



A  Sempra Energy utility

Mobilehome Park Utility Upgrade Program

FEBRUARY 1, 2019 Report

SOCALGAS MOBILEHOME PARK UTILITY UPGRADE PROGRAM

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SOCALGAS MOBILEHOME PARK UTILITY UPGRADE PROGRAM

FEBRUARY 1, 2019 REPORT

1. Executive Summary

As detailed in this Report, SoCalGas continues to successfully implement the extended Mobilehome Park Pilot Program. As of December 31, 2018, SoCalGas has converted¹ 202 mobilehome parks (11,700 permitted spaces), which is approximately 10% 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) ("Three-year 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").² 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.

This report is submitted in the format requested by the Commission's Safety and Enforcement Division ("SED").³ Previous reports were submitted in accordance with ordering paragraph 10 of the Decision, 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, and third status reports on February 1 of 2016, 2017, and 2018, 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. In SoCalGas' February 1, 2017 and February 1, 2018 reports, SoCalGas provided an update on progress made against the timeline for implementation, as well as a preliminary cost assessment of to-the-meter ("TTM") and beyond-the-meter ("BTM") construction costs. This report includes information on the following:

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

² Refer to Resolution E-4878.

³ The request was made in a December 21, 2018 e-mail from Fred Hanes of SED to the official service list for Rulemaking 18-04-018.

(1) a cost accounting for both TTM and BTM construction, and (2) an optional narrative assessment of the Program.

3. Cost Accounting

SoCalGas' 2019 Annual Report's Table 1 below ("Annual Report Template") reflects the space counts, costs, revenue requirements, and rate impacts of projects through December 31, 2018 for which final costs have been recorded.⁴ 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, excepting any trailing costs.⁵

⁴ 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.

⁵ "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
- Rate impact and revenue requirements are reported based on actual revenue requirement filings for 2015-2019 (i.e., not based on year of financial closure); 2020-2025 revenue requirement and rate impact forecasted based on actual filings (i.e., no forecasted program costs)
- Regulatory interest is applicable to the entire 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 2015-2018 and 2) the Present Value of revenue requirements for 2019-2025 discounted to 2018 nominal dollars using SoCalGas's rate of return (7.34%). SoCalGas 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

Annual Report Template*		Per-year costs; not cumulative			
Descriptor		2015	2016	2017	2018
Program Participation					
CARE/FERA enrollment	Number of individuals enrolled in CARE/FERA after the conversion; the data provided is not all-encompassing as a process for capturing all CARE enrollments is still in development	-	16	689	1,384
Medical Baseline	Number of individuals enrolled in Medical Baseline after the conversion; the data provided is not all-encompassing as a process for capturing all MB enrollments is still in development	-	1	5	6
Disadvantaged Community	Number of converted spaces (i.e., PTO count, not directly corresponding with the costs below) within geographic zones defined by SB 535 map.	-	-	2,116	2,528
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	-	47	3,092	5,390
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 (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)		-	48	3,104	5,240
Number of TTM MH and Covered Common Area Locations Converted (Electric)		N/A	N/A	N/A	N/A
Number of BTM MH Converted Register Spaces (Gas)		-	45	2,595	4,770
Number of BTM MH Converted Register Spaces (Electric)		N/A	N/A	N/A	N/A
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		N/A	N/A	N/A	N/A
Gas		-	144,633	8,934,849	16,109,860
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 SoCalGas, no gas design costs were previously incorporated in this line item)	-	47,298	3,247,959	6,020,960
Material / Structures	Pipes, fittings and other necessary materials required for gas construction	-	16,591	1,340,678	1,986,896
Electric System					
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
Material / Structures	Cables, conduits, poles, transformers and other necessary materials for electrical construction	N/A	N/A	N/A	N/A
Design/Construction Management	Cost for engineering, design and construction inspection cost	-	67,320	4,639,721	7,747,040
Other					
Labor (Internal)	Meter installation, gas relights, easements, environmental desktop reviews and other support organizations, including legacy system decommissioning internal labor	-	5,360	343,934	346,759
Other Labor (Internal)***		N/A	N/A	N/A	N/A
Non-Labor	Permits, vehicle utilization, consultant support (e.g., environmental monitoring)	-	2,182	44,423	31,344
Materials	meters, modules and regulators	-	4,306	291,498	485,250

