



SOUTHWEST GAS CORPORATION

February 16, 2021

Via Electronic Mail

Ms. Alice Stebbins, Executive Director
California Public Utilities Commission
505 Van Ness Avenue, 5th Floor
San Francisco, California 94102

Subject: Mobilehome Park Utility Upgrade Program Annual Status Report 6

Dear Ms. Stebbins:

Pursuant to California Public Utilities Commission (Commission) Decisions (D.) 14-03-021 and 20-04-004, Southwest Gas Corporation (Southwest Gas) herewith submits its Annual Status Report 6 on the Mobilehome Park Utility Upgrade Program. Also, in accordance with Decision (D) 20-04-004, the Annual Status Report has also been posted to Southwest Gas' website.

Should you have any questions or require any additional information, please do not hesitate to contact me directly at (602) 876-7323 or kasey.bohannon@swgas.com.

Sincerely,

SOUTHWEST GAS CORPORATION

By:

Kasey D. Bohannon

c: California Public Utilities Commission – *via electronic mail*

President Marybel Batjer – marybel.batjer@cpuc.ca.gov
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Commissioner Clifford Rechtschaffen – clifford.rechtschaffen@cpuc.ca.gov
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Anne E. Simon – anne.simon@cpuc.ca.gov
Chief Administrative Law Judge



Edward Randolph – edward.randolph@cpuc.ca.gov
Deputy Executive Director Energy and Climate Policy

Lee Palmer – leslie.palmer@cpuc.ca.gov
Director Safety and Enforcement Division

Service List – R.18-04-018 – *via electronic mail*

Southwest Gas Corporation

(U 905 G)

Mobilehome Park Utility Conversion Program Annual Status Report 6

In compliance with:
Decisions 14-03-021 and 20-04-004

Reporting Period:
January 1, 2020 through December 31, 2020

February 16, 2021



SOUTHWEST GAS CORPORATION

I. EXECUTIVE SUMMARY

In accordance with Decision (D.) 14-03-021 and D.20-04-004 of the California Public Utilities Commission (Commission) and under the direction of the Commission's Safety and Enforcement Division (SED) and Energy Division Staff¹, Southwest Gas Corporation (Southwest Gas or Company) submits its sixth Annual Status Report (Annual Report) on the Mobilehome Park Utility Conversion Program² (MHP Program).

Company Overview

Southwest Gas has two distinct and separate service territories in northern and southern California. Areas served in northern California include North Lake Tahoe, South Lake Tahoe and Truckee. In southern California, Southwest Gas serves Big Bear, Needles, Barstow, Victorville and other surrounding cities in the high desert area. Southwest Gas serves 38 master-metered submetered mobilehome parks (MHP) in its southern California service territory and 11 MHPs in its northern California service territory totaling approximately 3,200 MHP spaces. Of these 49 MHPs, 36 applied for the MHP Program and seven³ were prioritized as Category 1 for conversion by SED based on various risk factors. Approximately 412 spaces were prioritized for conversion under the initial three-year pilot MHP Program approved in D.14-03-021.⁴

II. MHP PROGRAM OVERVIEW

On March 14, 2014, the Commission issued D.14-03-021, which established the MHP Program, a statewide, voluntary three-year (2015 through 2017) "living pilot" program with the goal of converting approximately 10 percent of the total MHP spaces within each of the Commission-regulated gas and electric utilities' service territories. Upon conversion, MHP residents receive natural gas and/or electric service directly from their respective utility companies. On September 28, 2017, the Commission approved Resolution E-4878, authorizing, among others, Southwest Gas' Advice Letter No. 1035, which requested to continue the MHP Program beyond the three-year pilot. Specifically, OP 7 in Resolution E-4878 states:

The utilities, listed in Ordering Paragraphs 1-6 above, shall continue the Mobile Home Park (MHP) Utility Upgrade Pilot Program and complete all Category 1 MHP conversions as established in Decision 14-03-021 (approximately 10% of the MHP spaces) and work on Category 2 and 3 MHPs until the earlier date of December 31, 2019 or the issuance of a Commission Decision for the continuation, expansion or modification of the program.

¹ Per electronic mail from the SED Staff dated December 21, 2018, respondent utilities were directed to submit a 2018 Annual Status Report on their Mobilehome Park Utility Upgrade Programs by February 1, 2019. In this same email, SED Staff provide the annual report template to be used.

² The program was formerly referred to as the Mobilehome Park Utility Upgrade Program during the three-year pilot program adopted by D.14-03.021.

³ The seven MHPs consist of five located in Southwest Gas' southern California service territory and two located in the Company's northern California service territory, with MHP sizes ranging from 24 to 136 spaces.

