

Application No: A.17-05-  
Exhibit No.: \_\_\_\_\_  
Witness: J. Velasquez

Application of Southern California Gas Company  
(U 904-G) for Approval To Extend the  
Mobilehome Park Utility Upgrade Program.

Application 17-05-\_\_\_\_\_  
(Filed May 5, 2017)

**CHAPTER 1**

**SOUTHERN CALIFORNIA GAS COMPANY MOBILE HOME PARK UTILITY**

**UPGRADE PROGRAM**

**PREPARED DIRECT TESTIMONY OF**

**JOSEPH S. VELASQUEZ**

**ON BEHALF OF**

**SOUTHERN CALIFORNIA GAS COMPANY**

**BEFORE THE PUBLIC UTILITIES COMMISSION**

**OF THE STATE OF CALIFORNIA**

May 5, 2017

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1 **I. Purpose**

2 The purpose of my testimony is to describe Southern California Gas Company’s  
3 (“SoCalGas”) overall proposal for SoCalGas’ Mobilehome Park Utility Upgrade Program  
4 (“SoCalGas MHP Program”), including the scale and timeframe of SoCalGas’ MHP Program.  
5 My testimony will also explain the reasons and need for SoCalGas’ MHP Program after the  
6 Mobilehome Park Pilot Program (“MHP Pilot Program”), authorized in Decision  
7 (“D.”) 14-03-021, is scheduled to end on December 31, 2017.<sup>1</sup> The SoCalGas MHP Program is  
8 intended to be specific to its service territory and is based on SoCalGas’ actual experience and  
9 results with the MHP Pilot Program.

10 **II. Background**

11 On March 13, 2014, the California Public Utilities Commission (“Commission”)  
12 approved D.14-03-021, which established the MHP Pilot Program. D.14-03-021 authorized  
13 Investor Owned Utilities’ (“IOUs”)<sup>2</sup> to implement a three-year (2015-2017) Pilot Program to  
14 convert approximately 10% of master-metered/sub-metered services at mobile home parks to  
15 direct utility service. The focus of the MHP Pilot Program was first on safety and then on  
16 reliability and capacity improvements.<sup>3</sup>

17 Pursuant to Ordering Paragraph (“OP”) 13 of D.14-03-021, the IOUs may file a Tier-2  
18 Advice Letter within 45 days of the second annual status report to request continuation of the  
19 MHP Pilot Program “if the actual experience to that point appears to warrant continuation of the

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<sup>1</sup> As discussed further herein, by Advice Letter No. 5106 filed on March 17, 2017, SoCalGas has sought approval to continue work on the original MHP Pilot Program past December 31, 2017 so as to meet the ten-percent threshold.

<sup>2</sup> The IOUs are Bear Valley Electric Service, Liberty Utilities, Pacific Power, Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Gas Company and Southwest Gas Corporation.

<sup>3</sup> D.14-03-021 at p. 3.

1 program without major modification.” Among other things, D.14-03-021 requires that the  
2 advice letter specify the application period and the application process and should include a  
3 target for converting an additional number of spaces, either as a whole number or a percentage of  
4 the remaining spaces in the utility service territory potentially eligible for conversion.

5 D.14-03-021 further states:

6 Commission approval or rejection of either an advice letter or more formal request will  
7 turn upon events that are unknown and unknowable at present. The success of the pilot  
8 will inform the Commission’s future determinations on whether or not to continue the  
9 MHP conversion program in its present or some modified form.<sup>4</sup>

10 Based on the direction provided by the Commission in D.14-03-021, SoCalGas filed  
11 Advice Letter No. 5106 (“Advice Letter”) on March 17, 2017. The proposals in the Advice  
12 Letter and this Application are separate and distinct, with one exception. The Advice Letter  
13 seeks Commission authority to extend the MHP Pilot Program past the initial ten-percent  
14 threshold on a limited basis, i.e., up to approximately 5% of MHP spaces in SoCalGas’ service  
15 territory. These conversion activities after the MHP Pilot Program is complete will serve as a  
16 bridge between the end of the MHP Pilot Program and the start of the SoCalGas MHP Program  
17 proposed herein. Approval of the Advice Letter filing<sup>5</sup> will allow SoCalGas to continue a  
18 limited number of conversions of MHPs selected by the Safety and Enforcement Division  
19 (“SED”) without any major modifications to the program while the Commission considers

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<sup>4</sup> CPUC D. 14-03-021, p.61.

<sup>5</sup> SoCalGas Advice Letter No. 5106 includes conversion activities post-2017 and prior to the start of the proposed SoCalGas MHP Program. These activities include completing the conversion of MHP spaces to meet the original MHP Pilot Program target of 10% of MHP spaces in SoCalGas’ service territory and conversion of an additional number of MHP spaces not to exceed 6,500 MHP spaces, or approximately 5% of MHP spaces in SoCalGas’ service territory.

1 SoCalGas' MHP Program proposal in this Application.<sup>6</sup> However, in the event the Advice Letter  
2 has not been approved by the time a decision is rendered on this Application, the bridge for  
3 which approval is sought in the Advice Letter is included within the approximate twenty-percent  
4 extension sought by this Application.<sup>7</sup> For added clarity, the following is a brief description of  
5 the programs, as proposed, and a high-level timeline is provided in Table 1.

- 6 • **MHP Pilot Program**: The voluntary, statewide, three-year MHP Pilot Program  
7 authorized in D.14-03-021, which directed the IOUs to convert 10% of their MHPs to  
8 direct utility service, currently is scheduled to end on December 31, 2017.<sup>8</sup>
- 9 • **Bridge Conversion Activities**<sup>9</sup>: Extending the MHP Pilot Program past the 10%  
10 conversion target will serve as a bridge between the end of the MHP Pilot Program  
11 and the start of the SoCalGas MHP Program proposed in this Application. These  
12 activities will allow SoCalGas to continue a limited number of conversions of MHPs  
13 selected by SED after the ten-percent conversion target of the MHP Pilot Program is  
14 achieved and before the proposed SoCalGas MHP Program commences, thereby  
15 maximizing time and cost efficiencies associated with avoiding shut-down of the  
16 program. Bridge Conversion Activities will proceed under the protocol established in  
17 the MHP Pilot Program until such time that a decision is rendered on this

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<sup>6</sup> Because SoCalGas will complete conversions of MHPs as prioritized by SED, the number and percentage of spaces sought to be converted by the Bridge Conversion Activities and SoCalGas MHP Program – as with the MHP Pilot Program – are approximate targets. Actual spaces and percentages will vary depending on the actual MHPs assigned for completion by SED since SoCalGas intends to convert all spaces within each MHP once assigned.

<sup>7</sup> As discussed in the Application, the twenty-percent request herein includes the 5% bridge request in the Advice Letter; accordingly, the request in this Application will be reduced by conversions completed as part of the bridge.

