



**Mobilehome Park Utility Upgrade Program
Annual Report**

FEBRUARY 1, 2020

SDG&E MOBILEHOME PARK UTILITY UPGRADE PROGRAM

FEBRUARY 1, 2020 ANNUAL REPORT

TABLE OF CONTENTS

Page

1. Executive Summary	2
2. Procedural History	2
3. Cost Accounting	3
4. Program Timeline.....	11
5. Program Assessment.....	13
6. Conclusion	13

SDG&E MOBILEHOME PARK UTILITY UPGRADE PROGRAM

FEBRUARY 1, 2020 ANNUAL REPORT

1. Executive Summary

As detailed in this Report, SDG&E continues to successfully implement the extended Mobilehome Park Pilot Program. As of December 31, 2019, SDG&E has converted¹ 37 mobilehome neighborhoods (4,502 permitted spaces), which is approximately 13% of eligible mobilehome spaces in SDG&E's service territory.

2. Procedural History

On March 13, 2014, the California Public Utilities Commission ("Commission") approved and authorized San Diego Gas and Electric Company ("SDG&E") 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) ("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 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.

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.) 18-04-018.³ 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.

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

² Resolution E-4878, ordering paragraph (OP) 7.

³ Resolution E-4958, OP 1.

This report is submitted in the format requested by the Commission’s Safety and Enforcement Division (“SED”).⁴ Previous reports were submitted in accordance with D.14-03-021OP 10, which directs each electric and/or gas utility to prepare a status report for the Program on February 1 of each year. SDG&E filed its first, second, third and fourth status reports on February 1 of 2016, 2017, 2018, and 2019 respectively. 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, and February 1, 2019 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, 2019 for which final costs have been recorded.⁵ 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 trailing costs.⁶ Table 2 below shows the associated revenue requirements and rate impacts.

⁴ 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.

⁵ 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.

⁶ “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 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. Using this methodology has resulted in a shift in reporting year for certain projects where there have been unforeseen issues requiring remediation or trailing costs within the allowable threshold in a year different than previously reported as the year of financial closure.

Annual Report Template ⁷		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
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
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
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.	-	-	-	-	-
Rural Community ⁸	Number of converted spaces (i.e., PTO count, not directly corresponding with the costs below) within rural community	-	-	-	-	-

⁷ An appendix can be provided to define each category if needed.

⁸ The Census Bureau identifies two types of urban areas: (1) Urbanized Areas (UAs) of 50,000 or more people, and (2) 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: <http://www.census.gov/geo/reference/urban-rural.html>

Annual Report Template ⁷		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
Urban Community ⁸	Number of converted spaces (i.e., PTO count, not directly corresponding with the costs below) within urban community	-	-	397	2,725	0
Leak Survey (Optional)	Number of Leaks identified during preconstruction activity (if known)	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	-	3,465
Number of TTM MH and Covered Common Area Locations Converted (Electric)		-	-	187	-	3,533
Number of BTM MH Converted Register Spaces (Gas)		-	-	180	-	3408
Number of BTM MH Converted Register Spaces (Electric)		-	-	180	-	3408
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	-	-	-	-	-
Electric		-	-	787,030	-	16,626,419

Annual Report Template ⁷		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
Gas	system installation - including contractor labor and materials)	-	-	1,153,053	-	24,669,595
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	-	1,316,508
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	-	1,656,094
Design/Construction Management	Cost for engineering, design and construction inspection cost	-	-	613,466	-	11,220,087
Other						
Labor (Internal)	Meter installation, gas relights, easements, environmental desktop reviews and other support organizations, including legacy system decommissioning internal labor	-	-	3,883	-	84,049
Other Labor (Internal)		N/A	N/A	N/A	N/A	N/A

Annual Report Template ⁷		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
Non-Labor	Permits, vehicle utilization, consultant support (e.g., environmental monitoring)	-	-	55,909	-	1,391,866
Materials	meters, modules and regulators	-	-	67,063	-	1,300,785
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)	-	-	221,297	-	4,850,997
Outreach		-	-	-	-	-
Other						
Property Tax	Property tax on capital spending not yet put into service	-	-	13,438	-	433,950
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	-	1,261,215
Labor (Internal)		N/A	N/A	N/A	N/A	N/A
Non-Labor	Utility specific overhead driven by corporate cost model	-	-	575,576	-	9,299,187
Sub-Total Capital Cost		-	-	3,700,430	-	74,110,751

Annual Report Template ⁷		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
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	-	-	19,212	-	393,672
Outreach	Outreach efforts to educate MHP Owners, residents, government and local agencies about the program	-	-	61,681	-	1,118,952
Other						
Labor (Internal)	Program startup cost for supporting organizations, meter removal	-	-	-	-	40,806
Other Labor (Internal)	Construction management expenses costs (e.g., training, supplies)	-	-	5,077	-	82,971
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	-	400,773
Sub-Total To The Meter		-	-	98,701	-	2,037,175
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	-	766,899
Electric System						
Labor	Labor and material for installing BTM Electric	-	-	463,588	-	7,672,041

