

# **Southwest Gas Corporation**

## **(U 905 G)**

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### **Mobilehome Park Utility Conversion Program Annual Status Report 7**

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

Reporting Period:  
**January 1, 2021 through December 31, 2021**

**February 1, 2022**



## 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 Staff<sup>1</sup>, Southwest Gas Corporation (Southwest Gas or Company) submits its seventh Annual Status Report (Annual Report) on the Mobilehome Park Utility Conversion Program<sup>2</sup> (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 Pilot Program and seven were prioritized as Category 1 for conversion by SED based on various risk factors. Approximately 412 spaces were prioritized for conversion under the MHP Pilot Program approved in D.14-03-021.

## II. MHP PROGRAM OVERVIEW

On March 14, 2014, the Commission issued D.14-03-021, which established the MHP Pilot 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 Pilot Program beyond the initial three-year pilot period.

In April 2018, the Commission opened Rulemaking (R.) 18-04-018 to evaluate the MHP Pilot Program and adopt programmatic modifications. Utilities were directed to submit supplemental MHP Pilot Program data.<sup>3</sup> Commission Staff provided guidance to the utilities for the submission of the supplemental program data utilizing the annual report template, which included:

1. The total costs for MHP Pilot Program conversions were to be reported in the year that final costs were recorded.
2. MHP Pilot Program conversions were to be included in the reporting year, if at September 30 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 Pilot Program conversion costs are entered, so that the aggregate costs and aggregate spaces correspond.

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<sup>1</sup> 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.

<sup>2</sup> The program was formerly referred to as the Mobilehome Park Utility Upgrade Pilot Program (MHP Pilot Program) during the three-year pilot program adopted in D.14-03.021.

<sup>3</sup> Assigned Commissioner's Scoping Memo and Ruling issued in R.18-04-018 on August 31, 2018

Additionally, Commission Staff directed utilities to also provide an updated list of all 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 permanent 10-year MHP Program beginning in 2021, primarily relying on the MHP Pilot Program requirements adopted in D.14-03-021, as well as additional requirements and adjustments. These programmatic changes include:

#### *Application Period<sup>4</sup>*

- A four-year application cycle, with the option for the SED to extend the cycle to five years. The first application period occurred on 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.

#### *Southwest Gas Conversion Rate and Annual Cost “Soft Targets”*

- Southwest Gas is authorized to convert 450 eligible MHP spaces a year, at an annual cost “soft target” of \$5.2 million.

#### *Eligibility*

- The MHP Program is now open to MHPs with and without submeters.<sup>5</sup>
- 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.<sup>6</sup> MHP Owner/Operators are still responsible for “Beyond the Meter” expenses for common use buildings.<sup>7</sup>
- MHPs who have declined to participate in the MHP Program in the past are eligible to apply to participate in the ongoing MHP Program.

#### *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; and,
  - A Disadvantage Community criterion will be included that will serve as a tie-breaker if two MHPs have the same safety score.<sup>8</sup>

#### *Ongoing MHP Program Evaluation and Reporting*

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<sup>4</sup> D.20-04-004, at pgs. 141-142.

<sup>5</sup> *Id.*, at pg. 40.

<sup>6</sup> *Id.*, at pg. 41.

<sup>7</sup> *Id.*, at pgs.40-41.

<sup>8</sup> *Id.*, at pgs. 49-50.

- In 2025, a second evaluation of the MHP Program will take place to decide whether to continue or modify the MHP Program.<sup>9</sup>
- 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.<sup>10</sup>

### III. REPORT

Southwest Gas has prepared and submits its Annual Status Report 7 using Annual Report Template adopted in D.20-02-004 and guidance criteria for the period January 1, 2021 through December 31, 2021.

#### *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 extension of the MHP Pilot Program.<sup>11</sup> Table 1 below depicts the MHP conversions completed through 2021 under the MHP Pilot Program.

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		BVES	250	250
6	Victorville	San Bernardino	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

<sup>9</sup> *Id.*, OP 16, at pgs. 175-176.

<sup>10</sup> *Id.*, OP 10, at pg. 174.

<sup>11</sup> Pursuant to Resolution E-4958.