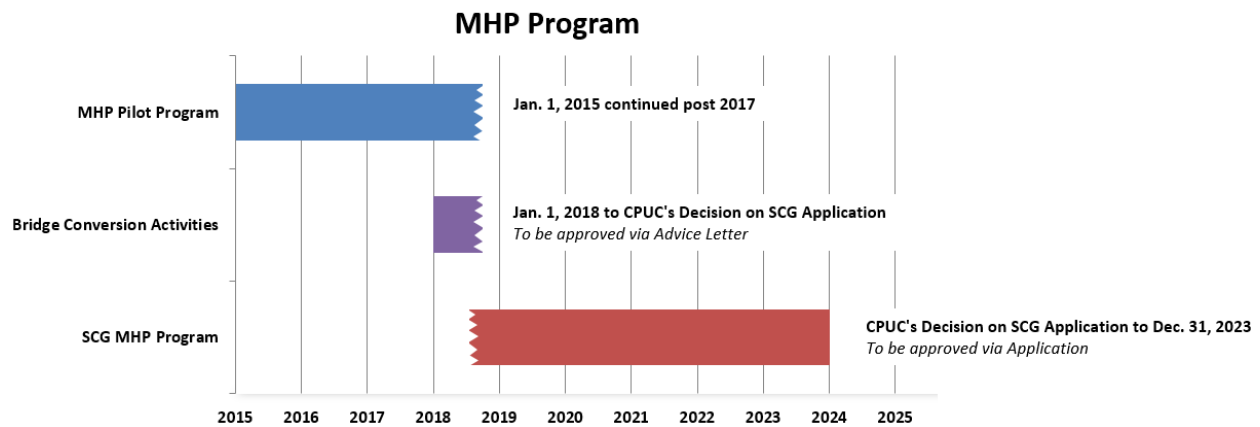
<sup>8</sup> In the Advice Letter SoCalGas has requested authority to continue the MHP Pilot Program past its scheduled end date in order to meet the ten-percent target of the MHP Pilot Program.

<sup>9</sup> Requested in SoCalGas Advice Letter No. 5106 filed on March 17, 2017.

1 Application; after such time, any outstanding Bridge Conversion Activities will be  
2 executed as part of the SoCalGas MHP Program approved in the decision.

- 3 • **SoCalGas MHP Program**: The SoCalGas MHP Program proposed in this  
4 Application will convert approximately 26,000<sup>10</sup> MHP spaces in SoCalGas' service  
5 territory, or about 20% of the eligible MHP spaces, to direct utility service over a six-  
6 year period.

7 **Table 1: Timeline of MHP Pilot Program and SoCalGas' MHP Program (2015-2023)**



8  
9 **III. Overview of the Proposed SoCalGas MHP Program**

10 In this Application, SoCalGas requests Commission approval of SoCalGas' MHP  
11 Program. The SoCalGas MHP Program proposes to convert approximately an additional 26,000  
12 MHP spaces, or approximately 20% of the eligible MHP spaces in SoCalGas' service territory,  
13 to direct utility service. SoCalGas proposes to perform these additional conversions over a six-

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<sup>10</sup> The approximately 26,000 MHP space conversions will be adjusted for any portion of the spaces converted as part of Bridge Conversion Activities (e.g., if 2,000 MHP spaces are converted in Bridge Conversion Activities, then the number of MHP spaces under SoCalGas' MHP Program will be adjusted from approximately 26,000 to approximately 24,000 MHP spaces). To be clear: the request to convert an additional 20% of MHP spaces within SoCalGas' testimony is inclusive of the 5% bridge requested in the Advice Letter, and any amount converted as part of the bridge will serve to reduce the 20% conversion target proposed herein.

1 year period (2018-2023).<sup>11</sup> Conversion of 26,000 MHP spaces over six years approximately  
2 matches the current rate or pace of conversions in executing the MHP Pilot Program, where  
3 approximately 12,800 mobile home conversions were targeted over three years. Maintaining the  
4 same rate of conversions as the MHP Pilot Program over a six-year period will provide stability  
5 and predictability to SoCalGas' MHP Program. In addition, use of the same rate of conversion  
6 will help facilitate the availability and efficient deployment of utility, agency and contractor  
7 resources that are critical to the successful implementation and execution of the MHP Program.  
8 The reasons for proposing approximately 26,000 MHP spaces and six years as the target period  
9 are discussed further in Section V.

10 Consistent with the MHP Pilot Program and D. 14-03-021<sup>12</sup>, SoCalGas will continue to  
11 work with Southern California Edison Company ("SCE")<sup>13</sup>, Pacific Gas and Electric Company  
12 ("PG&E")<sup>14</sup>, San Diego Gas and Electric Company ("SDG&E")<sup>15</sup> and other corresponding  
13 municipal and public agency utility providers and telecommunications service providers<sup>16</sup>  
14 willing to perform joint trench conversions where our service territories overlap. Similar to the  
15 MHP Pilot Program, SoCalGas would perform gas-only conversions where joint trenching  
16 conversions were not accepted or agreeable.

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<sup>11</sup> The six-year period may shift depending on when the Commission approves this Application.

<sup>12</sup> D.14-03-021 at p. 3: "To expand potential trenching efficiencies, utilities also should consult with water and telecommunications providers serving the MHP, and with municipal and public agency utility providers."

<sup>13</sup> SCE filed Advice Letter No. 3576-E requesting continuation of their program also for an additional 20% MHP space conversion over 6 years.

<sup>14</sup> PG&E in its recently filed advice letter No. 3822-G-A/5033-E-A included a provision to accommodate MHP conversions where SoCalGas and PG&E's territory overlap. "If a new MHP that is not currently on PG&E's list of MHPs (prioritized as category 1 or 2 by SED) is accepted into another participating utility's MHP Program, PG&E will allow this MHP to move to the next stage of PG&E's MHP Program, so long as PG&E's MHP Program is still substantially underway."

<sup>15</sup> SDG&E's MHP Program Proposal is consistent with SoCalGas', allowing for easy coordination between the two utilities on any MHPs that overlap service territories.

<sup>16</sup> As part of the MHP Pilot Program, SoCalGas has reached out to these entities to make them aware of the MHP Pilot Program and inquire about their interest in participating.

1 **IV. Rationale and Need for the Proposed SoCalGas MHP Program**

2 In D.14-03-021, the Commission states:

3 This rulemaking grapples with issues that have proven intractable for decades.  
4 Central to them all is how to ensure the safe, reliable and fairly-priced delivery of  
5 electricity, natural gas, or both, to the residents of mobilehome parks and manufactured  
6 housing communities (collectively, MHPs) located within the franchise areas of electric  
7 and/or natural gas corporations, those Commission-regulated entities commonly referred  
8 to as public utilities.<sup>17</sup>

9 Based on the results of the MHP Pilot Program to date, I describe in this testimony how  
10 the Commission-approved MHP Pilot Program has been successful in enhancing the safety and  
11 reliability of the delivery of natural gas to the residents of mobilehome parks and manufactured  
12 housing communities that have participated in the MHP Pilot Program and that the MHP Pilot  
13 Program has been an effective means for significantly increasing the number of conversions to  
14 direct utility service.

