



SOUTHWEST GAS CORPORATION

January 31, 2017

Mr. Timothy Sullivan, 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 2

Dear Mr. Sullivan:

Pursuant to California Public Utilities Commission (Commission) Decision (D.) 14-03-021, Southwest Gas Corporation (Southwest Gas) herewith submits its Annual Status Report 2 (Report) on the Mobilehome Park Utility Upgrade Program. Southwest Gas submits its report in accordance with the reporting requirements set forth in Ordering Paragraph (OP) 10 in D.14-03-021. Additionally, per OP 11, the enclosed report has been verified by an officer of Southwest Gas.

Southwest Gas appreciates the opportunity to submit this Report.

Should you have any questions or require any additional information, please do not hesitate to contact me directly at (702) 876-7323 or valerie.ontiveroz@swgas.com.

Sincerely,

Valerie J. Ontiveroz
Regulatory Manager/California

c: California Public Utilities Commission -
President Michael Picker
Commissioner Carla J. Peterman
Commissioner Liane Randolph
Commissioner Martha Guzman Aceves
Commission Clifford Rechtschaffen

Karen J. Clopton
Chief Administrative Law Judge

Edward Randolph, Director
Energy Division

Elizaveta Maleshenko, Director
Safety and Enforcement Division

Service List – R-11-02-018

Southwest Gas Corporation

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Mobilehome Park Utility Upgrade Program Annual Status Report 2

In compliance with:
Decision 14-03-021

Reporting Period:
January 1, 2016 through December 31, 2016

January 31, 2017



SOUTHWEST GAS CORPORATION

INTRODUCTION

On March 14, 2014, the California Public Utilities Commission (Commission) issued Decision (D.)14-03-021, which established the Mobilehome Park Utility Upgrade Program (MHP Program), a statewide, voluntary three-year “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 will receive natural gas and/or electric service directly from their respective utilities companies. Southwest Gas Corporation (Southwest Gas or Company) serves 44 master-metered submetered mobilehome parks (MHP) in its southern California service territory and 13 MHPs in its northern California service territory totaling approximately 3,300 MHP spaces. Of these 57 MHPs, 40 applied for the MHP Program and seven¹ were prioritized for conversion by the Commission’s Safety and Enforcement Division (SED) based on various risk factors. Approximately 414 spaces are prioritized for conversion.

In D.14-03-021, the Commission deemed periodic reporting vital to the MHP Program in order to “fine-tune” and evaluate the program as necessary.² Reports are due by February 1 in the year following each of the three, pilot program calendar years. Pursuant to Ordering Paragraph (OP) 10 in D.14-03-021, the second MHP Program status report is to include:

- 1) Progress along implementation timeline of the three-year pilot and [identify] where the utility is on that timeline; and
- 2) Preliminary assessment of construction costs incurred per space. On both “to the meter” and “beyond the meter” bases, costs should be broken out to identify: civil/work trenching; other gas system construction (if applicable); and other costs such as permits and easements consistent with Exhibit 3 at 4A-1, Table 4-2.

Southwest Gas has prepared and submits its Annual Status Report 2 in accordance with the above-listed requirements for the period January 1, 2016 through December 31, 2016.

