



Public Version

Mobilehome Park Utility Conversion Program

Annual Report

February 3, 2025

SDG&E MOBILEHOME PARK UTILITY CONVERSION PROGRAM

FEBRUARY 3, 2025 ANNUAL REPORT

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SDG&E MOBILEHOME PARK UTILITY CONVERSION PROGRAM

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1. Executive Summary

As detailed in this Report, San Diego Gas and Electric Company (“SDG&E”) continues its successful implementation of the Mobilehome Park Utility Conversion Program (“Program”). As of December 31, 2024, SDG&E has converted¹ 92 mobilehome parks (10,245 permitted spaces), which is 30% of the eligible mobilehome spaces within SDG&E’s service territory.² However, on December 19, 2024, the CPUC approved the Test Year (TY) 2024 General Rate Case for Southern California Gas Company (SCG) and SDG&E. The Commission found some of SDG&E’s Mobilehome Park Program costs through 2021 unreasonable due to a comparison of gas-related costs between SDG&E and SCG, creating uncertainty about cost recovery. As a result, SDG&E is temporarily halting program activities to facilitate audits, discussions, and address GRC impacts with the CPUC.

2. Procedural History

On March 13, 2014, the California Public Utilities Commission (“Commission”) approved and authorized SDG&E to execute the 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”).³ SDG&E 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.

¹ “Converted” MHPs are those where System Cutover has occurred.

² Eligible mobilehome spaces reflects the 34,597 total MHP spaces in territory, 2015 baseline, as identified in both the MHP Pilot and Permanent Decisions. The 2024 Annual Report reflected a higher conversion % than the current report because the 2024 report excluded MHPs that declined to participate in the Program and the corresponding space total was calculated from the MHP’s permit-to-operate.

³ Resolution E-4878, ordering paragraph (OP) 7.

On March 18, 2019, the Commission issued Resolution E-4958, authorizing SDG&E 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.) 18-04-018.⁴ Eligible MHPs were defined as those where SDG&E 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.

On April 16, 2020, the Commission issued Decision 20-04-004, approving a ten-year Mobilehome Park Utility Conversion Program from 2021 through 2030. Following a new application period established by the Commission during the 1st quarter of 2020, the Safety and Enforcement Division (“SED”) is to provide SDG&E, on an annual basis, with a list of MHPs comprising approximately 3.33% of eligible master-metered spaces within its service territory for a target 50% conversion by the end of 2030. This Decision also recommends a second evaluation of the MHP utility conversion program in 2025 following the first four-year application cycle (2021-2024) to decide whether to continue or modify the program.

On December 23, 2020, the Commission issued a Phase 2 Scoping Memo to further examine ways to protect residents of participating MHPs from unreasonable rent increase or eviction, based on program participation, and determine whether the development of an electrification ready service standard for participating MHPs was appropriate or feasible. On August 20, 2021, the Commission issued D.21-08-025, which adopted consumer protection requirements to keep residents of MHPs that participate in the Commission’s MHP Program from experiencing unreasonable rent increases or evictions based on infrastructure improvements funded through the Program. Pursuant to D.21-08-025, SDG&E submitted Advice Letter (AL) 3859-E/3020-G on October 4, 2021, to: 1) update each utility’s Sample Forms - Contracts, Mobilehome Park Utility Conversion Program (Program) Agreement (Form 189-1000) to include consumer protection measures for residents of mobilehome parks participating in the Program; and 2) include a description of the specific information that participating MHP owners are to provide to residents, as well

⁴ Resolution E-4958, OP 1.

as a discussion of methods the mobilehome park owners may use to communicate these protections to their residents. AL 3859-E/3020-G was approved by the Commission as of October 25, 2021.

On December 24, 2024, the Commission issued D.24-12-037, adopting a 200-amp electrical service standard and establishing program evaluation criteria for the Mobilehome Park Utility Conversion Program. The Decision establishes a 200-amp standard for both "to-the-meter" (TTM) and "behind-the-meter" (BTM) components of the MHP Utility Conversion Program. Utilities are given nine months to comply with this standard and must use the cost recovery method established in D.14-03-021 to cover any additional implementation costs. By the end of the MHP Utility Conversion Program in 2030, utilities are required to collaborate with Energy Division Staff to create a report evaluating the 200-amp standard and consider any technological advancements that might necessitate a change in the electric service standard for future iterations of the program. Additionally, the Decision includes mid-program evaluation criteria for Commission staff to use in their review. Although a Mobilehome Park electrification pilot was not adopted as part of D.24-12-037, it will be considered in a future decision.

If SDG&E and the Commission can address outstanding recovery concerns and the program activities are resumed, SDG&E is well-positioned to transition to the electrification requirements. Earlier efforts undertaken as part of R.18-04-018 seeking information on estimated mobilehome park conversion and upgrade costs can be leveraged to implement a 200-amp standard for the Program. Furthermore, the 9-month implementation provision should allow sufficient time for contracting partners and suppliers to prepare for the transition to the new standard. However, should SDG&E's pause in program activities extend beyond the 9-month implementation provision, designs for existing parks that were initially awarded for 2025 will need to be revised to accommodate the 200-amp standard, as existing designs were created based on the existing 100-amp standard.