15 The success of the MHP Pilot Program in SoCalGas' service territory has been  
16 demonstrated in several important ways, as listed below and described in more detail in Sections  
17 IV.A. – IV.G. of my testimony:

- 18 • Enhancing the safety and reliability of utility service at MHP communities that
- 19 replaced their aging distribution systems with new, professionally installed systems;
- 20 • Providing the proper maintenance of the natural gas distribution system;
- 21 • Increasing the number of conversions of MHPs to direct utility service;

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<sup>17</sup> D.14-03-021 at pp. 3-4.



- 1 • Mobilizing and coordinating the necessary resources including design and civil  
2 construction contractors, many which are small businesses, as well as coordinating  
3 with the California Department of Housing and Community Development (“HCD”)  
4 and the California I-Bank to support the program;
- 5 • Streamlining and enhancing access to SoCalGas’ low income, medical baseline and  
6 energy saving programs and services to MHP residents, many of whom have been  
7 identified as low income and elderly customers;
- 8 • Enhancing customer service to MHP residents, including benefits derived through the  
9 installation of advanced meters consistent with SoCalGas’ other residential  
10 customers; and
- 11 • Implementing a robust, competitive sourcing process to reflect current market  
12 conditions and establishing the controls and management processes to maintain  
13 reasonable program costs and compliance with the program guidelines.

14 **A. Enhancing Safety and Reliability at MHP Communities**

15 Safe and reliable utility service is central to the MHP Pilot Program. To assist SED in  
16 prioritizing MHPs for conversion, SED developed the Form of Intent (“FOI”)<sup>18</sup> and required all  
17 MHPs interested in participating in the MHP Pilot Program to complete the FOI. In that FOI,  
18 SED requested, among other things, information on the age of the current MHP-owned utility  
19 system and the material of the current gas piping system (e.g., steel or polyethylene). It is  
20 SoCalGas’ understanding that SED considered this information in prioritizing the MHPs for  
21 conversion.

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<sup>18</sup> FOI, also referred to as the Initial Application in D. 14-03-021, was submitted by MHPs interested in participating in the MHP Pilot Program. The link to the FOI can be found at the CPUC’s website: [http://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/Safety/Mobile\\_Home\\_Parks/12032014CPUCFormofIntent.pdf](http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Safety/Mobile_Home_Parks/12032014CPUCFormofIntent.pdf).

1 Of the 1,198 MHPs eligible for the MHP Pilot Program in SoCalGas' service territory,  
 2 SoCalGas received FOIs from 945 MHPs, or approximately 80% of the eligible MHPs. Over the  
 3 course of the MHP Pilot Program, SED selected 249<sup>19</sup> MHPs in SoCalGas' service territory to  
 4 participate in the MHP Pilot Program. Of these, 47 MHPs either did not qualify or elected not to  
 5 participate for various reasons, leaving 202 participating in the MHP Pilot Program. Based on  
 6 the information provided in the FOI, all 202 of the MHPs have private distribution systems that  
 7 were installed over 40 years ago, and 87% have systems that were installed over 50 years ago.  
 8 One hundred ninety-seven (197) MHPs have steel systems. Table 2 summarizes the information  
 9 provided in the FOIs submitted from January 1 through April 1, 2015 by MHP owners/operators  
 10 who are participating in the MHP Pilot Program.

11 **Table 2: Summary of Current Conditions of the MHPs Participating in SoCalGas MHP**  
 12 **Pilot Program**

MHPs Participating in Pilot Program			
	Number of MHPs	Number of MHP Spaces	% of Participating MHP Spaces
MHPs Currently in Scope for the MHP Pilot Program	202	11,576	100%
MHPs > 40 Years Old	202	11,576	100%
MHPs w/ Steel Systems	197	11,512	99%

13 By contrast, the MHPs participating in the MHP Pilot Program have received or will soon  
 14 receive new polyethylene systems which are professionally installed by operator-qualified crews.

<sup>19</sup> This number includes all category 1 MHPs and any category 2 MHPs that, pursuant to SED's direction and SED's prioritized list of MHPs, were moved up to fill behind any MHPs that dropped from the program. The MHPs selected as the initial 10% are designated category 1, the next 8% of MHPs on the waitlist are designated category 2 and the remainder of the waitlisted MHPs are designated category 3.

1 All utility distribution infrastructure up to and including the meter will be owned and maintained  
2 by SoCalGas and will meet SoCalGas' standards. Among other things, these standards provide  
3 guidance regarding: 1) the installation of utility infrastructure at the proper depth and separation  
4 from other facilities; 2) the proper fusion of the gas system by operator-qualified personnel;  
5 3) the proper means to fill trenches; 4) the delivery of gas service at the proper pressure; 5) safe  
6 placement of gas meters and regulators; 6) the installation of individual excess flow valves at  
7 every mobile home service; and 7) the proper documentation and mapping of these facilities for  
8 inclusion in the 811 Underground Service Alert so they can be readily located and marked prior  
9 to any future digging and excavation.

10 **B. SoCalGas' MHP Program Includes Proper Maintenance of Natural Gas**  
11 **Systems**

12 Maintaining and operating a natural gas distribution system is a sophisticated and  
13 complex business. The Federal and State regulations<sup>20</sup> for the safe and reliable operation and  
14 maintenance of these systems continue to evolve. If these systems are not installed or  
15 maintained correctly, potentially hazardous and/or life-threatening situations can result. The  
16 regulations place a significant amount of responsibility and demands on individual MHP  
17 owners/operators who already have a broad range of responsibilities and duties managing and  
18 operating their MHP communities and do not have the expertise of a utility. There is a safety  
19 enhancement benefit in having SoCalGas perform the operation and maintenance of the MHP  
20 distribution systems, as SoCalGas has the resources, expertise and experience of serving nearly 6  
21 million customers and is well qualified to perform this function safely and reliably.

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<sup>20</sup> PHMSA - US Department of Transportation Pipeline and Hazardous Materials Safety Administration and General Order 112 (GO 112), among other regulations, govern general gas system operations for utilities in California.

1 While the MHP Pilot Program has enhanced the safety of the MHPs that were selected to  
 2 participate in the program, the SoCalGas MHP Program will focus on the 676 MHPs that applied  
 3 to participate in the MHP Pilot Program but are not part of the MHP Pilot Program and remain  
 4 on SED’s waitlist. Of the 676 MHPs on the waitlist, there are 604 MHPs with systems that are  
 5 over 40 years old or whose age is unknown. Of these, 461 have steel systems.<sup>21</sup> Table 3 below  
 6 summarizes the information provided by MHP owners/operators in the FOIs that were submitted  
 7 to SED and SoCalGas from January 1 through April 1, 2015.

