

# **Southwest Gas Corporation**

## **(U 905 G)**

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### **Mobilehome Park Utility Conversion Program Annual Status Report 8**

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

Reporting Period:  
**January 1, 2022 through December 31, 2022**

**February 1, 2023**



**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 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.

## II. MHP PROGRAM BACKGROUND AND 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, as of 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.

Additionally, Commission Staff directed utilities to 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.

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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 provided 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.

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, including:

- The MHP Program is now open to MHPs with and without submeters.<sup>4</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>5</sup> MHP Owner/Operators are still responsible for “Beyond the Meter” expenses for common use buildings.<sup>6</sup>
- 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 its 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 tiebreaker if two MHPs have the same safety score.<sup>7</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>8</sup>

D.20-04-004 authorized Southwest Gas to convert 450 eligible MHP spaces a year, at an annual cost “soft target” of \$5.2 million.

### III. REPORT

Southwest Gas has prepared and submits its Annual Status Report 8 using the Annual Report Template adopted in D.20-02-004 and guidance criteria for the period January 1, 2022 through December 31, 2022.

#### *MHP Program Conversion Rate and Status*

Table 1 below depicts the MHP conversions completed through 2022 under the MHP 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		24	21
3	South Lake Tahoe			8	8
4	South Lake Tahoe			61	61

<sup>4</sup> *Id.*, at pg. 40.

<sup>5</sup> *Id.*, at pg. 41.

<sup>6</sup> *Id.*, at pgs.40-41.

<sup>7</sup> *Id.*, at pgs. 49-50.

<sup>8</sup> *Id.*, OP 10, at pg. 174.

<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>
5	South Lake Tahoe	El Dorado	Liberty	265	265
6	Big Bear Lake	San Bernardino	BVES	250	250
7	Victorville		SCE	48	31
8	Victorville			50	50
9	Victorville			136	69
10	Hesperia			31	31
11	Apple Valley			98	95
12	Victorville			68	67
13	Apple Valley			40	40
14	Barstow			61	39
15	Barstow			92	72
16	Barstow			38	61
17	Barstow			25	25
18	Victorville			104	104
19	Apple Valley			72	72
20	Adelanto			41	41
21	Adelanto			30	30
22	Adelanto			15	15
23	Needles			City of Needles	65
24	Barstow		SCE	32	32
25	Daggett			24	24
<b>Total Spaces</b>				<b>1,721</b>	<b>1,597</b>

In 2021, two MHPs (totaling 465 spaces) in Southwest Gas' southern California service territory were approved for conversion by SED under the permanent MHP Program.<sup>9</sup> These MHPs were converted in 2022 and are listed in Table 2 below.

<b>Table 2</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			99

**Total Spaces      465**

Southwest Gas, in consultation with and approval by SED, prioritized 12 MHPs for conversion in calendar year 2023. These MHPs 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	South Lake Tahoe	El Dorado	Liberty	18
2	South Lake Tahoe	El Dorado	Liberty	9
3	South Lake Tahoe	El Dorado	Liberty	30
4	Apple Valley	San Bernardino	SCE	35
5	Barstow	San Bernardino	SCE	15
6	Barstow	San Bernardino	SCE	47
7	Barstow	San Bernardino	SCE	264
8	Barstow	San Bernardino	SCE	95
9	Victorville	San Bernardino	SCE	20
10	Victorville	San Bernardino	SCE	18
11	Hinkley	San Bernardino	SCE	26
12	Yermo	San Bernardino	SCE	84

**Total Spaces      661**

### *MHP Program Cost Accounting*

Southwest Gas completed 2 additional MHP conversions through 2022, MHPs 1 and 2 in Table 2 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 eighth Annual Status Report and looks forward to the continuation of the MHP Program.

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<sup>9</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.

## VERIFICATION

Amy L. Timperley, being first duly sworn, deposes and says: I am the Senior Vice President/Chief Regulatory and Financial Planning Officer 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 8 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 2023.

A handwritten signature in black ink, appearing to read 'Amy L. Timperley', is written above a horizontal line.

Amy L. Timperley  
Senior Vice President/Chief Regulatory  
and Financial Planning Officer