SDG&E also looks forward to the 2025 mid-program evaluation where utilities and other stakeholders can further collaborate to share lessons learned, discuss program opportunities and challenges, and further clarify the program scope and requirements moving forward.

This report is submitted in the format requested by the Commission's SED.⁵ 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

⁵ 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.

year. SDG&E filed status reports on February 1 of 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024. In SDG&E's February 1, 2016 report, SDG&E 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. SDG&E 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, February 1, 2019, February 1, 2020, February 1, 2021, February 1, 2022, February 1, 2023, and February 1, 2024 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, 2024 for which final costs have been recorded.⁶ 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.⁷ Table 2 below shows the associated revenue requirements and rate impacts.

TABLE 1: ANNUAL REPORT TEMPLATE

- Bolded words in "Descriptor" column were added by SDG&E 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. Any trailing charges for a given park are added to the total costs for the year in which that park was initially deemed financially

⁶ Per SED's instructions, 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.

⁷ "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.

complete. Using this methodology has resulted in an increase in costs for certain years from prior reports. All Table 1 data has been updated to reflect the most current information.

Annual Report Template		2017	2018	2019	2020	2021	2022	2023	2024
	Descriptor								
Program Participation									
CARE/FERA enrollment	Number of individuals enrolled in CARE/FERA after the conversion; the data provided is not final as a process for capturing all CARE enrollments is still in development	255	1,374	689	455	544	986	916	2825
Medical Baseline	Number of individuals enrolled in Medical Baseline after the conversion; the data provided is not final as a process for capturing all MB enrollments is still in development	20	129	116	64	43	62	87	156
Disadvantaged Community	Number of converted spaces (i.e., Permit-To-Operate (PTO) count, not directly corresponding with the costs below) within geographic zones defined by SB 535 map.	-	-	-	-	-	-	-	-
Rural Community	Number of converted spaces (i.e., PTO count, not directly corresponding with the costs below) within rural community	-	-	-	-	-	-	-	-
Urban Community	Number of converted spaces (i.e., PTO count, not directly corresponding with the costs below) within urban community	2,582	721	811	1,431	1,033	943	826	1,678
Leak Survey (Optional)	Number of Leaks identified during preconstruction activity (if known)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Completed Spaces	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)		183	-	2,845	750	2,345	883	561	2,061
Number of TTM MH and Covered Common Area Locations Converted (Electric)		187	-	2,893	986	2,176	1,371	717	1,685
Number of BTM MH Converted Register Spaces (Gas)		180	-	2605	734	2,225	857	608	1,918
Number of BTM MH Converted Register Spaces (Electric)		180	-	2801	946	2,100	1,313	672	1,641
Cost Information									
To The Meter - Capital Costs									
Construction Direct Costs									
Civil/Trenching	To the Meter Construction costs for civil related activities (e.g., trench/cut excavation & backfill [joint trench], paving [temp & final], and distribution system installation - including contractor labor and materials)								
Electric		787,030	-	13,699,385	5,531,451	16,265,799	6,000,552	7,001,627	14,569,938
Gas		1,153,053	-	20,543,778	5,581,843	23,170,898	2,608,263	8,408,234	23,670,164
Gas System									

Labor	Cost for installation of distribution Gas assets, pre-inspection testing, decommissioning of legacy system (Gas Design cost was previously incorporated here) (Specific to SDG&E, no gas design costs were previously incorporated in this line item)	-	-	-	-	-	-	-	-
Material / Structures	Pipes, fittings and other necessary materials required for gas construction	56,502	-	1,087,792	289,745	987,793	161,083	391,767	1,571,264
Electric System									
Labor	Cost for installation of distribution Electric assets, pre-inspection testing, decommissioning of legacy system (Electric Design cost was previously incorporated here) (Specific to SDG&E, no gas design costs were previously incorporated in this line item)	-	-	-	-	-	-	-	-
Material / Structures	Cables, conduits, poles, transformers and other necessary materials for electrical construction	120,459	-	1,376,521	424,151	1,193,516	241,761	470,988	905,797
Design/Construction Management	Cost for engineering, design and construction inspection cost	742,553	-	10,943,364	2,372,159	6,498,089	1,078,326	825,751	4,021,644
Other									
Labor (Internal)	Meter installation, gas relights, easements, environmental desktop reviews and other support organizations, including legacy system deco-missioning internal labor	3,883	-	80,226	14,281	225,304	74,353	152,980	352,119
Other Labor (Internal)									
Non-Labor	Permits, vehicle utilization, consultant support (e.g., environmental monitoring)	55,909	-	1,298,891	117,424	649,274	418,941	114,790	1,465,036
Materials	meters, modules and regulators	70,090	-	1,173,032	280,828	995,211	320,128	798,233	483,240