8 **Table 3: Summary of Current Conditions of the Interested MHPs in SoCalGas’**  
 9 **Service Territory**

<b>MHPs on Program Waitlist – Potential Participants in the Proposed MHP Program</b>			
	<b>Number of MHPs</b>	<b>Number of Spaces</b>	<b>% of Wait List MHP Spaces</b>
MHPs Remaining on the Waitlist	676	86,011	100%
MHPs > 40 Years Old or Unknown Age	604	70,315	82%
MHPs w/ Steel Systems	461	58,651	66%

10 The SoCalGas MHP Program will allow SED to select approximately an additional  
 11 26,000 MHP spaces for conversion from the more than 86,000 MHP spaces on SED’s current  
 12 waitlist with priority given to those SED believes would most benefit from the enhanced safety  
 13 and reliability resulting from the proposed SoCalGas MHP Program.

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<sup>21</sup> The FOIs submitted by a number of MHP owners/operators with steel gas distribution systems indicate these systems had no cathodic protection.

1           **C. The MHP Pilot Program Has Been Effective in Increasing the Number of**  
2           **Conversions of MHPs to Direct Utility Service**

3           D.14-03-021 reported that in the 17-year period between 1997, when a new statutory  
4 framework was codified to encourage conversion of MHP communities to utility ownership, and  
5 the issuance of D.14-03-021 in 2014, SoCalGas had only converted five master-metered  
6 MHPs.<sup>22</sup> This is out of the approximately 1,200 master-metered MHPs within its service  
7 territory.

8           As of the Commission’s adoption of D.14-03-021 of the MHP Pilot Program through  
9 December 31, 2016, SoCalGas has completed 32 MHP conversions, as reported in SoCalGas’  
10 February 1, 2017 MHP Annual Report. SoCalGas currently has an additional 59 MHPs in  
11 various stages of construction that will soon raise the total number of conversions to 91 MHPs,  
12 and expects to have approximately 200 MHPs (representing approximately 9% of all known  
13 MHP spaces) converted or well into construction by the end of the MHP Pilot Program. The  
14 higher number of conversions under the MHP Pilot Program compared to conversions over the  
15 17 years under the 1997 statutory framework demonstrates the clear success of the MHP Pilot  
16 Program in driving conversions of MHPs to direct utility service in SoCalGas’ service territory.

17           **D. Successful Mobilization of Resources To Implement the MHP Program**

18           SoCalGas mobilized a combination of internal and external resources to implement the  
19 MHP Pilot Program. This effort required SoCalGas to build a team consisting of account  
20 managers, designers, project managers and construction contractor administrators, and  
21 accounting and budgeting professionals. It also required SoCalGas to conduct an extensive and  
22 robust external sourcing effort that resulted in executing agreements with nine To-The-Meter  
23 (“TTM”) contractors to install natural gas main and service lines throughout MHPs up to

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<sup>22</sup> Decision 14-03-021 pages 5 and 61.

1 individual meter locations. These selected contractors in turn had to mobilize resources to  
2 support this effort by hiring qualified crews and acquiring the necessary equipment, tools and  
3 trucks to support this work. TTM contractors and SoCalGas also worked together to verify that  
4 crews either already were qualified or receive the appropriate training and testing to perform  
5 natural gas pipe construction work for SoCalGas.

6 SoCalGas also proactively recruited and expanded the pool of Beyond the Meter  
7 (“BTM”) contractors<sup>23</sup> to perform this scope of work that includes the infrastructure to connect  
8 from the meter to the connection to the mobilehome. Similar to the TTM contractors, BTM  
9 contractors also had to build up their resources to support this effort by hiring qualified workers  
10 and acquiring the necessary equipment, tools and trucks to support this work.

11 SoCalGas also worked and coordinated with outside agencies, such as the California  
12 Department of Housing and Human Development (“HCD”), the California I-Bank, and local  
13 jurisdictions to support MHP owners and managers and to facilitate permitting, financing and  
14 successful deployment of the MHP Pilot Program. HCD informed SoCalGas that they had to  
15 “staff up” to support the additional work load from the MHP Pilot Program.

16 Any interruption or termination of the MHP Pilot Program likely would result in time  
17 delays and increased costs if the MHP program was later continued, and would be disruptive to  
18 the many TTM and BTM contractors and agencies that are required to execute the program as  
19 well as the utility. Many of these entities have made investments in staff, training and other  
20 resources to support the program. An interruption would result in these resources, including

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<sup>23</sup> Pursuant to D.14-03-021, BTM Contractors are hired by the MHP Owner and not SoCalGas; however, they are critical to the successful execution of the program.

1 qualified construction workers, being laid off or redeployed to other projects and locations.<sup>24</sup>  
2 Starting the program up after any delays would require significant effort and time to reach the  
3 level of effectiveness as when the program was running in full force. Start-up of the program  
4 would require remobilization and/or relocating contractors and employees that may be engaged  
5 in other projects. An expedited approval of this Application will maintain the current broad  
6 range of resources dedicated to supporting and implementing this important safety program.

7 **E. Streamline MHP Residents' Access to Utility Programs**

8 Before launching the MHP Pilot Program, SoCalGas conducted a customer survey<sup>25</sup> of  
9 MHP residents to better understand this specific customer segment and help guide the  
10 development of outreach and implementation plans. Among other things, the study revealed that  
11 94% of the MHP residents surveyed relied on natural gas for cooking, 92% of the MHP residents  
12 relied on natural gas for water heating, 79% of the MHP residents relied on natural gas for space  
13 heating, and 65% of the MHP residents relied on natural gas for clothes drying. SoCalGas also  
14 learned that 46% of the MHP residents who responded to the study stated that their income was  
15 less than \$25,000 a year, and the mean resident age of those surveyed was 71 years. Based on  
16 this information, SoCalGas recognized that the percentage of elderly and low-income customers  
17 at MHP communities would be considerably higher than our general population of customers.  
18 SoCalGas also recognized that customer awareness and outreach efforts to MHP residents  
19 regarding low income and energy saving programs would be very important. Approval of  
20 SoCalGas' MHP Program will provide greater access to the following programs:

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<sup>24</sup> SoCalGas meets regularly with its contractors on the MHP Pilot Program. The issue of attracting and retaining a qualified and skilled workforce to support the program has been discussed and it has been conveyed that an interruption and subsequent startup of the program would be challenging and costly.

<sup>25</sup> An excerpt of the *Master Metered Mobile Home Conversion Program Quantitative Resident Analysis, August 2014* is provided as Attachment A.