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)	-	16,962	1,048,808	1,798,342
Outreach		-	-	-	-
Other			33	14,851	24,883
Property Tax	Property tax on capital spending not yet put into service	-	583	127,718	187,578
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.	-			
Labor (Internal)***		N/A	N/A	N/A	N/A
Non-Labor	Utility specific overhead driven by corporate cost model	-	10,170	640,714	1,071,529
Sub-Total Capital Cost			315,438	20,675,153	35,810,442
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	-	1,041	94,462	175,336

Outreach	Outreach efforts to educate MHP Owners, residents, government and local agencies about the program	-	6,880	502,429	870,286
Other					
Labor (Internal)	Program startup cost for supporting organizations, meter removal	-	-	3,053	10,543
Other Labor (Internal)***	Construction management expenses costs (e.g., training, supplies)	-	772	54,424	83,802
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	-	-	10,095	24,830
Sub-Total To The Meter			8,693	664,462	1,164,796
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)	-	-	-	-
Electric System					
Labor	Labor and material for installing BTM Electric infrastructure (e.g. Pedestal, foundation, meter protection, grounding rods, conduit)	N/A	N/A	N/A	N/A
Material / Structures		N/A	N/A	N/A	N/A
Gas System					
Labor	Labor and material for installing BTM Gas infrastructure (e.g. houselines, meter protection, foundation)	-	54,870	5,651,197	10,697,104
Material / Structures		-	93,855	1,935,669	3,038,989
Other					
Other Labor (Internal)***		-	-	-	-
Other Non Labor	BTM Permits, including HCD fees	-	8,798	422,770	963,657

Sub-Total Beyond The Meter			157,523	8,009,635	14,699,750
Total TTM & BTM			481,655	29,349,250	51,674,988

Rate Impact and Revenue Requirement												
Rate Impact	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Present Value Revenue Requirement
Gas												
Average Rate w/o MMBA recovery - Core	N/A	\$0.65217	\$0.57379	\$0.59324	\$0.60503	\$0.68622	\$0.68622	\$0.68622	\$0.68622	\$0.68622	\$0.68622	\$0.68622
Average Rate w/ MMBA recovery - Core	N/A	\$0.65241	\$0.57395	\$0.59465	\$0.60890	\$0.69038	\$0.69025	\$0.69012	\$0.68997	\$0.68982	\$0.68967	\$0.68967
Rate Change - Core	N/A	\$0.00024	\$0.00016	\$0.00140	\$0.00386	\$0.00416	\$0.00403	\$0.00390	\$0.00375	\$0.00360	\$0.00345	\$0.00345
% Rate Change - Core	N/A	0.04%	0.03%	0.24%	0.64%	0.61%	0.59%	0.57%	0.55%	0.53%	0.50%	0.50%
Average Rate w/o MMBA recovery - Non-Core	N/A	\$0.02330	\$0.02549	\$0.02956	\$0.03113	\$0.03849	\$0.03849	\$0.03849	\$0.03849	\$0.03849	\$0.03849	\$0.03849
Average Rate w/ MMBA recovery - Non-Core	N/A	\$0.02331	\$0.02550	\$0.02961	\$0.03129	\$0.03864	\$0.03863	\$0.03863	\$0.03862	\$0.03862	\$0.03861	\$0.03861
Rate Change - Non-Core	N/A	\$0.00001	\$0.00001	\$0.00005	\$0.00016	\$0.00015	\$0.00015	\$0.00014	\$0.00014	\$0.00013	\$0.00013	\$0.00013
% Rate Change - Non-Core	N/A	0.04%	0.03%	0.18%	0.52%	0.39%	0.38%	0.37%	0.35%	0.34%	0.33%	0.33%
Electric												
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	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	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	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	N/A
Revenue Requirement (in \$MM)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Present Value Revenue Requirement
Gas Revenue Requirement- Effective January 1 of each year	\$0.000	\$0.850	\$0.617	\$3.602	\$9.505	\$9.946	\$9.730	\$9.528	\$9.300	\$9.068	\$8.822	\$55.430
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	\$5.946	\$5.668	\$5.353	\$5.025	\$4.692	\$4.352	\$29.634
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

*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.