Program - Capital Costs	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.								
Project Management Costs									
Project Management Office (PMO)	Program management office costs (Project Management, Program Management, schedulers, cost analysts and field engineers)	181,952	-	4,341,345	1,435,838	3,618,477	622,215	412,573	1,684,551
Outreach		-	-	-	-	-	-	-	-
Other									
Property Tax	Property tax on capital spending not yet put into service	13,438	-	359,016	110,158	392,608	40,626	104,315	198,389
AFUDC	AFUDC is a mechanism in which the utility is allowed to recover the financing cost of its 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	32,754	-	1,082,953	243,024	1,578,016	206,833	519,895	987,197
Labor (Internal)		-	-	-	-	-	-	-	-
Non-Labor	Utility specific overhead driven by corporate cost model	575,576	-	7,374,747	3,545,393	6,498,179	816,574	931,670	2,834,133
Sub-Total Capital Cost		3,793,199	-	63,361,050	19,946,294	62,073,164	12,589,654	20,132,822	52,743,471
To The Meter - Expense Costs									
Project Management Costs									
Project Management Office (PMO)	Program startup cost, program management activities associated with Outreach or other non-capital activities	19,716	-	393,564	141,520	376,064	33,433	50,378	116,686

Outreach	Outreach efforts to educate MHP Owners, residents, government and local agencies about the program	64,758	-	931,162	208,834	652,239	177,819	147,548	301,599
Other									
Labor (Internal)	Program startup cost for supporting organizations, meter removal	-	-	32,438	3,677	36,099	1,177	3,324	5,611
Other Labor (Internal)	Construction management expenses costs (e.g., training, supplies)	61,227	-	870,366	240,505	655,338	59,701	103,354	258,668
Non-Labor	Cancelled Project Costs from MHPs that have failed to complete the MHP agreement or have cancelled the project, vehicle utilization, and overheads associated with meter removal	12,731	-	352,377	61,855	134,105	923	2,946	372,284
Sub-Total To The Meter		3,951,632	-	65,940,957	20,602,684	63,927,008	12,862,708	20,440,373	53,798,319
Beyond The Meter - Capital	Pass through cost where the MHP Owner is responsible for overseeing the vendor's work and IOU to reimburse per D.14-02-021								
Civil/Trenching	All civil labor for BTM construction, such as landscaping (does not include trenching work)	34,810	-	1,081,236	35,996	94,405	22,095	44,907	54,902
Electric System									
Labor	Labor and material for installing BTM Electric infrastructure (e.g. Pedestal, foundation, meter protection, grounding rods, conduit)	463,588	-	5,137,733	2,514,492	6,158,064	1,096,475	1,290,407	3,520,205
Material / Structures		245,442	-	4,205,085	1,820,504	5,088,927	1,041,865	1,345,420	3,404,279
Gas System									
Labor	Labor and material for installing BTM Gas infrastructure (e.g. houselines, meter protection, foundation)	324,953	-	4,713,058	1,554,274	5,213,725	375,305	895,192	3,219,862
Material / Structures		83,822	-	1,575,335	694,480	2,203,121	150,185	508,394	1,938,084
Other									
Other Labor (Internal)									
Other Non Labor	BTM Permits, including HCD fees	135,988	-	3,750,795	322,319	1,239,710	134,284	211,389	586,543

Sub-Total Beyond The Meter		1,288,602	-	20,463,242	6,942,065	19,997,951	2,820,209	4,295,708	12,723,874
Total TTM & BTM		5,240,234	-	86,404,199	27,544,750	83,924,959	15,682,917	24,736,082	66,522,193