- 1 • Medical Baseline Allowance Program: MHP residents who use certain medical  
2 devices or who need space heating or air conditioning because of a medical condition  
3 will receive lower rates through the Medical Baseline Allowance Program.
- 4 • California Alternate Rates for Energy (“CARE”): MHP residents who are income  
5 qualified would be able to receive a 20% discount on utility bills through the CARE  
6 Program.
- 7 • Energy Savings Assistant (“ESA”) Program: The ESA Program will provide no-cost  
8 energy saving home improvements and furnace repairs or replacement services for  
9 qualified limited-income renters and owners.
- 10 • Appliance Rebates: MHP residents will have the ability to access rebates (where  
11 available) to replace old appliances with approved energy efficient appliances.
- 12 • Appliance Service: MHP residents will have access to no-cost pilot lighting and  
13 appliance adjustment services.

14 While MHP residents have access to these customer assistance programs through their  
15 mobilehome park owners or operator, it is often cumbersome for the MHP resident and  
16 SoCalGas to coordinate these services and programs through the MHP owner/operator  
17 middleman. Direct customer interaction with the utility facilitates: 1) the flow of information to  
18 and from the customer; 2) the ability to expedite enrollment; 3) business transactions; and,  
19 4) resolution of customer service issues. Since SoCalGas started the MHP Pilot Program, 206  
20 new MHP residents have enrolled in CARE and 16 new MHP residents have enrolled in the  
21 Medical Baseline Allowance Program. We have also measured the resident customer



1 satisfaction for those participating in the MHP Pilot Program and over 80% have expressed  
2 either being satisfied or very satisfied with their overall experience.<sup>26</sup>

3 **F. Access to Enhanced Customer Services and Advanced Meter Benefits**

4 Once MHPs are converted, the MHP residents will become direct customers of SoCalGas  
5 and will be served by Advanced Meters.<sup>27</sup> Once these MHP residents sign up for MyAccounts<sup>28</sup>,  
6 MHP residents will, for the first time, have access to online energy tools that are customized  
7 based on customers' energy use. The MHP residents will also be able to monitor their energy  
8 use on a daily basis. In addition, the MHP residents will be able to view their bills online and  
9 have access to information to help identify ways to save energy and money. Such customized  
10 customer information is important to all customers, but especially to low-income customers and  
11 elderly customers who may be on fixed incomes. As a direct customer of SoCalGas, MHP  
12 residents will also be able to speak with an energy service specialist regarding their individual  
13 energy use account.

14 **G. Implementing Cost Efficiency Strategies**

15 To promote cost efficiencies, SoCalGas conducted a robust sourcing effort whereby  
16 SoCalGas invited 27 potential contractors to participate in a Request for Information ("RFI").  
17 After evaluating the RFIs, SoCalGas then invited a subset of these suppliers to participate in a  
18 more detailed Request for Proposal ("RFP") phase. This resulted in SoCalGas awarding  
19 agreements to nine TTM contractors to perform the conversion work. Although SoCalGas does

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<sup>26</sup> An excerpt of the 2<sup>nd</sup> Semi Annual 2016 Mobilehome Park Customer Satisfaction Survey is provided as Attachment B.

<sup>27</sup> MHP customer may elect to opt-out of an Advance Meter pursuant to SoCalGas' Schedule No. G-AMOP Residential Advanced Meter Opt-Out Program.

<sup>28</sup> MyAccounts can be accessed at SoCalGas' website and allows customers to pay their bill online, schedule service appointments, print out a duplicate bill, extend their payment due date, and view, save and print their account history.

1 not select or contract with BTM contractors, SoCalGas proactively recruited and expanded the  
2 pool of BTM contractors that MHP owners/operators can select from to perform this work<sup>29</sup> for  
3 which the MHP owner/operator is responsible. SoCalGas also held a number of contractor  
4 workshops for both TTM and BTM contractors to inform contractors about the scope and rules  
5 of the program and how to format their bids and identify all costs in accordance and compliance  
6 with the Commission-approved program tariff. In addition, SoCalGas instructed contractors on  
7 formatting invoices to ensure all reimbursable costs were clearly identified consistent with the  
8 program rules and tariffs.<sup>30</sup>

9 SoCalGas has also established project teams that are responsible for working with our  
10 contractors to go over all key project tasks prior to commencement of the specific project and has  
11 field personnel to observe contractor work to minimize change orders and better ensure  
12 contractors are performing work according to SoCalGas standards and the MHP Program  
13 Agreement.<sup>31</sup> SoCalGas MHP Program Management Office<sup>32</sup> reviews all change orders and  
14 invoices for compliance with the agreements and program guidelines. This program  
15 management has resulted in strong cost management and has also contributed to the strong safety  
16 record which has resulted in no OSHA or Lost Time Incidents over the two and a quarter  
17 recorded years (January 1, 2015 – March 31, 2017) of the program.

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<sup>29</sup> BTM work includes all work necessary to deliver natural gas from the new utility meter to the mobilehome.

<sup>30</sup> See SoCalGas Rule 44: Mobilehome Park Utility Upgrade Program.

<sup>31</sup> The MHP Program Agreement is described and discussed further in the Chapter 2 prepared direct testimony of Dan Meltzer.

<sup>32</sup> The Program Management Office is described and discussed further in the Chapter 3 prepared direct testimony of Hector Moreno.

1 The controls SoCalGas has established in implementing the MHP Pilot Program to  
2 maintain a strong focus on cost management, safety and compliance will be maintained for the  
3 SoCalGas MHP Program.

4 **V. Rationale for the Target of 26,000 Spaces and Program Period of Six Years**

5 While the MHP Pilot Program has been successful in enhancing important safety,  
6 reliability and service benefits, the MHP Pilot Program affects only approximately 10% of MHP  
7 residents in SoCalGas' service territory. We believe that it is important to extend these same  
8 safety, reliability and customer service benefits to a broader number of similarly situated MHP  
9 residents; thus, we propose the SoCalGas MHP Program so these same benefits can be provided  
10 to an additional 20% of MHP residents in SoCalGas' service territory.

11 SED prioritized all 922 MHPs that applied for the MHP Pilot Program in SoCalGas'  
12 service territory. There are 676 MHPs that expressed interest in participating in the MHP  
13 Program who are currently on SED's waitlist. This represents 86,011 mobilehome spaces whose  
14 residents have not yet been able to benefit from the MHP Pilot Program.