4. Program Timeline

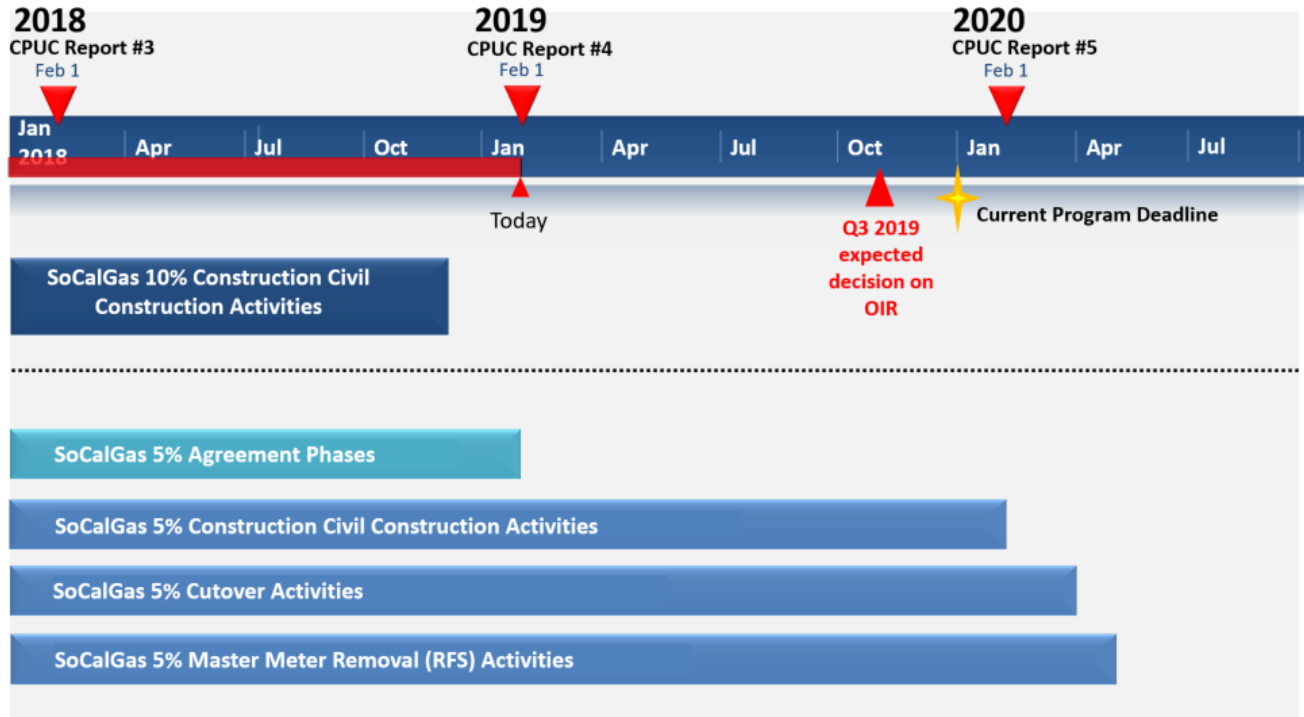
Pursuant to authority from Resolution E-4878, SoCalGas planned to achieve its initial Pilot Program target of 10% in 2018 and continue conversion of up to an additional 5% of MHP spaces by December 31, 2019. As of December 31, 2018, SoCalGas has converted 202 MHPs (11,700 permitted spaces), which is approximately 10% of eligible mobile home spaces in SoCalGas' service territory.⁶

Maintaining the assumptions that shaped the three-year Pilot Program's timeline as described in SoCalGas' 2017 report and highlighted herein, SoCalGas has measured its progress against the timeline shown in Figure 1 ("SoCalGas' Timeline for Implementation of the Extended Pilot and Current Status"). 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.

During a workshop in R.18-04-018 held on October 17, 2018, participants discussed the need for an extension of the October 31, 2019 deadline established by Resolution E-4878 in order to complete the projects that are addressed in the Pilot Program Extension. Should an extension of the deadline not be granted by the Commission, approximately 18 projects will need to be cancelled and Figure 1 will be modified.

⁶ 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' 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 and Resolution E-4878 authorized IOUs to implement the Pilot Program to convert approximately 10% and 5%, 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 towards the 15% conversion target and, as of December 31, 2018, completed approximately 10% of the eligible mobilehome spaces in SoCalGas' service territory.

Safety Performance

During the Program's first three years, SoCalGas maintained a high safety standard with one single reportable incident over 882,977 hours of labor logged between contractors and employees combined. In 2018, SoCalGas continued to maintain a high safety standard with no reportable incidents over 368,561 hours. Additionally, 217 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 3rd quarter of 2018, SoCalGas has consistently scored an above 80% satisfaction rate with MHP owners/operators and MHP residents.

6. Conclusion

This concludes the fourth 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, 2018 to December 31, 2018
Start Date End Date

Gina Orozco-Mejia Executed on: 1/28/19
Signature of Officer Month, Day, Year

Gina Orozco-Mejia Vice President – Gas Distribution
Print Name Title