TABLE 2: RATE IMPACT AND REVENUE REQUIREMENT

- Rate impact and revenue requirements are reported based on actual revenue requirement filings for 2015-2024 (i.e., not based on year of financial closure); 2025-2030 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 2015-2024 and 2) the Present Value of revenue requirements for 2025-2030 discounted to 2024 nominal dollars using SDG&E's rate of return (7.45%). SDG&E does not typically calculate present value of total revenue requirements for rate-making 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 millions 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	2026	2027	2028	2029	2030	
Gas																	
Average Rate w/o MMBA recovery - Core	N/A	\$0.75407	\$0.77261	\$0.65949	\$0.66627	\$1.04484	\$1.08594	\$1.08664	\$1.21280	\$1.20316	\$1.25144	\$1.25144	\$1.25144	\$1.25144	\$1.25144	\$1.25144	
Average Rate w/ MMBA recovery - Core	N/A	\$0.75490	\$0.72707	\$0.66139	\$0.67733	\$1.05978	\$1.09673	\$1.10564	\$1.23474	\$1.23243	\$1.29493	\$1.28577	\$1.31208	\$1.31882	\$1.32502	\$1.33132	
Rate Change - Core	N/A	\$0.00083	\$0.00093	\$0.00190	\$0.01106	\$0.01494	\$0.01079	\$0.01900	\$0.02194	\$0.02927	\$0.04349	\$0.03433	\$0.06064	\$0.06738	\$0.07358	\$0.07988	
% Rate Change - Core	N/A	0.11%	0.13%	0.29%	1.66%	1.43%	1.00%	1.75%	1.81%	2.43%	3.48%	2.74%	4.85%	5.38%	5.88%	6.38%	
Average Rate w/o MMBA recovery - Non-Core	N/A	\$0.02262	\$0.02427	\$0.02992	\$0.03122	\$0.05073	\$0.05263	\$0.05409	\$0.07909	\$0.12141	\$0.09217	\$0.09217	\$0.09217	\$0.09217	\$0.09217	\$0.09217	
Average Rate w/ MMBA recovery - Non-Core	N/A	\$0.02263	\$0.02429	\$0.02998	\$0.03144	\$0.05096	\$0.05290	\$0.05442	\$0.07957	\$0.12199	\$0.09322	\$0.09295	\$0.09325	\$0.09336	\$0.09346	\$0.09357	
Rate Change - Non-Core	N/A	\$0.00001	\$0.00001	\$0.00006	\$0.00021	\$0.00023	\$0.00027	\$0.00033	\$0.00049	\$0.00058	\$0.00106	\$0.00078	\$0.00109	\$0.00120	\$0.00130	\$0.00141	
% Rate Change - Non-Core	N/A	0.06%	0.05%	0.19%	0.69%	0.45%	0.50%	0.60%	0.61%	0.48%	1.15%	0.85%	1.18%	1.30%	1.41%	1.53%	
Electric																	
Average Rate w/o MMBA recovery - Total System	N/A	\$20.364	\$21.781	\$23.991	\$23.735	\$24.596	\$23.993	\$31.059	38.471	31.526	33.310	33.310	33.310	33.310	33.310	33.310	
Average Rate w/ MMBA recovery - Total System	N/A	\$20.366	\$21.783	\$23.997	\$23.761	\$24.614	\$24.031	\$31.132	\$38.578	\$31.624	\$33.435	\$33.372	\$33.390	\$33.392	\$33.394	\$33.396	
Rate Change - Total System	N/A	\$0.002	\$0.002	\$0.006	\$0.026	\$0.018	\$0.038	\$0.073	\$0.107	\$0.098	\$0.125	\$0.062	\$0.080	\$0.082	\$0.084	\$0.086	
% Rate Change - Total System	N/A	0.01%	0.01%	0.03%	0.11%	0.07%	0.16%	0.24%	0.28%	0.31%	0.37%	0.19%	0.24%	0.25%	0.25%	0.26%	
Revenue Requirement (In Millions)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Present Value Revenue Requirement
Gas Revenue Requirement-TTM	\$0.000	\$0.424	\$0.192	\$0.124	\$3.952	\$5.593	\$3.900	\$6.160	\$8.397	\$11.652	\$18.607	\$14.769	\$27.143	\$30.687	\$33.703	\$36.697	\$162.776
Electric Revenue Requirement-TTM	\$0.000	\$0.243	\$0.185	\$0.170	\$2.924	\$4.979	\$4.120	\$6.496	\$10.703	\$11.174	\$14.637	\$5.445	\$7.638	\$8.393	\$9.056	\$9.692	\$84.402
Gas Revenue Requirement-BTM	\$0.000	\$0.000	\$0.299	\$0.863	\$1.827	\$2.207	\$1.781	\$3.921	\$3.244	\$3.922	\$4.428	\$3.442	\$5.188	\$5.244	\$5.538	\$5.904	\$40.981
Electric Revenue Requirement-BTM	\$0.000	\$0.000	\$0.231	\$0.925	\$2.076	\$2.921	\$2.771	\$5.995	\$6.838	\$6.128	\$7.331	\$5.436	\$6.523	\$6.138	\$5.695	\$5.509	\$56.831

4. Program Timeline

As of December 31, 2024, SDG&E has converted 92 MHPs (10,245 permitted spaces), which is nearly 30% of the eligible mobilehome spaces within SDG&E's service territory.⁸

SDG&E has measured its progress against the timeline shown in Figure 1 ("SDG&E's Tentative Timeline for Implementation of the Extended Pilot and Current Status") below. In developing the timeline, SDG&E 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.