⁴ Southwest Gas previously reported 57 MHPs within its California service territories. However, this total was updated after the Company determined that several parks had more than one master-meter located within the park, with different addresses attached to each meter. This resulted in a double-count of parks in some instances. Additionally, it was previously reported that 40 MHPs applied for the MHP Program; however, through verification, certain MHPs were either not in Southwest Gas' service territory, no longer a customer, or were not eligible for the MHP Program given that they were already directly served.

In April 2018, the Commission opened Rulemaking (R.) 18-04-018 to evaluate the MHP Program and adopt programmatic modifications. Per an Assigned Commissioner's Scoping Memo and Ruling issued in R.18-04-018 on August 31, 2018, utilities were directed to submit supplemental MHP Program data. Utilizing an annual report template developed through a series of working group meetings with utilities, Commission Staff, and other stakeholders, the utilities submitted supplemental MHP program data on November 16, 2018. Commission Staff provided guidance to the utilities for the submission of the supplemental MHP Program data, which included:

1. The total costs for MHP Program conversions were to be reported in the year that final costs were recorded.
2. MHP Program conversions were to be included for 2018, if at September 30, 2018, the estimated trailing costs did not exceed 5% of total conversion costs for that MHP.
3. The number of MHP spaces converted were to be reported in the same year that MHP Program conversion costs are entered, so that the aggregate costs and aggregate spaces correspond.

Per Commission Staff directive, utilities are to utilize the above-noted annual report template for this sixth Annual Status Report. Additionally, Commission Staff directed utilities to also provide an updated list of all MHP Program conversions completed or that are in progress, including MHP location (city/county), MHP space count and the overlapping utility.

On April 16, 2020, the Commission approved D.20-04-004, establishing a 10-year MHP Program beginning in 2021, primarily relying on the MHP Pilot program requirements adopted in D.14-03-021, and subject to additional requirements and adjustments. These programmatic changes include:

Application Period⁵

- A four-year application cycle, with the option for the Safety and Enforcement Division (SED) to extend the cycle to five years.
- The first application period will be January 1, 2021 through March 31, 2021.
- Program year 2020 will be a transition year wherein utilities will utilize their existing prioritization lists until new prioritization lists are established by the SED based on applications received from the first application period.
- The conversion of MHPs selected for the MHP Program will start on or after July 1, 2021.

Conversion Rate and Annual Cost "Soft Targets"

- Southwest Gas is authorized to convert 450 eligible MHP spaces a year, the Decision identifies separate targets for the large and small investor owned utilities.
- An annual cost "soft target" of \$5.2 million for Southwest Gas, with separate "soft cost" targets for large and small investor owned utilities.

Eligibility

- The MHP Program is open to MHPs with and without submeters.⁶
- MHP Common use buildings are eligible for conversion under the MHP Program, at SED's discretion, which will be served under the utility's commercial rate schedules.⁷ Common use buildings include clubhouses, park offices and laundries, but do not include residential buildings with permanent foundations that may also be on the master meter system. MHP

⁵ D.20-04-004, at pgs. 141-142.

⁶ *Id.*, at pg. 40.

⁷ *Id.*, at pg. 41.

Owner/Operators are still responsible for “Beyond the Meter” expenses for common use buildings.⁸

- Recreational Vehicle spaces remain ineligible for conversion under the MHP Program.⁹

Prioritization of MHPs for Conversion

Prioritization will continue to be based on gas safety first, then reliability, dual conversions and capacity improvements consistent with D.14-03-021. The following additional prioritization criteria are to be included in the ongoing MHP Program:

- Whether the MHP has reported any gas incidents;
- Whether the MHP has experienced damage of their gas/electric infrastructure due to wildfire, especially if the MHP is already scheduled to be converted;
- For MHPs with gas/electric systems, SED will consult with HCD to determine if the MHP has incurred any violations for their electric system; and
- A Disadvantage Community criterion will be included that will serve as a tie-breaker if two MHPs have the same safety score.¹⁰

Additionally, MHPs who have declined to participate in the MHP Program in the past are eligible to apply to participate in the ongoing MHP Program.

Ongoing MHP Program Evaluation and Reporting

- In 2025, a second evaluation of the MHP Program will take place to decide whether to continue or modify the MHP Program.¹¹
- Each gas and electric utility shall continue annual reporting on the MHP Program, beginning on February 1, 2021, and continuing thereafter until the end of the program using the Revised Annual Report Template included as Appendix B to D.20-02-004.¹²

⁸ *Id.*, at pgs.40-41.

⁹ *Id.*, at pg. 43.