Annual Report Template ⁷		Per-year costs; (not cumulative)				
	Descriptor	2015	2016	2017	2018	2019
Material / Structures	infrastructure (e.g. Pedestal, foundation, meter protection, grounding rods, conduit)	-	-	245,442	-	5,804,995
Gas System						
Labor	Labor and material for installing BTM Gas infrastructure (e.g. houselines, meter protection, foundation)	-	-	324,953	-	7,102,631
Material / Structures		-	-	83,822	-	2,638,660
Other						
Other Labor (Internal)		N/A	N/A	N/A	N/A	N/A
Other Non Labor	BTM Permits, including HCD fees	-	-	135,988	-	1,441,512
Sub-Total Beyond The Meter		-	-	1,288,602	-	25,426,738
Total TTM & BTM		-	-	5,087,734	-	101,574,664

TABLE 2: RATE IMPACT AND REVENUE REQUIREMENT

- Rate impact and revenue requirements are reported based on actual revenue requirement filings for 2015-2020 (i.e., not based on year of financial closure); 2021-2025 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 2015-2019 and 2) the Present Value of revenue requirements for 2020-2025 discounted to 2018 nominal dollars using SDG&E' rate of return (7.55%). 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 thousands 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	
Gas												
Average Rate w/o MMBA recovery - Core	N/A	\$0.75407	\$0.77261	\$0.65949	\$0.66627	\$1.04484	\$1.04484	\$1.04484	\$1.04484	\$1.04484	\$1.04484	
Average Rate w/ MMBA recovery - Core	N/A	\$0.75490	\$0.72707	\$0.66139	\$0.67733	\$1.05978	\$1.06353	\$1.06361	\$1.06303	\$1.06242	\$1.06192	
Rate Change - Core	N/A	\$0.00083	\$0.00093	\$0.00190	\$0.01106	\$0.01494	\$0.01869	\$0.01878	\$0.01819	\$0.01759	\$0.01708	
% Rate Change - Core	N/A	0.11%	0.13%	0.29%	1.66%	1.43%	1.79%	1.80%	1.74%	1.68%	1.63%	
Average Rate w/o MMBA recovery - Non-Core	N/A	\$0.02262	\$0.02427	\$0.02992	\$0.03122	\$0.05073	\$0.05073	\$0.05073	\$0.05073	\$0.05073	\$0.05073	
Average Rate w/ MMBA recovery - Non-Core	N/A	\$0.02263	\$0.02429	\$0.02998	\$0.03144	\$0.05096	\$0.05099	\$0.05102	\$0.05104	\$0.05103	\$0.05102	
Rate Change - Non-Core	N/A	\$0.00001	\$0.00001	\$0.00006	\$0.00021	\$0.00023	\$0.00026	\$0.00029	\$0.00031	\$0.00030	\$0.00029	
% Rate Change - Non-Core	N/A	0.06%	0.05%	0.19%	0.69%	0.45%	0.51%	0.57%	0.61%	0.60%	0.58%	
Electric												
Average Rate w/o MMBA recovery - Total System	N/A	\$20.364	\$21.781	\$23.991	\$23.735	\$24.596	\$24.072	\$24.072	\$24.072	\$24.072	\$24.072	
Average Rate w/ MMBA recovery - Total System	N/A	\$20.366	\$21.783	\$23.997	\$23.761	\$24.614	\$24.140	\$24.139	\$24.136	\$24.134	\$24.131	
Rate Change - Total System	N/A	\$0.002	\$0.002	\$0.006	\$0.026	\$0.018	\$0.068	\$0.067	\$0.064	\$0.062	\$0.059	
% Rate Change - Total System	N/A	0.01%	0.01%	0.03%	0.11%	0.07%	0.28%	0.28%	0.27%	0.26%	0.25%	
Revenue Requirement (In Millions)												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Present Value Revenue Requirement
Gas Revenue Requirement-TTM	\$0.000	\$0.424	\$0.192	\$0.124	\$3.952	\$5.593	\$7.265	\$7.235	\$7.069	\$6.899	\$6.732	\$36.417
Electric Revenue Requirement-TTM	\$0.000	\$0.243	\$0.185	\$0.170	\$2.924	\$4.979	\$8.665	\$8.633	\$8.423	\$8.193	\$7.968	\$39.720
Gas Revenue Requirement-BTM	\$0.000	\$0.000	\$0.299	\$0.863	\$1.827	\$2.207	\$2.501	\$2.352	\$2.202	\$2.053	\$1.904	\$13.397
Electric Revenue Requirement-BTM	\$0.000	\$0.000	\$0.231	\$0.925	\$2.076	\$2.921	\$3.630	\$3.418	\$3.206	\$2.994	\$2.782	\$18.108