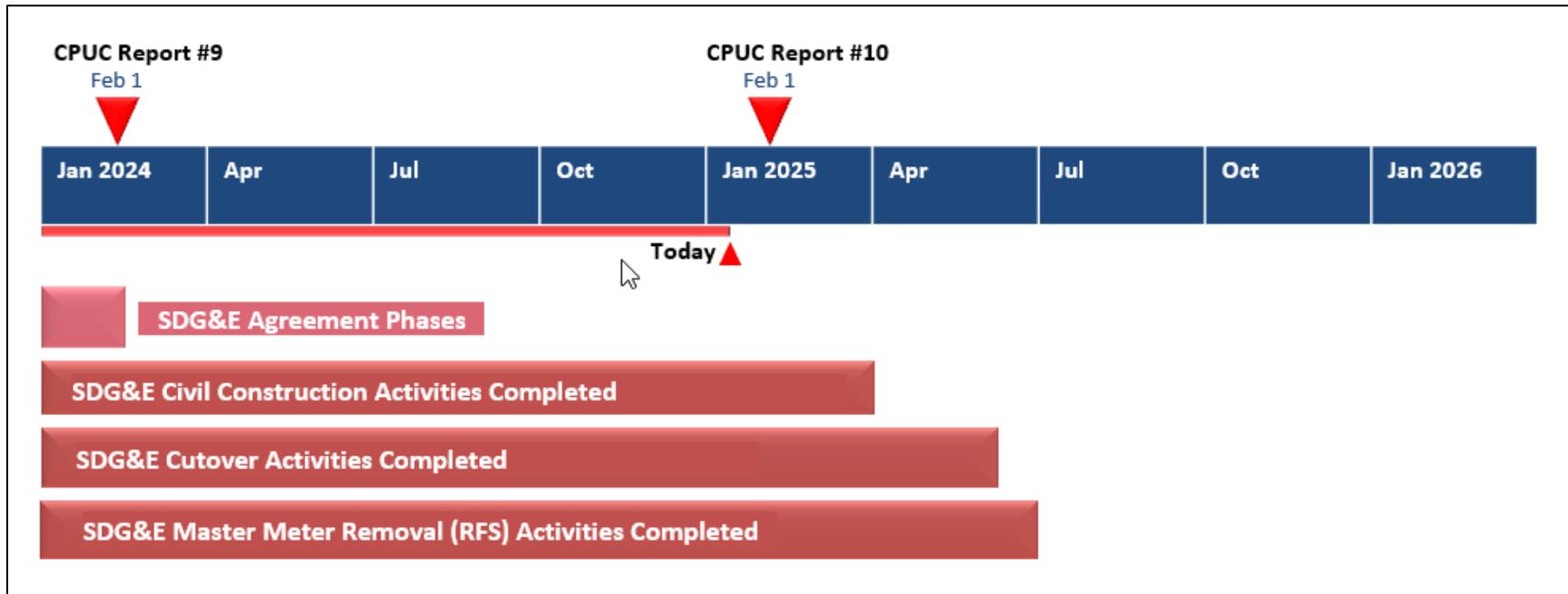
Pursuant to Resolution E-4958 and the extension limitations set forth therein, SDG&E has substantially completed all eligible MHP upgrades in the fourth quarter of 2021. With the issuance of a Commission Decision for the continuation of the program and the new Form of Intent (FOI) application period between January 1 – March 30, 2021, a new list of eligible parks was required from SED within the second quarter of 2021.

On August 20, 2021, SED provided a new priority list of eligible parks. The list included Category 1 projects, comprised of parks estimated to be contacted by the utilities before the application period in 2025, and Category 2 projects that may be contacted before the new period but may be re-prioritized for the 2025 list. Additionally, SED has re-opened an application period from January through March 2025 to allow for new parks to apply for participation in the program. Based on feedback from parks within the SDG&E service territory, this application period is appreciated, and additional park applications are anticipated. SDG&E continues to develop a comprehensive schedule for the outlined Category 1 projects to support the overall objective of converting 50 percent of master meters by 2030. Currently, it has secured Applications for projects through 2025, and it will continue to

⁸ Eligible mobilehome spaces reflects the 34,597 total MHP spaces in territory, 2015 baseline, as identified in both the MHP Pilot and Permanent Decisions. The 2024 Annual Report excluded MHPs that declined to participate in the Program and the corresponding space total was calculated from the MHP's permit-to-operate.

develop its schedule through 2025 to incorporate all Category 1 MHPs moving forward, reprioritizations requested by SED, and request replacements for MHP’s declining to move forward.

FIGURE 1: SDG&E’s Tentative Timeline for Implementation of the MHP Program and Current Status



5. Program Assessment and Challenges

Per the CPUC Decision D.20-04-004, SDG&E continues to execute the program in accordance with the Commission’s annual 3.33% conversion target. This would result in meeting the goal of converting 50% of the master metered mobilehome parks by the end of the 10-year program. During 2022, however, the program faced a notable obstacle that resulted in annual conversions below the 3.33% target. Due to the unavailability of electric materials--notably transformers--multiple projects were required to be paused

until required materials were secured. As a result, final completion for these projects did not take place until 2023. With the completion of 2024 park conversions, SDG&E has once again met the cumulative 3.33% annual conversion target.

COVID-19 caused significant disruptions to the conversion program, leading SDG&E to implement safety measures and alternative outreach methods, which resulted in various challenges that have now been resolved, allowing the program to return to normal operations. While operational challenges from COVID-19 have lessened, the program still faces rising costs. Despite implementing prudent project management measures including competitive contractor bidding, design efficiencies, and project oversight, annual conversion costs have significantly increased in recent years due to such impacts as inflationary pressures and disrupted supply chains. The rise in costs is primarily evidenced by increased contractor pricing on both the TTM and BTM sides. Contractors have factored in rising operating expenses, such as labor costs (including both direct and third-party contractors) and fuel costs, into their bids. Additionally, contractor pricing has been affected by the increased costs of materials and the challenges associated with sourcing them. In some cases, alternative, more expensive materials such as pedestals and handholes were utilized due to limited options. The complexity of the parks where these projects are being carried out has added another layer of expense. Furthermore, environmental issues at some parks have complicated the situation, necessitating additional resources and compliance measures, which contribute to the overall cost increase.

