

SOUTHERN CALIFORNIA GAS COMPANY
APPLICATION FOR APPROVAL TO EXTEND THE MOBILE HOME PARK UTILITY
UPGRADE PROGRAM

(A.17-05-007)

(DATA REQUEST ORA-SCG-003-CY3)

QUESTION 1:

With regard to Table 1 of Chapter 3, p. HSM-3, please provide:

- a. An electronic copy of the table;
- b. Electronic copies of all supporting workpapers justifying the cost forecasts in Table 1;
- c. An explanation of the variation in per-space costs, given as the sum of each year's total gas costs and total electric costs, divided by the estimated MHP spaces to be converted that year. Provide an explanation for each year of 2018 to 2024.
- d. A full breakdown of the line item, "Other Costs," into its constituent parts, for each year of 2018 to 2024;
- e. An explanation and justification of the methodology and any assumptions used to calculate escalation;
- f. An explanation for the selection of varying numbers of MHP spaces to be converted each year from 2018 to 2024.

RESPONSE 1:

- a. See attached Excel file.
- b. See attached Excel file.
- c. The average per-space conversion costs on an annual basis are noted below. Costs incurred in 2018 and 2024 will be allocated to conversion costs as the Program progresses, which will impact the per-space estimates listed herein. SoCalGas will not perform any electric conversions and no costs are estimated for that commodity.

	2018	2019	2020	2021	2022	2023	2024
Estimated MHP Spaces Converted	0	4,650	6,000	6,000	5,900	3,450	0
Total Estimated Cost (in millions)	\$4.2	\$46.9	\$59.5	\$60.8	\$61.0	\$39.8	\$0.1
Estimated Per-Unit Cost		\$10,086	\$9,917	\$10,133	\$10,339	\$11,536	

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Assumptions considered in forecasting space conversions in 2018-2024 are stated in Response 1f herein.

d. Below is a full breakdown of the line item “Other Costs.”

(in millions)	2018	2019	2020	2021	2022	2023	2024	Total
Overhead	\$1.5	\$4.4	\$4.7	\$4.7	\$4.7	\$3.9	\$0.0	\$24.0
Escalation	0.2	2.8	5.0	6.3	7.6	5.8	0.0	27.6
CWIP Property Tax	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.4
AFUDC	0.1	0.6	0.8	0.8	0.7	0.5	0.1	3.5
Total Other Costs	\$1.8	\$7.9	\$10.5	\$11.9	\$13.0	\$10.3	\$0.1	\$55.5

Note: Numbers may not add due to rounding.

e. As stated on page 1 of Ms. Chan’s and Mr. Gonzales’ testimony, the overhead-loaded, constant-dollar values for the incremental capital and O&M presented in Mr. Moreno’s testimony are escalated for inflation. The application of escalation to the direct cost and overhead dollars is required to state costs in fully loaded and escalated nominal dollars.

The escalation rates used in this application are published in the IHS Global Insight 4th Quarter 2016 Utility Cost Forecast. These escalation rates are converted to corresponding escalation factors with 2017 as the base year, and these factors, in turn, are applied to the expected direct cost cash flows and applicable overheads.

f. The following are assumptions that were taken into consideration in forecasting space conversions in 2018-2024 and which affect annual conversion targets:

- SoCalGas considered that post-pilot activities may begin during first quarter of 2018.
- SoCalGas estimated that a new Form of Intent (“FOI”) filing period may be offered to interested MHP owners as was done for the Pilot. This would be followed by Outreach, Application, and Planning/Design activities which would span through the third quarter of 2018. SoCalGas estimated a very high likelihood that, while construction will begin in 2018, no MHPs would have been fully completed in 2018.
- SoCalGas estimated that in 2019 it would complete its first set of MHPs and based its target on a number of MHPs with an average of 50 spaces per MHP to be converted at the rate stated in Response 1c herein.
- SoCalGas adjusted its conversion schedule for MHPs finished in 2020-2023 to accommodate the overall 20% target, further considering that activities may be impacted by larger MHPs and the length of time and resources required to complete.

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QUESTION 2:

With regard to the discussion of “factors which could impact cost forecasts” on p. HSM-4 of Chapter 3, in lines 8 to 23, please explain the extent to which any of these factors has been encountered in SoCalGas’ experience to date with the MHP upgrade pilot.

RESPONSE 2:

- 47 MHPs dropped out of the Pilot Program during their Detailed Application submittal period, which impacted the annual number of spaces converted due to resulting delays in selecting and pursuing replacement MHPs; said delays led to MHP conversions and project costs occurring later than planned, as well as the inability to attain, by December 31, 2017, the 10% program goal established by D.14-03-021.
- To date, 41 MHPs had FOIs that inaccurately reflected space counts. Please see the following table:

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	FOI Count (SED List)	PTO/Actual Count
MHP 1	98	102
MHP 2	110	61
MHP 3	23	52
MHP 4	32	65
MHP 5	108	105
MHP 6	41	40
MHP 7	30	29
MHP 8	79	77
MHP 9	35	39
MHP 10	34	32
MHP 11	35	34
MHP 12	40	13
MHP 13	71	65
MHP 14	42	40
MHP 15	51	52
MHP 16	94	97
MHP 17	67	61
MHP 18	38	42
MHP 19	26	25
MHP 20	25	26
MHP 21	83	65
MHP 22	48	46
MHP 23	60	68
MHP 24	68	67
MHP 25	138	137
MHP 26	271	262
MHP 27	95	97
MHP 28	177	189
MHP 29	25	28
MHP 30	21	15
MHP 31	90	80
MHP 32	29	26
MHP 33	13	15
MHP 34	221	222
MHP 35	21	39
MHP 36	21	36
MHP 37	37	30
MHP 38	25	32

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MHP 39	91	75
MHP 40	55	54
MHP 41	61	60

- SCG shares 170 joint parks with Southern California Edison Company (“SCE”), 10 parks with Pacific Gas and Electric Company (“PG&E”), and one park with San Diego Gas & Electric Company (“SDG&E”) in the Pilot. Each utility developed joint project milestones with SCG and established project schedules; however, approximately 63 projects experienced some type of delay resulting from variation in individual IOU company policies and procedures.
- Delays have occurred in both TTM and BTM construction. To date, approximately 21 MHPs have been impacted by TTM delays resulting from factors including construction crew availability, size of crews available, and contractor assignment requirements specific to each utility.
SCG estimates 51 MHPs have experienced delays related to BTM crew availability and schedule coordination, although SCG does not directly track scheduled BTM activities.
- Some MHPs in SCG’s service territory are under the jurisdiction of the California Housing and Community Development (“HCD”) and subject to inspections and inspector resources from HCD. 14 MHPs experienced delays due to HCD inspector resources and availability, or process miscommunications.

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QUESTION 3:

With regard to p. 5 to 8 of Attachment A:

- a. Please provide total and per-space costs for each of the 32 MHPs completed as of December 2016, as well as any MHPs that have since been completed. Use the same format as Table 1 on p. 7 to 8. Provide an Excel copy of this information.
 - i. Indicate the number of spaces in each converted MHP.
 - ii. Indicate whether the MHP was converted for electric, gas, or both.
 - iii. Indicate whether any other utility participated in the conversion.
- b. For all items in Table 1 on p. 7 to 8, please explain the extent to which the line item cost does or does not vary with the number of spaces to be converted at any given MHP.
- c. For all items in Table 1 on p. 7 to 8 that do not vary with the number of spaces to be converted at any given MHP, please explain the methodology for allocating costs.
- d. Please provide a breakdown of costs for "Other (HCD, LEA Permit Fees)" on line 25 in Table 1 on p. 7. Provide this breakdown both in aggregate across the 6 completed MHPs as well as for each individual completed MHP.

RESPONSE 3:

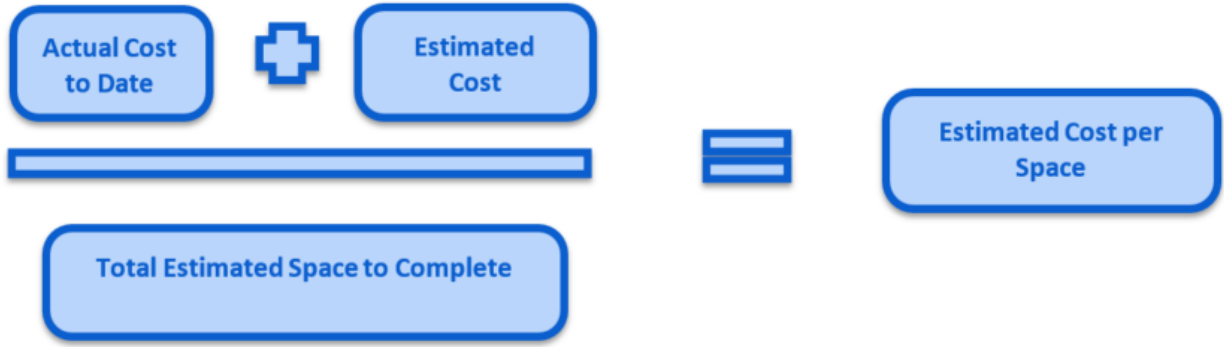
- a. See attached Excel file. Please note that the yellow highlighted information in the Excel file is confidential and protected material pursuant to PUC Section 583, GO-66C, and D.16-08-024.
- b. For all items in Table 1 on p. 7 to 8, total line item costs are affected by the number of spaces converted at any given MHP. The per-unit cost of some items, such as those listed under PMC (line 33 of Table 1 on p. 8) do not vary regardless of the specific MHP, but the total allocation will vary depending on the number of spaces converted.
- c. PMC costs are allocated to individual parks upon project closeout after all costs, including invoices, have been received and settled. The formula for calculating a per-space cost is shown in the figure below. Once a per-space cost is calculated, an allocation is made to each MHP based on the total number of spaces converted. SCG continually updates actual Program costs (Actual Cost to Date) and periodically updates its future Program cost estimates (Estimated Cost) and the estimated number of spaces in scope (Total Estimated Spaces to Complete) to maintain an updated estimated cost per space, and to

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ensure all PMC costs are equitably allocated to MHPs by the end of the Pilot Program.



- d. See attached Excel file. Please note that the yellow highlighted information in the Excel file is confidential and protected material pursuant to PUC Section 583, GO-66C, and D.16-08-024.