Southwest Gas Corporation (U 905 G)

Mobilehome Park Utility Conversion Program Tenth Annual Status Report

In compliance with:

Decisions 14-03-021 and 20-04-004

Reporting Period:

January 1, 2024 through December 31, 2024

February 1, 2025



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 Staff¹, Southwest Gas Corporation (Southwest Gas or Company) submits its tenth Annual Status Report (Annual Report) on the Mobilehome Park Utility Conversion Program² (MHP Program).

Company Overview

Southwest Gas has two separate and distinct service territories within 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 service providers. On September 28, 2017, the Commission approved Resolution E-4878, authorizing, among others, Southwest Gas' Advice Letter No. 1035, which requested continuation of 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.³ 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.

¹ Per electronic mail from 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.

² 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.

³ 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 imposing additional requirements and adjustments, including:

- The MHP Program is now open to MHPs with and without submeters.4
- 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.⁵ MHP Owner/Operators are still responsible for "Beyond the Meter" expenses for common use buildings.⁶
- 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 Disadvantaged Community criterion will be included that will serve as a tiebreaker if two MHPs have the same safety score.⁷
- 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.20-02-004.8

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

III. REPORT

Southwest Gas has prepared and submits its tenth Annual Report using the Annual Report Template adopted in D.20-02-004 and guidance criteria for the period from January 1, 2024 through December 31, 2024 (Reporting Period).

MHP Program Conversion Rate and Status

Table 1 below depicts the MHP conversions completed within the Reporting Period under the MHP Program.

МНР	City	County	Overlapping Electric Utility	# of Spaces	# Spaces Converted
1	Kings Beach	Placer		43	31
2	South Lake Tahoe	El Dorado	Liberty	24	21
3	South Lake Tahoe			8	8

⁵ *Id*., at pg. 41.

⁴ *Id*., at pg. 40.

⁶ *Id.*, at pgs.40-41.

⁷ *Id.*, at pgs. 49-50.

⁸ *Id.*, OP 10, at pg. 174.

МНР	City	County	Overlapping Electric Utility	# of Spaces	# Spaces Converted
4	South Lake Tahoe			61	61
5	South Lake Tahoe	El Dorado	Liberty	265	265
6	Big Bear Lake		BVES	250	250
7	Victorville			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		SCE	61	39
15	Barstow	Can		92	72
16	Barstow	San Bernardino		38	61
17	Barstow	Demardino		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	63
24	Barstow			32	32
25	Daggett			24	24
26	Victorville		SCE	366	366
27	Hesperia			99	99
28	Barstow			264	254
29	South Lake Tahoe	El Dorado	Liberty	18	18
30	South Lake Tahoe	El Dorado	Liberty	9	9
31	South Lake Tahoe	El Dorado	Liberty	30	30
32	Victorville			257	254
33	Apple Valley	San		38	35
34	Hinkley	Bernardino	SCE	8	5
35	Barstow	Demaruno		31	30
36	Barstow			94	92

Total Spaces 2,935 2,789

Table 2 below depicts the remaining MHPs⁹ that were prioritized for 2024 and are currently in progress and expected to be converted in 2025.

МНР	City	County	Overlapping Electric Utility	# of Spaces
1	South Lake Tahoe	El Dorado	Liberty	17
2	Yermo	San Bernardino	SCE	84
3	Victorville	San Demardino	SUE	35

Total Spaces 136

Southwest Gas, in consultation with and approved by SED, prioritized 2 MHPs for conversion in calendar year 2025. These MHPs are listed in Table 3 below.

МНР	City	County	Overlapping Electric Utility	# of Spaces
1	South Lake Tahoe	El Dorado	Liberty	78
2	Daggett	San Bernardino	SCE	286

Total Spaces 364

MHP Program Cost Accounting

Southwest Gas completed 6 additional MHP conversions through 2024, MHPs 31 through 36 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 tenth Annual Report and looks forward to the continuation of the MHP Program.