15 Given the unequivocal success of the MHP Pilot Program, SoCalGas believes that its  
16 proposal to extend the MHP Program over 6 years (2018-2023) and convert approximately an  
17 additional 26,000 MHP spaces to direct utility service will materially advance the Commission's  
18 efforts to enhance both public safety and reliability in MHP communities.<sup>33</sup>

19 As discussed previously, SoCalGas' proposal to convert approximately 26,000 spaces  
20 over six years maintains about the same pace of conversion assigned to SoCalGas in the MHP

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<sup>33</sup> CPUC Website on Mobilehome Park Program: "[T]he CPUC opened a rulemaking proceeding (R.11-02-018) to examine what could be done to encourage owners of mobilehome parks and manufactured housing communities (both referred herein as MHPs) to upgrade aging gas and electric distribution systems in an effort to enhance both public safety and service reliability for MHP residents." [www.cpuc.ca.gov/mhpupgrade/](http://www.cpuc.ca.gov/mhpupgrade/)

1 Pilot Program. Under the MHP Pilot Program, the Commission set a target of 10% of eligible  
2 MHP spaces over three years (2015-2017). For SoCalGas, 10% of the MHP spaces represented  
3 approximately 12,600 spaces. Doubling both the number of spaces and duration of the program  
4 maintains the same pace of conversions and avoids major changes to the current level of  
5 resources being used for the MHP Pilot Program. Maintaining the same pace as the MHP Pilot  
6 Program provides significant stability to the many parties involved in supporting the MHP  
7 Program including the utility, the contractors performing TTM and BTM work, the state  
8 agencies such as the HCD that provide most of the permitting and perform inspections, and also  
9 SED's own resources to oversee the project. In addition, establishing a conversion target of  
10 approximately 26,000 will allow SED the flexibility to select and prioritize the specific MHPs  
11 they determine should be considered next for conversion.

12         Lastly, SoCalGas proposes a six-year duration for the MHP Program because it will  
13 allow sufficient time to complete larger MHPs. From start to finish, it can take more than two  
14 years to complete a MHP that is 150 to 200 spaces. The average MHP on SoCalGas' waitlist is  
15 approximately 100 spaces, and several have space counts over 200. The six-year period will  
16 allow SoCalGas to phase-in larger MHPs and start work within the first four years so that these  
17 larger MHPs can be completed by the end of the sixth year.

18         The six-year duration also provides SED an opportunity to hold another application  
19 period for all MHPs, including those that originally elected not to participate in the MHP Pilot  
20 Program or declined to participate. As the MHP Pilot Program is better understood with actual  
21 results, those that decided not to participate may have changed their minds and would welcome  
22 an opportunity to participate given the success of the MHP Pilot Program. SoCalGas also has

1 made enhancements and proposes improvements<sup>34</sup> that are included in the Chapter 2 prepared  
2 direct testimony of Dan Meltzer for the SoCalGas MHP Program that, if approved by the  
3 Commission, may persuade MHPs who were not able to participate or declined to participate in  
4 the MHP Pilot Program to participate in the SoCalGas MHP Program. The proposed six-year  
5 period would also allow SED to revise its Form of Intent to include additional data that may help  
6 SED better assess the MHPs to be included in the SoCalGas MHP Program. The timing and  
7 implementation of any new application period must not be allowed to delay or disrupt the pace of  
8 conversions. SoCalGas proposes that it be allowed to continue to convert MHPs from the  
9 currently prioritized SED waitlist (category 2 first then those in category 3) until such time that  
10 SED issues a new reprioritized MHP waitlist.

11 For these reasons, SoCalGas submits that a six-year program would allow more time to  
12 accommodate these efforts and options.

## 13 **VI. Conclusion**

14 In conclusion, SoCalGas is pleased to report that the MHP Pilot Program has been a  
15 success in enhancing the safety and reliability of utility service to many MHP communities and  
16 has increased the number of conversions to direct utility service, and thus the program should be  
17 continued by approving this Application. The MHP Program has a high level of interest from  
18 MHP owners who seek SoCalGas to provide direct utility service to their residents. SoCalGas'  
19 MHP Program will use a combination of external and internal resources to implement the  
20 program to provide reasonable costs and reflect competitive prices. The MHP residents further  
21 benefit from enhanced access to SoCalGas' customer assistance programs and services, and by  
22 directly transacting with the utility. Finally, the proposal to convert approximately 26,000 MHP

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<sup>34</sup> These include allowing a payment assignment directly to the MHP owner's BTM contractor to avoid having to finance the upfront costs and updates to the MHP Agreement that better clarify responsibilities.

1 spaces during a six-year period is a reasonable target. For these reasons, SoCalGas requests the  
2 Commission promptly approve SoCalGas' Application.

3 **VII. Witness Qualifications**

4 My name is Joseph S. Velasquez. My business address is 8306 Century Park Court, San  
5 Diego, California 92123. I am employed by SoCalGas and SDG&E as the Director of the  
6 Master Meter Customer Program for the Southern California Gas Company and San Diego Gas  
7 & Electric Company. My present responsibilities include the overall management and  
8 implementation of SoCalGas' and SDG&E's Mobilehome Park Utility Upgrade Program.

9 I have been employed by SoCalGas/SDG&E since 1986 and have held various positions  
10 of responsibilities including Director of Supply Management and Supplier Diversity for SDG&E,  
11 Director of Commercial and Industrial Services for SDG&E and Interim Director of Commercial  
12 and Industrial Services for SoCalGas.

13 I received a Bachelor of Science Degree in Chemical Engineering from California State  
14 University, Northridge and a Master in Business Administration from Pepperdine University.

15 I have previously testified before this Commission.

# **ATTACHMENT A**



Southern  
California  
Gas Company



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# MASTER METERED MOBILE HOME CONVERSION PROGRAM

QUANTITATIVE RESIDENT ANALYSIS  
AUGUST 2014

REPORT  
PERPARED BY

**DAVIS**  
RESEARCH LLC



**Background and  
Objectives**

Resident Profile

Current Resident  
Outlook

Conversion  
Program  
Reaction

SoCalGas  
Customer  
Programs

# Background & Objectives

## Background

There are currently about 2,000 mobile home parks between SoCalGas and SDG&E territories which contain nearly 200,000 mobile home residents. About 90% of these are master-metered facilities for natural gas, meaning that individual mobile homes are linked to large meters that serve multiple homes. The property owner/manager receives an aggregated bill and either bills residents directly or ties gas charges into the monthly rental fees or lease agreement.

SoCalGas and SDG&E have the goal of converting approximately 10% of master-metered mobile home parks to individually metered facilities and beginning in January 2015, mobile home parks can participate in the open season to apply for the conversion program.

A communications campaign will begin in August 2014 to encourage applications.

## Research Objectives

The goal of the research is to find out the likelihood to participate in the conversion program and identify the best prospects for the program. Specific objectives include:

- ✓ Measure reactions to the concept of converting to individually metered facilities
- ✓ Determine the drivers and barriers to participating in the conversion
- ✓ Assess questions or concerns residents might have
- ✓ Measure awareness of programs and services offered by SoCalGas and SDG&E
- ✓ Measure brand opinion and perceptions of SoCalGas and SDG&E
- ✓ Collect mobile home park characteristics (e.g. number of units, average tenure of renters, etc.)