These disruptions and cost increases affected both the conversion rate and the associated annualized costs. Project delays due to COVID and material availability issues, along with increased costs, are evident in the annual fluctuations in conversions and their costs. As illustrated in the table below, yearly costs based on the annualized 3.33% conversion target rate have now exceeded the stated soft cost cap of \$34M⁹ for SDG&E, with cumulative annualized costs exceeding the soft cap at the conclusion of 2024:

⁹ D.20-04-004 at 114.

YEAR	2017	2018	2019	2020	2021	2022	2023	2024
COSTS	\$ 5,240,234	0	\$ 86,404,199	\$ 27,544,750	\$ 83,924,959	\$ 15,682,917	\$ 24,736,082	\$ 66,522,193
PTO COUNT	180	0	2,800	950	3,096	639	702	2,028
COST PER SPACE	\$ 29,112	\$ -	\$ 30,859	\$ 28,994	\$ 27,108	\$ 24,543	\$ 35,237	\$ 32,802
ANNUALIZED COST @ 1,152 SPACES/3.33%	\$ 33,537,498	\$ -	\$ 35,549,156	\$ 33,401,634	\$ 31,227,892	\$ 28,273,428	\$ 40,592,545	\$ 37,787,755

¹⁰

As part of ongoing efforts to reduce program costs, SDG&E expanded the contractor pool bidding on MHP projects for the 2025 conversion. This led to more competitive bids and ultimately project awards with pricing reductions compared to the previous two years. SDG&E will continue to pursue opportunities to create cost efficiencies across all aspects of its operations. This includes exploring innovative technologies, optimizing supply chain management, enhancing project management practices, and fostering competitive bidding processes. By continuously seeking out and implementing cost-saving measures, SDG&E aims to deliver reliable and affordable results while maintaining high standards of quality and safety.

In conjunction with other participating utilities, SDG&E continues to collaborate with HCD in areas such as program implementation requirements and inspections. Although efforts in this area have been largely successful, SDG&E experienced challenges stemming from new requirements implemented in 2024. Specifically, SDG&E's construction projects were significantly affected by sudden changes enforced by local agencies and HCD without prior notice or a grace period. These changes led to increased costs for the BTM scope of work and caused delays in project schedules, resulting in further downstream impacts. Our Design Build approach requires collaboration with park ownership to obtain and approve BTM contractor bids before construction begins. Therefore, any changes to the scope of work (SOW) after bid approval will inevitably increase costs.

SDG&E, along with other Investor Owned Utilities (IOUs) participating in the statewide program, met with HCD to express concerns about the new requirements for installing surge protectors per NEC code 230.67 on residential meter pedestals. When HCD confirmed that the enforcement of NEC code 230.67 (2022 CEC Code Changes) was an immediate requirement, all utilities requested

¹⁰ Reflects updated financial data for all completed parks, assigned to a given year based on the year of financial completion. Figures may differ from prior annual reports due to trailing charges/restatements.

a grace period to work with BTM contractors to review the SOW and assess cost impacts. Unfortunately, HCD was unable or unwilling to accommodate this request.

While we understand and support the safety-driven nature of this program and the importance of enforcing proper codes and standards to ensure the safety of our customers and communities, implementing such changes mid-construction without sufficient notice or planning time is not the most efficient way to minimize costs for our ratepayers. In the future, we hope that HCD, SED, and the IOUs can collaborate to find thoughtful solutions that anticipate changes to enforcement guidelines, thereby, avoiding challenges in obtaining inspections and controlling costs.

On December 19, 2024, the CPUC voted to approve SCG's and SDG&E's Test Year (TY) 2024 General Rate Case (GRC) decision. As part of that decision, the Commission determined that a component of SDG&E's MHP Program costs through 2021 were not reasonable and as a result, the Commission directed the Commission's Utility Audits Branch (UAB) to conduct an audit.¹¹ Specifically, the Commission compared SDG&E's gas TTM costs to the TTM costs for SCG and found SDG&E's costs to be \$3,730 per space higher. By multiplying this difference by the 6,788 TTM spaces converted identified in SDG&E's filing, the Commission reduced SDG&E's capital expenditures by \$25.32M. The reasonableness of these costs was uncontested by intervenors. The Commission based its finding on a comparison of costs for SCG and SDG&E. However, the Commission in D.20-04-004 "acknowledge[d] that each utility operates under different standards, policies, cost models, and MHP site factors so it is difficult to conduct a like-for-like evaluation among utilities"¹² and rejected proposals to establish cost per space or cost cap limitations given the variable nature of these projects.¹³ Furthermore, if comparisons between utilities were to be made, SDG&E believes it would be more appropriate to compare SDG&E costs with the only other major utility that performs both gas and electric conversions, Pacific Gas and Electric Company (PG&E). PG&E recently concluded its reasonableness review as part of its GRC with a determination that all costs were

¹¹ D.24-12-074 at 85.

¹² D.20-04-004 at 26.