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⁹ Conversion of these MHPs, which were prioritized in 2024, have been rescheduled to 2025 due to the unavailability of qualified contractors that meet Southwest Gas and SCE's requirements. The conversions are expected to be fully completed by November 2025, and their completion status will be included in Southwest Gas' 2025 Annual Report.

VERIFICATION

Amy L. Timperley, being first duly sworn, deposes and says: I am the Senior Vice President/Chief Regulatory, Public Affairs & Gas Resources Officer of Southwest Gas Corporation, and I am authorized to make this verification on its behalf. I have read the foregoing Mobilehome Park Utility Conversion Program Tenth Annual Report 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 3rd day of February 2025.

Amy L. Timperley

Senior Vice President/Chief Regulatory, Public

Affairs & Gas Resources Officer

ATTACHMENT A SOUTHWEST GAS CORPORATION (U 905 G) MHP PROGRAM ANNUAL STATUS REPORT 10

Annual Status Report 10						Per-year cost	s; not cumulative				
	Descriptor	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program Participation											
CARE/FERA enrollment [a]	Number of individuals enrolled in CARE/FERA after the conversion			106	47	83	167	2	122	33	63
Medical Baseline	Number of individuals enrolled in Medical Baseline after the conversion			4	1	1	1	-	1	-	-
Disadvantaged Community	Number of converted spaces within geographic zones defined by SB 535 map.			187	-	-	281	32	366	254	381
Rural Community**	Number of converted spaces within rural community			0	31	8	207	24	-	-	5
Urban Community**	Number of converted spaces within urban community			211	252	202	361	32	467	254	411
Leak Survey (Optional)	Number of Leaks identified during preconstruction activity (if known)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Completed Spaces	Spaces converted that correspond to the project costs reported below. 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)		-	-	211	283	210	568	58	467	278	458
Number of TTM MH and Covered Common Area Locations Converted (Electric)											
Number of BTM MH Converted Register Spaces (Gas) Number of BTM MH Converted Register		-	-	193	280	214	557	56	466	275	446
Spaces (Electric)											

ATTACHMENT A SOUTHWEST GAS CORPORATION (U 905 G) MHP PROGRAM ANNUAL STATUS REPORT 10

Annual Status Report 10											Per-year costs; not cumulative									
·	Descriptor	20	15	20	016		2017	2018			2019		2020	2	021		2022		2023	2024
Cost Information		,																		
To The Meter - Capital Costs																				
Construction Direct Costs																				
Civil/Trenching	To the Meter Construction costs for																			
Electric	civil related activities																			
Gas	civil related activities	\$	-	\$	-	\$	867,067	\$ 2,41	9,228	\$	567,346	\$	1,241,386	\$	190,126	\$	-	\$	-	-
Gas System		\$	-	\$	-	\$	-	\$	-	\$	-	\$		\$	-	\$	-	\$	-	-
Labor	Cost for installation of distribution Gas assets, pre-inspection testing, decommissioning of legacy system (Gas Design cost was previously incorporated here)	\$	-	\$	-	\$	175,915	\$ 20	00,256	\$	342,786	\$	1,299,185	\$	126,751	\$	2,518,397	\$	2,259,190	2,147,223
Material / Structures	Pipes, fittings and other necessary materials required for gas construction	\$	-	\$	-	\$	36,649	\$ 11	.5,194	\$	22,730	\$	75,219	\$	3,852	\$	203,232	\$	86,779	106,573
Design/Construction Management	Cost for engineering, design and construction inspection cost	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	543,097
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	Cost for engineering, design and construction inspection cost	\$	-	\$	-	\$	37,706	\$ 13	1,265	\$	74,314	\$	183,151	\$	26,524	\$	87,435	\$	136,866	47,283
Other																				-
Labor (Internal)	Meter installation, gas relights, easements, environmental desktop reviews and other support organizations	\$	-	\$	-	\$	-	\$	-	\$	-	\$	16,929	\$	-	\$	-	\$	-	-
Other Labor (Internal)***	Organizacions	Ś	-	Ś	-	\$	_	\$	-	\$	-	Ś	-	\$	18,000	Ś	-	Ś	-	_
Other Labor (External)	Sewer Lateral Pre- and Post- construction inspection	\$	-	\$	-	\$	60,720	•	1,121	1	59,960	-	137,800		-	\$	-	\$	-	-
Non-Labor	Permits	Ś	-	Ś	-	Ś	1,934	Ś	4,404	Ś	5,293	Ś	3,227	Ś	901	Ś	672	Ś	-	3,120
Materials	meters, modules and regulators	Ś	-	Ś	_	Ś		\$		-		\$	-	\$	-	\$	-	\$	-	5,120