¹⁰ *Id.*, at pgs. 49-50.

¹¹ *Id.*, OP 16, at pgs. 175-176.

¹² *Id.*, OP 10, at pg. 174.

III. REPORT

Southwest Gas has prepared and submits its Annual Status Report 6 using the above-noted Revised Annual Report Template and guidance criteria for the period January 1, 2020 through December 31, 2020.

MHP Program Conversion Rate and Status

Seven MHPs in Southwest Gas' service territories were prioritized for conversion by SED in the initial three-year pilot - two in northern California (totaling 67 spaces) and five in southern California (totaling 515 spaces). An additional 19 MHPs were prioritized by SED subsequent to the three-year pilot through the 2021 MHP Program continuation.¹³

Table 1 below depicts the MHP conversions completed through 2020.

Table 1					
MHP	City	County	Overlapping Electric Utility	# of Spaces	# Spaces Converted
1	Kings Beach	Placer	Liberty	43	31
2	South Lake Tahoe	El Dorado	Liberty	24	21
3	South Lake Tahoe		Liberty	8	8
4	South Lake Tahoe		Liberty	61	61
5	Big Bear Lake		San Bernardino	BVES	250
6	Victorville	SCE		48	31
7	Victorville	SCE		50	50
8	Victorville*	SCE		136	69
9	Hesperia	SCE		31	31
10	Apple Valley	SCE		98	95
11	Victorville	SCE		68	67
12	Apple Valley	SCE		40	40
13	Barstow	SCE		61	39
14	Barstow	SCE		92	72
15	Barstow	SCE		38	61
16	Barstow	SCE		25	25
17	Victorville	SCE		104	104
18	Apple Valley	SCE		72	72
19	Adelanto	SCE		41	41
20	Adelanto	SCE		30	30
21	Adelanto	SCE		15	15
22	Needles	City of Needles		65	63
Total Spaces				1,400	1,276

*Southwest Gas already directly served approximately half of the spaces within this MHP.

¹³ Pursuant to Resolution E-4958.

Table 2 below depicts the MHPs that are currently in progress for conversion.

Table 2				
MHP	City	County	Overlapping Electric Utility	# of Spaces
1	South Lake Tahoe	El Dorado	Liberty	270
2	Barstow	San Bernardino	SCE	15
3	Barstow		SCE	33
4	Daggett		SCE	24
Total Spaces				342

MHP Program Cost Accounting

Southwest Gas completed 11 additional MHP conversions through 2020, MHPs 4 and 13 through 22 in Table 1 above. The supplemental program and cost data is provided as Attachment A to this Annual Report.

Conclusion

Southwest Gas appreciates the opportunity to provide its sixth Annual Status Report and looks forward to the continuation of the MHP Program.

VERIFICATION

Justin Lee Brown, being first duly sworn, deposes and says: I am the Senior Vice President/General Counsel of Southwest Gas Corporation, and I am authorized to make this verification on its behalf. I have read the foregoing Mobilehome Park Utility Upgrade Program Annual Status Report 6 and I believe the statements contained herein to be true, based upon either my own personal knowledge or upon information and belief. I declare under penalty of perjury that the foregoing is true and correct.

DATED this 16th day of February, 2021.



Justin Lee Brown
Senior Vice President/General Counsel

ATTACHMENT A
 RULEMAKING 18-04-018
 SOUTHWEST GAS CORPORATION (U 905 G)
 MHP PROGRAM ANNUAL STATUS REPORT 6
 ANNUAL REPORT TEMPLATE

Annual Report Template*		Per-year costs; not cumulative					
Descriptor		2015	2016	2017	2018	2019	2020
Program Participation							
CARE/FERA enrollment [a]	Number of individuals enrolled in CARE/FERA after the conversion			106	47	83	167
Medical Baseline	Number of individuals enrolled in Medical Baseline after the conversion			4	1	1	1
Disadvantaged Community	Number of converted spaces within geographic zones defined by SB 535 map.			187	0	0	281
Rural Community**	Number of converted spaces within rural community			0	31	8	207
Urban Community**	Number of converted spaces within urban community			211	252	202	361
Leak Survey (Optional)	Number of Leaks identified during preconstruction activity (if known)			N/A	N/A	N/A	N/A
Completed Spaces							
Spaces converted that correspond to the project costs reported below. 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)		0	0	211	283	210	568
Number of TTM MH and Covered Common Area Locations Converted (Electric)							
Number of BTM MH Converted Register Spaces (Gas)		0	0	193	280	214	557
Number of BTM MH Converted Register Spaces (Electric)							

