	N/A	0.04%	0.03%	0.24%	0.64%	0.47%	0.47%	0.61%	0.72%	0.72%	0.69%	
Average Rate w/o MMBA recovery - Non-Core	N/A	\$0.02330	\$0.02549	\$0.02956	\$0.03113	\$0.04658	\$0.04658	\$0.04658	\$0.04658	\$0.04658	\$0.04658	
Average Rate w/ MMBA recovery - Non-Core	N/A	\$0.02331	\$0.02550	\$0.02961	\$0.03129	\$0.04674	\$0.04674	\$0.04678	\$0.04681	\$0.04681	\$0.04680	
Rate Change - Non-Core	N/A	\$0.00001	\$0.00001	\$0.00005	\$0.00016	\$0.00016	\$0.00016	\$0.00020	\$0.00023	\$0.00023	\$0.00022	
% Rate Change - Non-Core	N/A	0.04%	0.03%	0.18%	0.52%	0.33%	0.34%	0.43%	0.50%	0.49%	0.48%	
<b>Electric</b>												
Average Rate w/o MMBA recovery - Total System	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Average Rate w/ MMBA recovery - Total System	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Rate Change - Total System	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
% Rate Change - Total System	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
<b>Revenue Requirement (In Millions)</b>												
Gas Revenue Requirement-TTM	\$0.000	\$0.850	\$0.617	\$3.602	\$9.505	\$9.200	\$10.961	\$14.094	\$14.315	\$13.954	\$13.545	\$71.441
Electric Revenue Requirement-TTM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gas Revenue Requirement-BTM	\$0.000	\$0.000	\$0.000	\$1.740	\$5.232	\$5.517	\$8.277	\$8.576	\$8.190	\$7.757	\$7.304	\$41.860
Electric Revenue Requirement-BTM	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

#### 4. Program Timeline

Pursuant to Resolution E-4878, SoCalGas achieved its initial Pilot Program target of 10% in 2018 and continued conversions of up to an additional 5% of MHP spaces by December 31, 2019. As of December 31, 2019, SoCalGas has converted 225 MHPs (14,726 permitted spaces), which is approximately 11% of eligible mobilehome spaces in SoCalGas' service territory.<sup>9</sup>

SoCalGas has measured its progress against the timeline shown in Figure 1 ("SoCalGas' Tentative Timeline for Implementation of the Extended Pilot and Current Status") below. In developing the timeline, SoCalGas has assumed certain conditions, including, but not limited to, the following: 1) there are no constraints that may delay MHP participation, such as TTM contractor availability or a MHP Owner/Operator's ability to move forward with a project, secure a BTM contractor, or resolve environmental issues; 2) MHP data provided by the MHP Owner/Operator in the Form of Intent ("FOI") and at the beginning of a project is accurate; 3) there are no joint construction schedule constraints for any of the IOUs involved; and 4) the California Department of Housing and Community Development ("HCD") or other Local Enforcement Agencies will have sufficient resources to perform timely inspections on projects.

Pursuant to Resolution E-4958 and the extension limitations set forth therein, SoCalGas will have completed all eligible MHP upgrades by the third quarter of 2020. The issuance of a Commission Decision for the continuation, expansion or modification of the program is needed in the first quarter of 2020 in order to maintain continuity of design and construction activities of the program, which avoids unnecessary costs.

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<sup>9</sup> The scope excludes MHPs that declined to participate in the Program and the corresponding space total was calculated from the MHP permits-to-operate, rather than the SED-prioritized list of eligible MHPs. A confidential list of completed and in-progress projects has been provided to the CPUC's Energy Division and Safety Enforcement Division.

**FIGURE 1: SoCalGas' Tentative Timeline for Implementation of the Extended Pilot and Current Status**



## 5. Program Assessment

The purpose of implementing the Program was to conduct a pilot during which IOUs and the Commission could assess the feasibility and effectiveness of a mobilehome park conversion program as outlined in the Ordering Paragraphs of D.14-03-021. D.14-03-021, Resolution E-4878 and Resolution E-4958 authorized IOUs to implement the Pilot Program to convert approximately 10%, 5%, and conversion amounts pursuant to the extension limitations contained in Resolution E-4958, respectively, of master-metered/sub-metered services at mobilehome parks to direct utility service. The SoCalGas Pilot Program continues to be successful, as demonstrated by the following performance indicators:

### **Program Penetration**

SoCalGas has successfully partnered with MHP Owners/Operators and, as of December 31, 2019, completed approximately 11% of the eligible mobilehome spaces in SoCalGas' service territory.

### **Safety Performance**

During the Program's first four years, SoCalGas maintained a high safety standard with only one reportable incident over approximately 1,200,000 hours of labor logged between contractors and MHP program employees combined. In 2019, SoCalGas continued to maintain a high safety standard with three reportable incidents over approximately 240,000 hours. Additionally, 229 MHPs with systems older than 40 years have received – or are in the process of receiving – new utility-owned and maintained distribution systems that meet current SoCalGas standards.

### **Customer Satisfaction**

In response to customer satisfaction surveys through the 4<sup>th</sup> quarter of 2019, SoCalGas achieved a satisfaction rate of 83% with MHP residents and 100% with owners/operators, representing an 11% increase from the prior year.

## 6. Conclusion

This concludes the fifth annual filing in accordance with SED's instructions.

Additional Program information can be found online on SoCalGas' website at <https://www.socalgas.com/stay-safe/safety-and-prevention/mobilehome-park-utility-upgrade-program>



A  Sempra Energy utility

**Mobilehome Park Utility Upgrade Program  
Management Certification**

California Public Utilities Commission (CPUC) Decision (D.) 14-03-021 Ordering Paragraph 11 requires that all reports be verified by an officer of the utility.

As an officer of Southern California Gas Company (SoCalGas), I hereby certify that the Mobilehome Park Utility Upgrade Program Annual Report generated in compliance with D.14-03-021 is accurate.

Reporting Period: January 1, 2019 to December 31, 2019  
Start Date End Date

 Executed on: 02/03/20  
Signature of Officer Month, Day, Year

David Buczkowski Vice President – Gas Distribution  
Print Name Title