<b>Table 1 (Continued)</b>					
<b>MHP</b>	<b>City</b>	<b>County</b>	<b>Overlapping Electric Utility</b>	<b># of Spaces</b>	<b># Spaces Converted</b>
15	Barstow	San Bernardino	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
23	Barstow		SCE	32	32
24	Daggett		SCE	24	24
<b>Total Spaces</b>				<b>1,456</b>	<b>1,332</b>

Table 2 below depicts the remaining MHP<sup>12</sup> that is currently in progress for conversion under the MHP Pilot Program.

<b>Table 2</b>				
<b>MHP</b>	<b>City</b>	<b>County</b>	<b>Overlapping Electric Utility</b>	<b># of Spaces</b>
1	South Lake Tahoe	El Dorado	Liberty	270
<b>Total Spaces</b>				<b>270</b>

Two MHPs in Southwest Gas' southern California (totaling 465 spaces) service territory were approved for conversion in 2021 by SED under the permanent MHP Program.<sup>13</sup> These MHPs are currently in progress and are listed in Table 3 below.

<b>Table 3</b>				
<b>MHP</b>	<b>City</b>	<b>County</b>	<b>Overlapping Electric Utility</b>	<b># of Spaces</b>
1	Victorville	San Bernardino	SCE	366
2	Hesperia		SCE	99
<b>Total Spaces</b>				<b>465</b>

SED prioritized 18 MHPs for conversion through the MHP Program. Table 4 below depicts the MHPs that will be converted in 2022.

<sup>12</sup> Conversion of this MHP began and was scheduled for completion in 2021. Due to the Caldor Fire, the Beyond the Meter work was delayed significantly, causing delays in the completion of HCD inspections. The conversion is 90% complete and a completion status will be included in Southwest Gas' 2022 Annual Status Report.

<sup>13</sup> Program year 2021 was considered a transition year for Southwest Gas given that it had exhausted all of its MHPs prioritized for conversion and the MHP Program application period occurred in January 1, 2021 through March 31, 2021, as well determination of new MHP prioritization by SED. As such, SED approved the conversion of the two MHPs in 2021.

<b>Table 4</b>				
<b>MHP</b>	<b>City</b>	<b>County</b>	<b>Overlapping Electric Utility</b>	<b># of Spaces</b>
1	South Lake Tahoe	El Dorado	Liberty	18
2			Liberty	9
3	Apple Valley	San Bernardino	SCE	35
4	Barstow		SCE	15
5			SCE	47
6			SCE	264
7	Victorville		SCE	20
8	Hinkley		SCE	26
			<b>Total Spaces</b>	<b>434</b>

*MHP Program Cost Accounting*

Southwest Gas completed 2 additional MHP conversions through 2021, MHPs 23 and 24 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 seventh Annual Status Report and looks forward to the continuation of the MHP Program.

## VERIFICATION

Amy L. Timperley, being first duly sworn, deposes and says: I am the Vice President/Regulation 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 7 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 1st day of February 2022.

/s/ Amy L. Timperley

Amy L. Timperley  
Vice President/Regulation

ATTACHMENT A  
SOUTHWEST GAS CORPORATION (U 905 G)  
MHP PROGRAM ANNUAL STATUS REPORT 7

Annual Status Report 7		Per-year costs; not cumulative						
Descriptor		2015	2016	2017	2018	2019	2020	2021
<b>Program Participation</b>								
	Number of individuals enrolled in CARE/FERA enrollment [a]			106	47	83	167	2
	Medical Baseline			4	1	1	1	0
	Number of converted spaces within geographic zones defined by SB 535 map.			187	0	0	281	32
	Rural Community**			0	31	8	207	24
	Urban Community**			211	252	202	361	32
	Leak Survey (Optional)			N/A	N/A	N/A	N/A	N/A
<b>Completed Spaces</b>								
	Number of TTM MH and Covered Common Area Locations Converted (Gas)	0	0	211	283	210	568	58
	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	56
	Number of BTM MH Converted Register Spaces (Electric)							