ATTACHMENT A
RULEMAKING 18-04-018
SOUTHWEST GAS CORPORATION (U 905 G)
MHP PROGRAM ANNUAL STATUS REPORT 6
ANNUAL REPORT TEMPLATE

Annual Report Template*	Descriptor	Per-year costs; not cumulative					
		2015	2016	2017	2018	2019	2020
Cost Information							
To The Meter - Capital Costs							
Construction Direct Costs							
Civil/Trenching	To the Meter Construction costs for civil related activities						
Electric							
Gas		\$ -	\$ -	\$ 867,067	\$ 2,419,228	\$ 567,346	\$ 1,241,386
Gas System							
Labor	Cost for installation of distribution Gas assets, pre-inspection testing, decommissioning of legacy system (Gas Design cost was previously incorporated here)	\$ -	\$ -	\$ 175,915	\$ 200,256	\$ 342,786	\$ 1,299,185
Material / Structures	Pipes, fittings and other necessary materials required for gas construction	\$ -	\$ -	\$ 36,649	\$ 115,194	\$ 22,730	\$ 75,219
Electric System							
Labor	Cost for installation of distribution Electric assets, pre-inspection testing, decommissioning of legacy system (Electric Design cost was previously incorporated here)						
Material / Structures	Cables, conduits, poles, transformers and other necessary materials for electrical construction						
Design/Construction Management	Cost for engineering, design and construction inspection cost	\$ -	\$ -	\$ 37,706	\$ 131,265	\$ 74,314	\$ 183,151
Other							
Labor (Internal)	Meter installation, gas relights, easements, environmental desktop reviews and other support organizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,929
Other Labor (Internal)***		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Labor (External)	Sewer Lateral Pre- and Post-construction inspection	\$ -	\$ -	\$ 60,720	\$ 91,121	\$ 59,960	\$ 137,800
Non-Labor	Permits	\$ -	\$ -	\$ 1,934	\$ 4,404	\$ 5,293	\$ 3,227
Materials	meters, modules and regulators	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ATTACHMENT A
RULEMAKING 18-04-018
SOUTHWEST GAS CORPORATION (U 905 G)
MHP PROGRAM ANNUAL STATUS REPORT 6
ANNUAL REPORT TEMPLATE

Annual Report Template*		Per-year costs; not cumulative					
Descriptor	2015	2016	2017	2018	2019	2020	
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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,886	
Outreach							
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
AFUDC	\$ -	\$ -	\$ 103	\$ 90	\$ 1,113	\$ 7,591	
Other							
Labor (Internal)***	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Labor	\$ -	\$ -	\$ 5,926	\$ 5,262	\$ 111,641	\$ 125,433	
Sub-Total Capital Cost	\$ -	\$ -	\$ 1,186,020	\$ 2,966,820	\$ 1,185,183	\$ 3,109,807	
To The Meter - Expense Costs							
Project Management Costs							
Project Management Office (PMO)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Outreach	\$ -	\$ -	\$ 500	\$ 2,915	\$ -	\$ 34,377	
Other							
Labor (Internal)	\$ -	\$ -	\$ -	\$ -	\$ 435	\$ 2,505	
Other Labor (Internal)***	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,689	
Sub-Total To The Meter	\$ -	\$ -	\$ 500	\$ 2,915	\$ 435	\$ 38,571	

**ATTACHMENT A
RULEMAKING 18-04-018
SOUTHWEST GAS CORPORATION (U 905 G)
MHP PROGRAM ANNUAL STATUS REPORT 6
ANNUAL REPORT TEMPLATE**

Annual Report Template*	Descriptor	Per-year costs; not cumulative					
		2015	2016	2017	2018	2019	2020
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	N/A						
Electric System							
Labor	Labor and material for installing						
Material / Structures	BTM Electric infrastructure (e.g.						
Gas System							
Labor	Labor and material for installing	\$ -	\$ -	\$ 476,240	\$ 621,019	\$ 503,837	\$ 1,335,657
Material / Structures	BTM Gas infrastructure (e.g.	\$ -	\$ -	\$ 150,664	\$ 218,476	\$ 83,925	\$ 215,190
Other	BTM Permits, including HCD fees	\$ -	\$ -	\$ 17,004	\$ 46,759	\$ 31,889	
Other Labor (Internal)***		\$ -	\$ -	\$ 3,920	\$ 5,488		\$ 47,044
Sub-Total Beyond The Meter		\$ -	\$ -	\$ 647,829	\$ 891,742	\$ 619,652	\$ 1,597,891
Total TTM & BTM		\$ -	\$ -	\$ 1,834,348	\$ 3,861,477	\$ 1,805,270	\$ 4,746,269