¹³ Factors influencing costs include: "varying geographical terrain; business models; MHP technical configurations; market conditions, such as terms of contractor bids, material costs, contractor availability, permit costs, and installation complexity[.]" *Id.* at FOF 104. The decision further recognized that "high cost MHPs can be justified in some instances based on trench distances, MHP layouts, city/county requirements, location of the MHP, weather impacts, third-party subsurface conflicts, and safety and securing concerns for utility and equipment." *Id.* at FOF 111.

reasonable and recoverable. Comparatively, and as illustrated in the recent Electrification Standard Permanent Decision, D.24-12-037, PG&E's average cost per space is nearly 29% higher than SDG&E through 2022.¹⁴

Furthermore, the costs submitted in the TY 2024 GRC through 2021 were in-line with the soft targets noted for SDG&E in the MHP Program. The MHP Permanent Decision stated that although soft targets should not be used to evaluate cost reasonableness, a "...soft' program efficiency target can help determine program success over time."¹⁵ For the years 2017 through 2021 as presented in the TY 2024 GRC, SDG&E's cost expenditures reflected cumulative annualized costs of \$32.1M, which is below SDG&E's soft cap target of \$34M.¹⁶

SDG&E employs a competitive bid process to select qualified contractors for the MHP program's construction and design work. This structured approach enhances competition, ensuring optimal pricing and appropriate methods. Additionally, the bidding process mitigates risks and guarantees an efficient, fair selection method, resulting in the best pricing and qualified contractors. Notwithstanding, differences in contractor pools also play a role in the process.

Specific to cost differences between SDG&E and SCG as identified by the Commission, it should be noted there are several justifiable areas which clearly identify why program costs appear higher for SDG&E; areas which could have been communicated via the established GRC process of data requests. It should be noted that SDG&E was not presented with any discovery by parties related to its costs so there was no indication that additional clarity into costs, categorization and drivers of cost categories was necessary.

One significant driver for higher gas TTM costs on the SDG&E side is related to the differing gas vs electric allocation % split utilized by the two utilities for TTM activities (excluding design and paving/restoration costs), which account for a significant portion of project costs. SCG utilizes a 45% gas / 55% electric split for related activities, while SDG&E utilizes a 63% gas / 37% electric split. Similarly, SCG utilizes a 48% gas / 52% electric split for its paving costs, while SDG&E utilizes a 50% gas / 50% electric split. Together, these differences account for nearly half of the \$3,700 difference in gas allocated costs between SDG&E and SCG.

¹⁴ D.24-12-037 at 8.

¹⁵ D.20-04-004 at 114.

¹⁶ Calculated as the sum of costs from 2017-2021 (\$195,755,449) divided by the PTO Count (7,026) and subsequently multiplied by the 3.33% annual space target of 1,152

Since SDG&E converts both electric and gas services as part of its conversions, coupled with its fixed bid approach for contracting TTM activities, there are a segment of costs associated with materials that are allocated to gas on SDG&E projects that are not recognized by SCG for its parks. Specifically, handholes, transformer pads, and conduit are included in TTM contractor fixed bids for SDG&E. Thus, nearly \$900 per space for the material and associated labor of these items is allocated to gas as part of the aforementioned TTM split.

Additionally, until the MHP Final Decision was issued in 2020, SDG&E and SCG shared certain PMO costs. These shared costs were split 50% between the two utilities. As part of their respective GRC filings, SCG converted nearly three times the number of spaces as SDG&E. Thus, even when accounting for SDG&E's allocation of costs to both gas and electric spaces, the shared PMO costs are apportioned to nearly 30% more spaces than SDG&E, thus driving up SDG&E's cost per space.

Differences in program/project overheads between the two utilities also represent a significant driver in cost differences, with SDG&E incurring a higher allocation percentage than SCG. A difference also exists in the areas of property taxes and allowance for funds used during construction (AFUDC), with SDG&E incurring a higher rate than SCG for both.

There are significant variations in operational standards, requirements, and practices within the field. Additionally, specific conditions at mobile home parks, such as the challenges posed by hard digging involving large boulders and rocks, often necessitate specialized equipment and substantially affect overall costs. These factors contribute to the variability in expenses, as each site may present unique obstacles and demands that require customized approaches and solutions. Consequently, the complexity and nature of the work at each location are crucial in determining the final costs

Collectively, the noted differences underlying accounting applications, as well as operational and park-specific factors, justify and explain the gas TTM cost discrepancy identified by the Commission in its GRC decision and demonstrate why it is problematic and inappropriate to attempt direct cost comparisons between utilities as part of this reasonableness review.

In light of the uncertainty deemed in the TY 2024 GRC decision regarding the reasonableness of SDG&E's costs and the pending UAB audit, SDG&E is temporarily halting program activities to facilitate audit processes and discussions, and to address GRC impacts with the CPUC. Although SDG&E is hopeful for a swift resolution and an audit to be conducted in an expeditious manner, there is currently no specific timeline for this delay.

Aside from these issues, the SDG&E Mobilehome Park Utility Conversion Program was generally successful in 2024, as demonstrated by the following performance indicators:

Program Penetration

As previously stated, SDG&E has successfully partnered with MHP Owners/Operators and, as of December 31, 2024, completed nearly 30% of the eligible mobilehome spaces in SDG&E's service territory.