ATTACHMENT A SOUTHWEST GAS CORPORATION (U 905 G) MHP PROGRAM ANNUAL STATUS REPORT 10

Annual Status Report 10								Per-year costs	s; not cumulative							
	Descriptor	20	15	2	016	2017	2018	2019	2020		2021	2022	2	2023	20	24
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)	\$	-	\$	-	\$ -	\$ -	\$ -	\$ 19,886	\$	-	\$ -	\$	-		-
Outreach																
Property Tax	Property tax on capital spending not yet put into service	\$	-	\$	-	\$ -	\$ -	\$ -	\$ -	\$	-	\$ -	\$	2,232		-
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	\$ 205	\$	1,595		10,141
Other Labor (Internal)***		Ś		\$		\$ -	\$ 	\$	\$ -	\$		\$ -	Ś	57,926		
Non-Labor	Utility specific overhead driven by corporate cost model	\$	-	\$	-	\$ 5,926	5,262	111,641	\$ - \$ 125,433	Ė	8,119			2,113,795		185,414
Sub-Total Capital Cost		\$	-	\$	-	\$ 1,186,020	\$ 2,966,820	\$ 1,185,183	\$ 3,109,807	\$	375,099	\$ 2,925,606	\$	4,658,382	\$ 3	,042,853
To The Meter - Expense Costs																
Project Management Costs																
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	\$	-	\$ -	\$	-		-
Other								_		L						-
Labor (Internal)	Program startup cost for supporting organizations	Ş	-	\$	-	\$ -	\$ -	\$ 435			-	\$ -	\$	-		-
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	\$	-	\$ -	\$	-		-
Sub-Total To The Meter		\$	-	\$	-	\$ 500	\$ 2,915	\$ 435	\$ 38,571	\$	-	\$	\$	-	\$	-