Rate Impact and Revenue Requirement												
Rate Impact	2015	2016	2017	2018	2019	2020	2021	2022 [k]	2023 [k]	2024 [k]	2025 [k]	
Gas												
Average Rate w/o MMBA recovery - Core [b]				\$ 1.11995	\$ 1.11995	\$ 1.24246	\$ 1.26456	\$ 1.26456	\$ 1.26456	\$ 1.26456	\$ 1.26456	\$ 1.26456
Average Rate w/ MMBA recovery - Core [c]				N/A	\$ 1.12391	\$ 1.25042	\$ 1.27727	\$ 1.26456	\$ 1.26456	\$ 1.26456	\$ 1.26456	\$ 1.26456
Rate Change - Core [d]				N/A	\$ 0.00396	\$ 0.00796	\$ 0.01271	\$ -	\$ -	\$ -	\$ -	\$ -
% Rate Change - Core [e]				N/A	0.35%	0.64%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average Rate w/o MMBA recovery - Non-Core [f]				\$ 0.23769	\$ 0.23769	\$ 0.32156	\$ 0.33946	\$ 0.33946	\$ 0.33946	\$ 0.33946	\$ 0.33946	\$ 0.33946
Average Rate w/ MMBA recovery - Non-Core [g]				N/A	\$ 0.24165	\$ 0.32952	\$ 0.35217	\$ 0.33946	\$ 0.33946	\$ 0.33946	\$ 0.33946	\$ 0.33946
Rate Change - Non-Core [h]				N/A	\$ 0.00396	\$ 0.00796	\$ 0.01271	\$ -	\$ -	\$ -	\$ -	\$ -
% Rate Change - Non-Core [i]				N/A	1.64%	2.42%	3.61%	0.00%	0.00%	0.00%	0.00%	0.00%
Electric												
Average Rate w/o MMBA recovery - Total System												
Average Rate w/ MMBA recovery - Total System												
Rate Change - Total System												
% Rate Change - Total System												
Revenue Requirement	2015	2016	2017	2018	2019	2020	2021	2022 [k]	2023 [k]	2024 [k]	2025 [k]	Present Value Revenue Requirement
Gas Revenue Requirement-TTM [j]					\$ 626,380	\$ 808,596	\$ 1,317,984	\$ -	\$ -	\$ -	\$ -	\$ 2,227,918
Electric Revenue Requirement-TTM							0					
Gas Revenue Requirement-BTM [j]					\$ 231,393	\$ 324,613	\$ 519,867	\$ -	\$ -	\$ -	\$ -	\$ 869,216
Electric Revenue Requirement-BTM												

*An appendix can be provided to define each category if needed

**The Census Bureau identifies two types of urban areas:

- Urbanized Areas (UAs) of 50,000 or more people;
- 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: <https://www.census.gov/geo/reference/urban-rural.html>.

***Provide as many labor cost lines with descriptions as needed to clarify types of labor included in project.

Notes:

[a] Estimated on pre-conversion and post-conversion records.

[b] Average Rate w/o MMBA recovery - Core represents the simple average of Southwest Gas' GS-40/GN-40/ and SLT-40 First 100 therm rates effective November 1, 2018 and January 1, 2021. Southwest Gas does not forecast its rates for future periods, therefore the January 1, 2021 effective rate is held constant through the end of the projection period.

[c] Southwest Gas initial recovery rate for MMHP replacement activity was effective in September 2019.

[d] Rate Change - Core represents the calculated rate to recover the calculated revenue requirement beginning for 2021. The 2020 revenue requirement is included in the Company's 2021 Test Year rate case base revenues.

[e] % Rate Change - Core = Rate Change - Core / Average Rate w/ MMBA recovery - Core

[f] Average Rate w/o MMBA recovery - Non-Core represents the simple average of Southwest Gas' GS-70/GN-70/ and SLT-70 rates effective November 1, 2018 and January 1, 2021. Southwest Gas does not forecast its rates for future periods, therefore the January 1, 2021 effective rate is held constant through the end of the projection period.

[g] Southwest Gas initial recovery rate for MMHP replacement activity was effective in September 2019.

[h] Rate Change - Non-Core represents the calculated rate to recover the calculated revenue requirement beginning in 2021. The 2020 revenue requirement is included in the Company's 2021 Test Year rate case base revenues.

[i] % Rate Change - Non-Core = Rate Change - Non-Core / Average Rate w/ MMBA recovery - Non-Core

[j] Present Value calculation assumes 10% discount rate for the stream of revenue requirement amounts indicated.

[k] Replacement activity through September 30, 2018, is included for recovery in the Company's 2021 Test Year rate case.