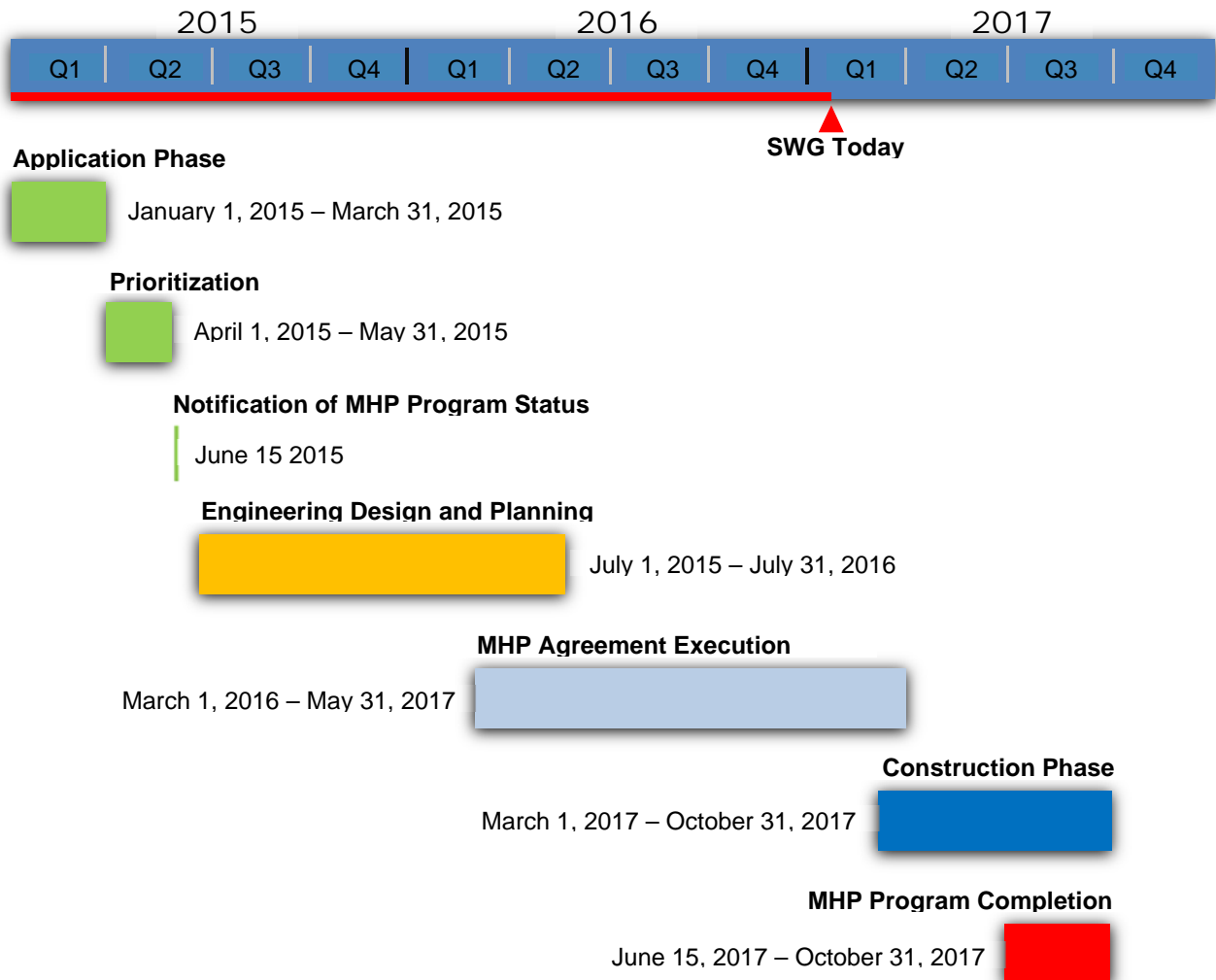
¹ The seven MHPs consist of five located in Southwest Gas’ southern California service territory and two located in the Company’s northern California service territory, with MHP sizes ranging from 24 to 136 spaces.

² D.14-03-021, at pg. 51.

REPORT

- (1) *Progress along implementation timeline of the three-year pilot and where the utility is on that timeline.*

Southwest Gas' implementation timeline for its seven prioritized MHPs is reflected below.



Program Status

Southwest Gas is nearing the end of its Engineering Design and Planning phase and is in the MHP Agreement Execution and Construction Phases.

Southwest Gas expects to begin construction in three of the MHPs in southern California in March 2017, while construction in the remaining two southern California MHPs will begin in June and July. Final cutover of these MHPs will occur no later than mid-October. Due to weather restrictions, Southwest Gas will not begin construction on its two northern California MHPs until approximately May 1, 2017, with a final cutover no later than October 31, 2017.

Southwest Gas anticipated that construction of all its MHPs would be completed by November 1, 2016. However, delays primarily attributed to contracting were experienced which either prolonged the Engineering Design and Planning phase or delayed the MHP Agreement Execution phase, including:

- “Beyond the meter” contracting. The availability of qualified contractors was limited in remote locales, hindering owner opportunity to obtain the most reasonably priced estimates.
- “To the meter” contracting. Southwest Gas experienced difficulty securing “to the meter” contractors with sufficient numbers of qualified workers to perform the gas and electric infrastructure replacement work necessary to facilitate joint conversions.

(2) *Preliminary assessment of construction costs incurred per space.*

Southwest Gas has not incurred any construction costs to date.

Conclusion

Southwest Gas is committed to the success of the Commission’s MHP Program and appreciates the opportunity to provide this status report. Southwest Gas looks forward to providing additional updates regarding the conversion of MHPs within its service territories.

VERIFICATION

Justin Lee Brown, being first duly sworn, deposes and says: I am the Vice President/Regulation and Public Affairs 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 2 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 31st day of January, 2017.



Justin Lee Brown
Vice President/Regulation and Public Affairs