**ATTACHMENT A  
SOUTHWEST GAS CORPORATION (U 905 G)  
MHP PROGRAM ANNUAL STATUS REPORT 8**

Annual Status Report 8		Per-year costs; not cumulative							
	Descriptor	2015	2016	2017	2018	2019	2020	2021	2022
<b>Program - Capital Costs</b>	Costs that are inconsistent among the other IOUs, driven by utility specific business models or cost accounting practices. These costs should be separated out so that others do not compare costs that are not comparable with others.								
<b>Project Management Costs</b>									
Project Management Office (PMO)	Program management office costs (Project Management, Program Management, schedulers, cost analysts and field engineers)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,886	\$ -	\$ -
<b>Outreach</b>									
Property Tax	Property tax on capital spending not yet put into service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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.	\$ -	\$ -	\$ 103	\$ 90	\$ 1,113	\$ 7,591	\$ 826	\$ 5,149
<b>Other</b>									
Labor (Internal)***		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Labor	Utility specific overhead driven by corporate cost model	\$ -	\$ -	\$ 5,926	\$ 5,262	\$ 111,641	\$ 125,433	\$ 8,119	\$ 173,040
<b>Sub-Total Capital Cost</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>\$ 4,745,868</b>
<b>To The Meter - Expense Costs</b>									
<b>Project Management Costs</b>									
Project Management Office (PMO)	Program startup cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outreach	Outreach efforts to educate MHP Owners, residents, government and local agencies about the program	\$ -	\$ -	\$ 500	\$ 2,915	\$ -	\$ 34,377	\$ -	\$ -
<b>Other</b>									
Labor (Internal)	Program startup cost for supporting organizations	\$ -	\$ -	\$ -	\$ -	\$ 435	\$ 2,505	\$ -	\$ -
Other Labor (Internal)***		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Labor	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>	<b>\$ -</b>

\$

\$

**ATTACHMENT A  
SOUTHWEST GAS CORPORATION (U 905 G)  
MHP PROGRAM ANNUAL STATUS REPORT 8**

Annual Status Report 8		Per-year costs: not cumulative							
Descriptor	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Beyond The Meter - Capital</b>	Pass through cost where the MHP Owner is responsible for overseeing the vendor's work and IOU to reimburse per D.14-02-021								
<b>Civil/Trenching</b>	N/A								
<b>Electric System</b>									
Labor	Labor and material for installing								
Material / Structures	BTM Electric infrastructure (e.g.)								
<b>Gas System</b>									
Labor	Labor and material for installing								
Material / Structures	BTM Gas infrastructure (e.g.)								
<b>Other</b>	BTM Permits, including HCD fees								
Other Labor (Internal)***									
<b>Sub-Total Beyond The Meter</b>	\$ -	\$ -	\$ 647,829	\$ 891,742	\$ 619,652	\$ 1,597,891	\$ 131,261	\$ 1,285,336	
<b>Total TTM &amp; BTM</b>	\$ -	\$ -	\$ 1,834,348	\$ 3,861,477	\$ 1,805,270	\$ 4,746,269	\$ 506,361	\$ 6,031,204	

Rate Impact and Revenue Requirement												
Rate Impact	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 [k]	2025 [k]	
<b>Gas</b>												
Average Rate w/o MMBA recovery - Core [b]				\$ 1.11995	\$ 1.11995	\$ 1.24246	\$ 1.26456	\$ 1.69515	\$ 2.41994	\$ 2.41994	\$ 2.41994	
Average Rate w/ MMBA recovery - Core [c]				N/A	\$ 1.12391	\$ 1.25042	\$ 1.28208	\$ 1.70798	\$ 2.44531	\$ 2.41994	\$ 2.41994	
Rate Change - Core [d]				N/A	\$ 0.00396	\$ 0.00796	\$ 0.01753	\$ 0.01283	\$ 0.02537	\$ -	\$ -	
% Rate Change - Core [e]				N/A	0.35%	0.64%	1.37%	0.75%	1.04%	0.00%	0.00%	
Average Rate w/o MMBA recovery - Non-Core [f]				\$ 0.23769	\$ 0.23769	\$ 0.32156	\$ 0.33946	\$ 0.46057	\$ 0.55355	\$ 0.55355	\$ 0.55355	
Average Rate w/ MMBA recovery - Non-Core [g]				N/A	\$ 0.24165	\$ 0.32952	\$ 0.35699	\$ 0.47340	\$ 0.57892	\$ 0.55355	\$ 0.55355	
Rate Change - Non-Core [h]				N/A	\$ 0.00396	\$ 0.00796	\$ 0.01753	\$ 0.01283	\$ 0.02537	\$ -	\$ -	
% Rate Change - Non-Core [i]				N/A	1.64%	2.42%	4.91%	2.71%	4.38%	0.00%	0.00%	
<b>Electric</b>												
Average Rate w/o MMBA recovery - Total System												
Average Rate w/ MMBA recovery - Total System												
Rate Change - Total System												
% Rate Change - Total System												
<b>Revenue Requirement</b>	2015	2016	2017	2018	2019	2020	2021	2022	2023 [k]	2024 [k]	2025 [k]	Present Value Revenue Requirement
Gas Revenue Requirement-TTM [j]					\$ 626,380	\$ 808,596	\$ 1,317,984	\$ 1,374,148	\$ 1,812,203	\$ -	\$ -	\$ 4,291,715
Electric Revenue Requirement-TTM												
Gas Revenue Requirement-BTM [j]					\$ 231,393	\$ 324,613	\$ 519,867	\$ 537,932	\$ 721,977	\$ -	\$ -	\$ 1,684,922
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 therm rates effective November 1, 2018, January 1, 2021, January 1, 2022 and January 1, 2023. Southwest Gas does not forecast its rates for future periods, therefore the January 1, 2023 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, January 2022 and January 1, 2023. Southwest Gas does not forecast its rates for future periods, therefore the January 1, 2023 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.