ATTACHMENT A  
SOUTHWEST GAS CORPORATION (U 905 G)  
MHP PROGRAM ANNUAL STATUS REPORT 7

Annual Status Report 7		Per-year costs; not cumulative						
		2015	2016	2017	2018	2019	2020	2021
<b>Cost Information</b>								
<b>To The Meter - Capital Costs</b>								
<b>Construction Direct Costs</b>								
	Civil/Trenching							
	Electric							
	Gas	\$ -	\$ -	\$ 867,067	\$ 2,419,228	\$ 567,346	\$ 1,241,386	\$ 190,126
	To the Meter Construction costs for civil related activities							
	Gas System							
	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	\$ 126,751
	Material / Structures							
	Pipes, fittings and other necessary materials required for gas construction	\$ -	\$ -	\$ 36,649	\$ 115,194	\$ 22,730	\$ 75,219	\$ 3,852
	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	\$ -	\$ -	\$ 37,706	\$ 131,265	\$ 74,314	\$ 183,151	\$ 26,524
	Other							
	Labor (Internal)							
	Meter installation, gas rights, easements, environmental desktop reviews and other support organizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,929	\$ -
	Other Labor (Internal)***	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000
	Other Labor (External)	\$ -	\$ -	\$ 60,720	\$ 91,121	\$ 59,960	\$ 137,800	\$ -
	Non-Labor Materials	\$ -	\$ -	\$ 1,934	\$ 4,404	\$ 5,293	\$ 3,227	\$ 901
	Permits meters, modules and regulators	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ATTACHMENT A  
SOUTHWEST GAS CORPORATION (U 905 G)  
MHP PROGRAM ANNUAL STATUS REPORT 7

Annual Status Report 7		Per-year costs; not cumulative							
		2015	2016	2017	2018	2019	2020	2021	
<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>									
	Program management office costs (Project Management, Program Management, schedulers, cost analysts and field engineers)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,886	\$ -	
<b>Outreach</b>									
	Property tax on capital spending not yet put into service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	AFUDC	\$ -	\$ -	\$ 103	\$ 90	\$ 1,113	\$ 7,591	\$ 826	
<b>Other</b>									
	Labor (Internal)***	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Non-Labor	\$ -	\$ -	\$ 5,926	\$ 5,262	\$ 111,641	\$ 125,433	\$ 8,119	
	<b>Sub-Total Capital Cost To The Meter - Expense Costs Project Management Costs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,186,020</b>	<b>\$ 2,966,820</b>	<b>\$ 1,185,183</b>	<b>\$ 3,109,807</b>	<b>\$ 375,099</b>	
<b>Project Management Office (PMO)</b>									
	Program startup cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Outreach efforts to educate MHP Owners, residents, government and local agencies about the program	\$ -	\$ -	\$ 500	\$ 2,915	\$ -	\$ 34,377	\$ -	
<b>Other</b>									
	Program startup cost for supporting organizations	\$ -	\$ -	\$ -	\$ -	\$ 435	\$ 2,505	\$ -	
	Cancelled Project Costs from MHPs that have failed to complete the MHP agreement or have cancelled the project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,689	\$ -	
	<b>Sub-Total To The Meter</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500</b>	<b>\$ 2,915</b>	<b>\$ 435</b>	<b>\$ 38,571</b>	<b>\$ -</b>	

**ATTACHMENT A  
SOUTHWEST GAS CORPORATION (U 905 G)  
MHP PROGRAM ANNUAL STATUS REPORT 7**

<b>Annual Status Report 7</b>		Per-year costs; not cumulative											
Descriptor		2015	2016	2017	2018	2019	2020	2021	2022	2023 [k]	2024 [k]	2025 [k]	Present Value Requirement
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 and material for installing BTM Electric infrastructure (e.g. Labor												
Gas System	Labor and material for installing BTM Gas infrastructure (e.g. Labor												
Other	BTM Permits, including HCD fees												
Sub-Total (Internal)***													
Total TTM & BTM													
<b>Rate Impact and Revenue Requirement</b>													
Gas	Average Rate w/o MMBA recovery - Core [b]												
	Average Rate w/ MMBA recovery - Core [c]												
	Rate Change - Core [d]												
	% Rate Change - Core [e]												
	Average Rate w/o MMBA recovery - Non-Core [f]												
	Average Rate w/ MMBA recovery - Non-Core [g]												
	Rate Change - Non-Core [h]												
	% Rate Change - Non-Core [i]												
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													
Gas Revenue Requirement-TTM [j]													
Electric Revenue Requirement-TTM													
Gas Revenue Requirement-BTM [k]													
Electric Revenue Requirement-BTM													

**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 term rates effective November 1, 2018, January 1, 2021, and January 1, 2022. Southwest Gas does not forecast its rates for future periods, therefore the January 1, 2022 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, January 1, 2021, and January 2022. Southwest Gas does not forecast its rates for future periods, therefore the January 1, 2022 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.