Safety Performance

From 2014 through 2019, SDG&E maintained a high safety standard with no reportable incidents over approximately 430,000 hours of labor logged between contractors and MHP program employees combined. In 2020, SDG&E continued to maintain a high safety standard with one reportable contractor first-aid incident over approximately 89,000 hours. SDG&E was incident free in 2021 over approximately 70,000 hours of labor for contractors and MHP program employees combined. Over the course of 2022, there were no incidents over approximately 99,000 hours. In 2023, there were three reportable contractor first-aid incidents over approximately 169,000 hours of combined contractors' and MHP program employees' labor. In 2024, contractors experienced three Controlled Motor Vehicle Incidents (CMVI), two first-aid, and two Lost Time incidents over approximately 86,000 hours. Notably, there were no reportable incidents among MHP program employees' over approximately 22,000 hours. Additionally, 100 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 SDG&E standards.

Customer Satisfaction

The MHP Team continues to solicit feedback from residents upon completion of park conversions. In 2024, over half of the customers receiving service have indicated that their perception of SDG&E has improved as a result of the conversion.

6. Conclusion

This concludes the tenth annual filing in accordance with SED's instructions. Additional Program information can be found online on SDG&E's website at <https://www.sdge.com/mobilehome-conversion>.

This annual report may be accessed at: <https://www.sdge.com/regulatory-filing/21081/mobilehome-park-utility-upgrade-program>.¹⁷

¹⁷ D.20-04-004, OP 10 requires the utilities to post copies of their Annual Report on their respective websites.

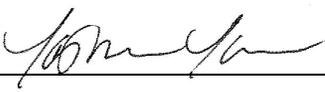


**Mobilehome Park Utility Upgrade Program
Management Certification**

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 San Diego Gas & Electric Company (SDG&E), I hereby certify that the Mobilehome Park Utility Upgrade Program Annual Report generated in compliance with D.14-03-021 is accurate.

Reporting Period: 01/01/2024 to 12/31/2024
Start Date End Date

 Executed on: February 3, 2025
Signature of Officer Month, Day, Year

Tashonda Taylor Vice President of Gas Operations
Print Name Title

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

**DECLARATION OF ROBERT PISANESCHI REGARDING CONFIDENTIALITY OF
CERTAIN DOCUMENTS PURSUANT TO D.17-09-023**

I, Robert Pisaneschi, do declare as follows:

1. I am the Mobilehome Park and Capital Gas Construction Manager for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Tashonda Taylor, Vice President of Gas Operations for SDG&E. I have reviewed the confidential information included within SDG&E’s Mobilehome Park Utility Conversion Program Annual Report (“Annual Report”). I am personally familiar with the facts and representations in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or belief.

2. I hereby provide this Declaration in accordance with Decision (“D.”) 17-09-023 and its subsequent decisions and General Order (“GO”) 66-D to demonstrate that the confidential information (“Protected Information”) provided in the Annual Report is within the scope of data protected as confidential under applicable law.

3. In accordance with the legal authority described herein, the Protected Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 28th day of January 2025 at San Diego, California.



Robert Pisaneschi
MHP & Capital Gas Construction Manager

ATTACHMENT A

**SDG&E Request for Confidentiality on the following Protected Information in its
Mobilehome Park Utility Conversion Program Annual Report**

Description and Location of Data	Legal Citations	Narrative Justification
<p>Information highlighted in yellow in the accompanying List of Active Parks to SDG&E's Mobilehome Park (MHP) Utility Conversion Program Annual Report contains customer information (i.e., California Department of Housing and Community Identification (HCD ID), MHP names, city, and Permit to Operate (PTO) count).</p>	<p>California Public Records Act (CPRA) Exemption, Gov't Code § 7927.705 ("Records, the disclosure of which is exempted or prohibited pursuant to federal or state law"):</p> <ul style="list-style-type: none"> • Cal. Civil Code § 1798.21 (requiring agencies to "ensure the security and confidentiality of" personal data) • Cal. Civil Code § 1798.24 (limiting disclosure of personal information) • Cal. Civil Code §§ 1798.80 <i>et seq.</i> (process for protecting customer records) <p>CPRA Exemption, Gov't Code § 7927.700 ("disclosure of which would constitute an unwarranted invasion of personal privacy").</p>	<p>The yellow-highlighted cells contain customer information that is market-sensitive and, if revealed, could put the MHP at an unfair business disadvantage because it provides nonpublic information regarding MHP program participation. Unfair business disadvantages include but are not limited to: (1) a competitive disadvantage in which other MHP owners who have not participated in a similar program may use this information to their advantage, potentially attracting residents away from the disclosed park. (2) Difficulty in attracting investors. Prospective investors or partners may be hesitant to get involved with a MHP park whose owner has participated in a program, fearing potential financial risks or challenges tied to easements and their ability to develop the property. (3) Impact on property values. Knowledge of the owner's participation in a program could raise concerns among current and potential residents about the financial health of the MHP park. This, in turn, could impact property values within the MHP park.</p> <p>Further, such personal information, if disclosed, could pose a risk of fraud, identity theft, or other personal, commercial, or financial damage to the customers.</p> <p>Disclosure may also constitute an "unwarranted invasion of personal privacy."</p>