# Methodology & Sample

- 106 mobile home residents completed a 10-minute telephone survey between July 18<sup>th</sup> and August 6<sup>th</sup>, 2014.
- Survey was offered in Spanish to those who preferred it.
  - 10% of all interviews were conducted in Spanish
- Sample was acquired by Davis Research through a direct mail database vendor.
  - SoCalGas provided a list of approved mobile home parks at which residents must live.
- Screening requirements:
  - 18 years of age or older
  - Household decision maker
  - Reside in SoCalGas service territory
  - Primary residence is a mobile home or manufactured home located in a mobile home park
- Significance testing (2-tailed t-distribution) performed at the 95% confidence level

# Key Findings

## Current Outlook

- ✓ Residents had a high overall opinion of SoCalGas, even though none were direct customers. SoCalGas rated higher (91%) than the electric utilities that serve the same area. Residents were mostly favorable toward their mobile home park, with 3 out of 4 giving a high rating while 1 in 10 rated it poorly.
- ✓ Residents were also highly satisfied with how they currently pay their utility bills, only 1 in 10 being dissatisfied. They liked the ease and convenience of receiving a single bill for gas and electric that is included among their other monthly park fees/dues.

## Reaction to Utility Conversion Program

- ✓ Interest in the utility conversion program among current residents was mixed. While one third were at least somewhat interested, another third had no interest at all.
- ✓ Interest in the program was even higher among some segments of mobile home residents. Younger residents (under 65), those with incomes under \$25,000 and those with a lower opinion of their mobile home park were all more likely to be interested in converting to direct SoCalGas customers.
- ✓ Residents felt the main benefits of the program would be eligibility for lower rates/discounts and improved accuracy/efficiency.
- ✓ Residents were most concerned about having to pay an additional bill, along with the possibility of higher rates.
- ✓ Many residents were already familiar with the discount and rebate programs offered to direct SoCalGas customers, and all programs generated strong interest from at least 60% of residents, should their mobile home undergo the conversion.
- ✓ Residents had mixed opinions as to whether they would have influence over their park's decision to sign up for the conversion program. While more than half felt they would have no influence, one third felt they would have at least some influence, with the remainder undecided.

Background and  
Objectives

Resident Profile

Current Resident  
Outlook

Conversion  
Program  
Reaction

SoCalGas  
Customer  
Programs

# Mobile Home Resident Survey Demographics

## Gender

Male	36%
Female	64%

## Age

Mean Age	71
Under 44	5%
45-54	6%
55-64	18%
65-74	25%
75-84	28%
85+	13%
Prefer not to say	5%

## Marital Status

Single, never married	10%
Divorced, separated	13%
Married, w/ partner	35%
Widowed	39%
Prefer not to say	3%

## Income

Less than \$25,000	46%
\$25,000 to \$50,000	23%
\$50,000 or more	13%
Not sure	5%
Prefer not to say	13%

## Language of Interview

English	90%
Spanish	10%

## Ethnicity

White/Caucasian	73%
Hispanic/Latino	15%
African-American	1%
Asian	1%
Other	4%
Prefer not to say	7%

D5. Gender [RECORDED BY OBSERVATION]

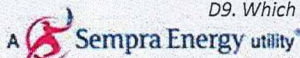
D6. Which of the following categories includes your age? Are you...

D7. What is your marital status?

D8. Which of the following best describes your total annual household income before taxes?

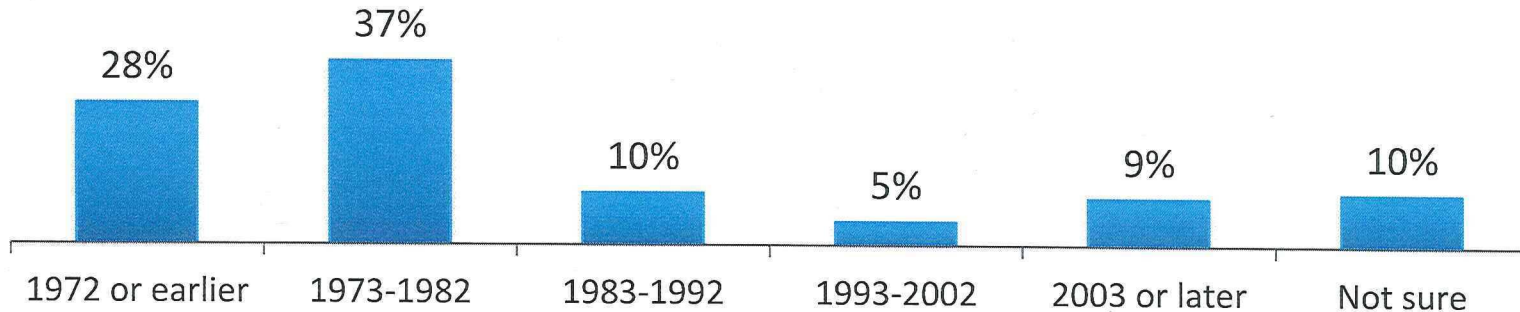
F7. INTERVIEWER: RECORD LANGUAGE OF INTERVIEW.

D9. Which of the following best describes your ethnic race or background?

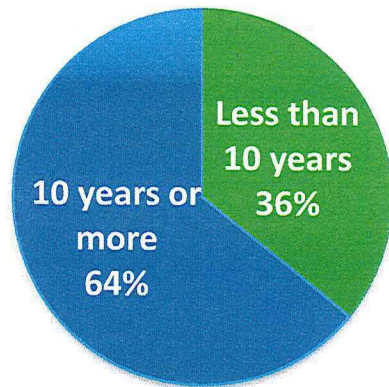


# Mobile Home Park Profile

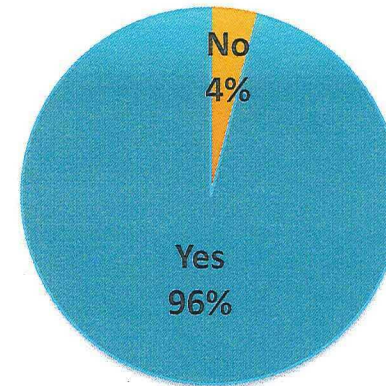
When was your mobile home park built?



How long have you been living at current park?

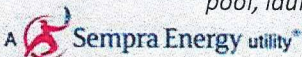


Does mobile home park have common areas?