Requirement

821.735 \$ 2.570.450

7,514,136

2,990,280 \$

ATTACHMENT A SOUTHWEST GAS CORPORATION (U 905 G) MHP PROGRAM ANNUAL STATUS REPORT 10

Annual Status Report 10							Per-year cost	ts; not cumulative						
·	Descriptor	2015		2016	2017	2018	2019	2020	2021	2022	2023	2024		
	Pass through cost where the MHP													
	Owner is responsible for overseeing													
Beyond The Meter - Capital	the vendor's work and IOU to													
	reimburse per D.14-02-021													
	· ·													
Civil/Trenching	N/A													
Electric System	Labor and material for installing													
Labor														
Material / Structures	BTM Electric infrastructure (e.g.													
Sas System	Labor and material for installing	\$ -	Ś		\$ 476,240	ć 624.040	ć 502.027	ć 4.225.657	6 06 402 6	502 755	ć 240.042	205 445		
Labor Material / Structures	BTM Gas infrastructure (e.g.		\$		\$ 476,240 \$ 150.664							385,415 183.828		
Material / Structures	BTM Gas infrastructure (e.g.	\$ -	\$	-	\$ 150,664	\$ 218,476	\$ 83,925	\$ 215,190	\$ 28,034 \$	224,514	\$ 63,208	183,828		
Other	BTM Permits, including HCD fees	\$ -	\$	-	\$ 17,004	\$ 46,759	\$ 31,889		\$ 7,124	-	\$ -	-		
Other Labor (Internal)***	BTW Fermits, including ACD fees	ς -	Ś	-	\$ 3,920	\$ 5,488		\$ 47,044	\$ - 5	10,046	\$ 1,764	42,596		
Sub-Total Beyond The Meter			\$		\$ 647,829		\$ 619,652							
Total TTM & BTM		, ·	Š	_	\$ 1,834,348		· · · · · · · · · · · · · · · · · · ·							
IOTAI I IIVI & BIIVI		Ş -	Ş	-	\$ 1,834,348	\$ 3,861,477	\$ 1,805,270	\$ 4,746,269	\$ 500,361	3,002,922	\$ 4,973,100	\$ 3,054,092		
Rate Impact and Revenue Requiremen														
•	IL	-	015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 [k]	Г
Rate Impact		20)15	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 [K]	
Gas Average Rate w/o MMBA recovery - Core														
						\$ 1.11995	\$ 1.11995	\$ 1.24246	\$ 1.26456	\$ 1.69515	\$ 2.41994	\$ 1.73964	\$ 1.90848	
[b]						\$ 1.11995	\$ 1.11995	\$ 1.24246	\$ 1.26456	\$ 1.69515	\$ 2.41994	\$ 1.73964	\$ 1.90848	
Average Rate w/ MMBA recovery - Core [c]						N/A	#DIV/0!	\$ 1.25042	\$ 1.27727	\$ 1.70838	\$ 2.43574	\$ 1.76158	\$ 1.93432	
Rate Change - Core [d]						N/A	#DIV/0!	\$ 0.00796	\$ 0.01271	\$ 0.01323	\$ 0.01580	\$ 0.02194	\$ 0.02584	
% Rate Change - Core [e]						N/A	#DIV/0!	0.64%	1.00%	0.77%	0.65%	1.25%	1.34%	
Average Rate w/o MMBA recovery - Non-						IN/A	#DIV/U!	0.04%	1.00%	0.77%	0.03%	1.25%	1.34%	
Core [f]						\$ 0.23769	\$ 0.23769	\$ 0.32156	\$ 0.33946	\$ 0.46057	\$ 0.55355	\$ 0.52680	\$ 0.72344	
Average Rate w/ MMBA recovery - Non-						ÿ 0.23703	ÿ 0.23703	ÿ 0.32130	ŷ 0.33340	ŷ 0. 1 0037	ŷ 0.55555	ŷ 0.52000	ŷ 0.725 11	
Core [g]						N/A	#DIV/0!	\$ 0.32952	\$ 0.35217	\$ 0.47380	\$ 0.56935	\$ 0.54874	\$ 0.74928	
Rate Change - Non-Core [h]						N/A	#DIV/0!	\$ 0.00796	\$ 0.01271	\$ 0.01323	\$ 0.01580	\$ 0.02194	\$ 0.02584	
% Rate Change - Non-Core [i]						N/A	#DIV/0!	2.42%	3.61%	2.79%	2.78%	4.00%	3.45%	
Electric														
Average Rate w/o MMBA recovery - Total														
System														
Average Rate w/ MMBA recovery - Total														
System														
Rate Change - Total System														
% Rate Change - Total System														
<u> </u>														
													"	Pre
Revenue Requirement		20	015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 [k]	F

626,380 \$

231.393 \$

1,317,984 \$

519.867 \$

324.613 \$

1,374,148 \$

537.932 \$

1,812,203 \$

721.977 \$

2,990,280 \$

821.735 S

Notes:

[a] Estimated on pre-conversion and post-conversion records.

Gas Revenue Requirement-TTM [j]

Electric Revenue Requirement-TTM
Gas Revenue Requirement-BTM [j]

Electric Revenue Requirement-BTM

- [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, January 1, 2023, January 1, 2024, and January 1, 2025. Southwest Gas does not forecast its rates for future periods, therefore the January 1, 2025 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, January 1, 2023, January 1, 2024, and January 1, 2025. Southwest Gas does not forecast its rates for future periods, therefore the January 1, 2025 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.