4. Program Timeline

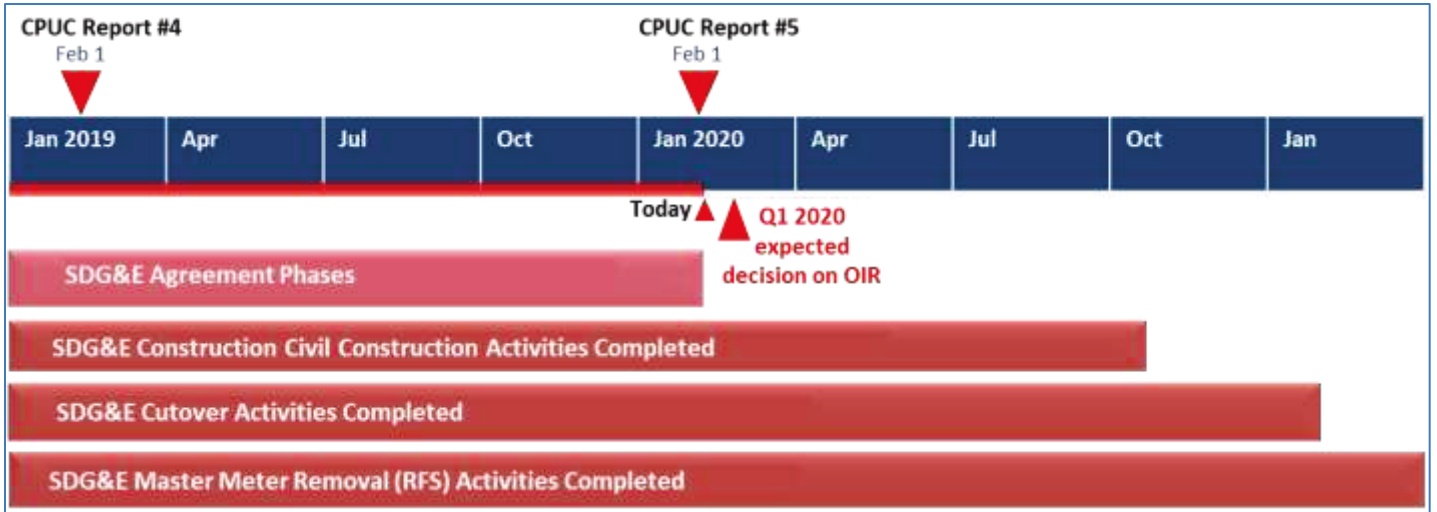
Pursuant to Resolution E-4878, SDG&E planned to achieve its initial Pilot Program target of 10% in 2018 and continue conversion of up to an additional 5% of MHP spaces by December 31, 2019. As of December 31, 2019, SDG&E has converted 37 MHPs (4,502 permitted spaces), which is approximately 13% of eligible mobile home spaces in SDG&E's service territory.⁹

SDG&E has measured its progress against the timeline shown in Figure 1 ("SDG&E' 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 will have completed all eligible MHP upgrades by the fourth quarter of 2020. The issuance of a Commission Decision for the continuation, expansion or modification of the program is needed in the first quarter of 2020 in order to maintain continuity of design and construction activities of the program, which avoids unnecessary costs.

⁹ The scope excludes MHPs that declined to participate in the Program and the corresponding space total was calculated from the MHP's permit-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: SDG&E' Tentative 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, Resolution E-4878 and Resolution E-4958 authorized IOUs to implement the Pilot Program to convert approximately 10%, 5%, and conversion amounts pursuant to the extension limitations contained in Resolution E-4958, respectively, of master-metered/sub-metered services at mobilehome parks to direct utility service. The SDG&E Pilot Program continues to be successful, as demonstrated by the following performance indicators:

Program Penetration

SDG&E has successfully partnered with MHP Owners/Operators and, as of December 31, 2019, completed approximately 13% of the eligible mobilehome spaces in SDG&E's service territory.

Safety Performance

During the Program's first four years, 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 2019, SDG&E continued to maintain a high safety standard with no reportable incidents over approximately 130,000 hours. Additionally, 44 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

In response to customer satisfaction surveys through the 3rd quarter of 2019, SDG&E has achieved a satisfaction rate of 91% with MHP owners/operators and 82% with MHP residents, which is an increase of 11.5% from the prior year.

6. Conclusion

This concludes the fourth annual filing in accordance with SED's instructions.

Additional Program information can be found online on SDG&E's website at <http://www.sdge.com/mobilehome-upgrade>.



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: January 1, 2019 to December 31, 2019
Start Date End Date

 Executed on: 02/03/20
Signature of Officer Month, Day, Year

David Buczkowski Vice President – Gas Distribution
Print Name Title