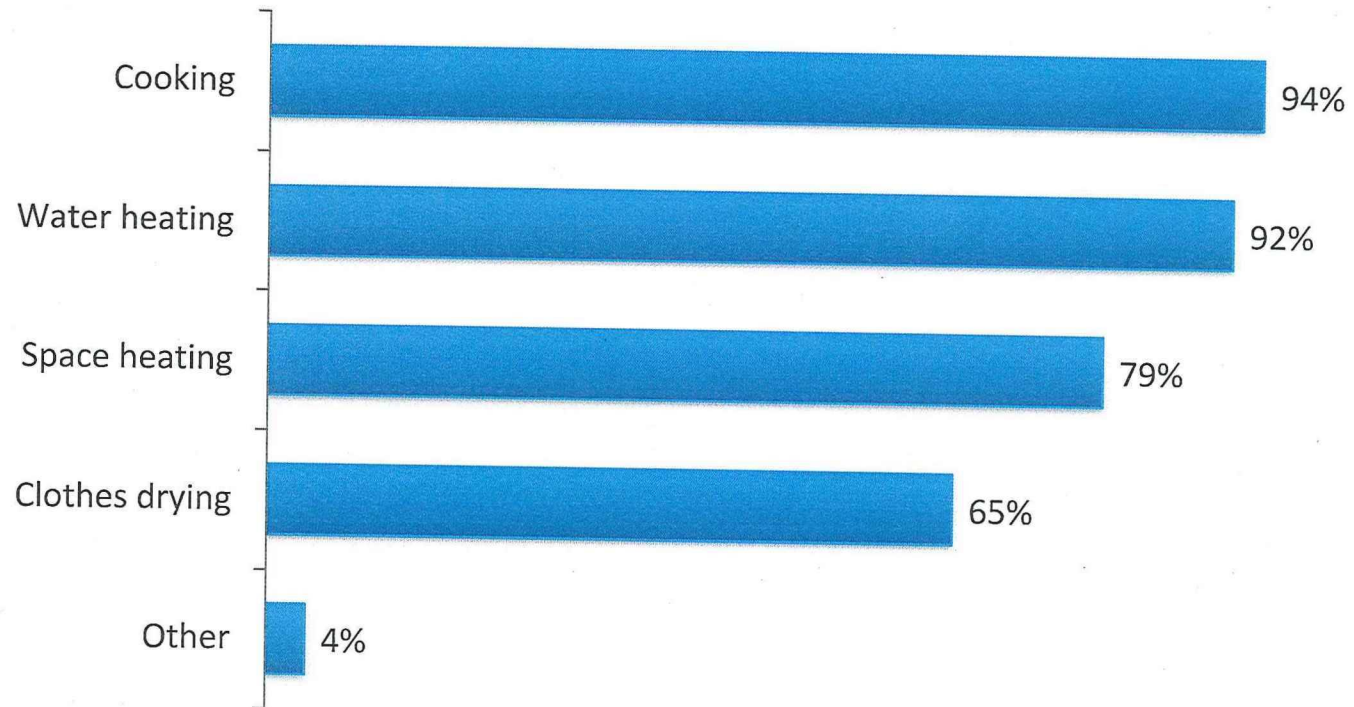
M1. What year was the mobile home that you live in built?  
 M2. How long have you been living at your current mobile home park?  
 M5. Does your mobile home park provide any common areas such as a swimming pool, laundry room, game room, meeting room or other type of common area?

Base: All, N=106



# Natural Gas Usage

## Uses for Natural Gas



G7. Do you use natural gas for any of the following in your home?



# **ATTACHMENT B**

# Mobile Home Park Upgrade

## Residential Customer Satisfaction Research

Prepared by: Davis Research

Q4 2016



A  Sempra Energy utility®

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- » **Background, Objectives and Methodology**
- » **Executive Summary**
- » **Program Insights**
  - Overall Opinion and Satisfaction Scores
  - Communications and Outreach Materials
  - SoCalGas Representative
  - Construction Process
  - Becoming a SoCalGas Customer
  - Open Issues
- » **Appendix**

# Background And Objectives

In Q2 2016, SoCalGas launched a tracking study among new customers and owners/managers in mobile home parks that recently completed the utility upgrade process in order to understand the drivers of project satisfaction and impacts of the process. The business objective being to grow load in the residential market and increase gas safety throughout. The following Q4 report provides a summary of data obtained through phone interviews of SoCalGas customers.

## Research Objectives

Measure satisfaction with conversion experience across key touchpoints  
Assess accommodation of special needs requirements and problem resolution efforts

Understand customer expectations in an effort to determine leveragable advantages and prioritize areas for improving service

Assess impact and effectiveness of the outreach and communication efforts, Letters, door hangers, monthly newsletter, forums at each park and Account executive door knocks

## Overall Goal

Assess Satisfaction Among Residential MHP Customers

## Business Objectives

Establish Relationship with MHP Customers to Maximize Meter Growth and Increase Gas Safety Throughout

# Research Methodology

## Methodology

- » Davis Research conducted telephone surveys with residents of mobile home parks that had their utility upgrade completed.
- » 247 surveys were completed between October 26, 2016 and December 12, 2016.
- » Surveys were conducted in English and Spanish:
  - English surveys – 57%
  - Spanish surveys – 43%
- » Sample was provided by SoCalGas.
- » SoCalGas was revealed as the sponsor of the survey.

## Study Qualifications

- » Respondent must currently live at the mobile home park where the upgrade was completed.
- » Respondent must be aware of the utility upgrade that was completed.

# Executive Summary

- » 90% of residents have a **positive opinion of SoCalGas.**
- » 9 out of 10 residents were **satisfied with the overall entire utility upgrade** from start to finish and all aspects of the upgrade (includes communications, interactions with SoCalGas representatives, construction, etc.).
  - 81% were satisfied with the **construction process overall.**
  - 75% were satisfied with the **time it took to complete** the construction.
  - 88% were satisfied with the **professionalism** of the SoCalGas crews.
  - 85% were satisfied with the method of **connecting their home to the main system.**
- » Pre and post upgrade communications were received by the majority of the respondents.
  - **Nearly everyone (99%) received at least one pre notification** while more than 9 out of 10 (**94%**) received at least one post notification.
- » 2/3 of residents spoke with a SoCalGas representative, of which **95% were satisfied with how professional and courteous the representative was.**

# Executive Summary (Continued)

- » The process of **signing up was seamless to residents**. 9 out of 10 residents said they were satisfied with the overall process and said the process was **easy**.
- » One third felt there was no difference in safety with the utility upgrade, while the majority of residents (66%) **felt safer with the utility upgrade**.
- » **7 out of 10 residents felt much better being a SoCalGas customer** while 23% felt things were the same. Only 4% of respondents said things were worse as a SoCalGas customer.
- » Among those who had received a SoCalGas bill, nearly all (9 out of 10) were satisfied with the **ease of understanding the bill, finding the amount due and when it's due**.
- » **80% of the residents had no issues or comments regarding the upgrade**. Among those who did have comments to pass along, primary topics of concern were:
  - (1) pipes being left behind
  - (2) plants being ruined by workers
  - (3) residents having questions regarding programs and/or applications they submitted
  - (4) Certain areas/appliances that were not properly connected.