Application of SOUTHERN CALIFORNIA GAS)
COMPANY for authority to update its gas)
revenue requirement and base rates)
effective January 1, 2028 (U 904-G))

Application No.: A.26-06-___

Exhibit No.: (SCG-04-RRWP)

MOBILEHOME PARK UTILITY CONVERSION PROGRAM
REASONABLENESS REVIEW WORKPAPERS TO
PREPARED DIRECT TESTIMONY
OF JENNIFER L. WALKER
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

JUNE 2026

Workpaper Category/Witness Area	Mobilehome Park Utility Conversion Program Reasonableness Review Supplemental Workpaper SCG-04 Gas Distribution Jennifer Walker
	Note that details on program costs can be found in the MHP Annual Report (Appendix D to Ex.SCG-04), with cost information presented consistent with the Commission requirements for MHP.

Business Purpose:

The purpose of the statewide Mobilehome Park Utility Conversion Program is to improve public safety, service reliability, and regulatory consistency while managing long-term costs to ratepayers.

Specifically, California Public Utility Commission (CPUC or Commission) Decision (D.) 20-04-004 established a 10-year program (2021–2030) that enables the systematic conversion of aging master-metered gas and electric systems in mobilehome parks to direct utility service. This conversion significantly reduces safety risks associated with privately owned legacy infrastructure, enhances system reliability and service quality, and provides residents with direct access to assistance programs (such as CARE, Medical Baseline, and energy efficiency offerings).

Project Justification:

The Mobilehome Park (MHP) Utility Conversion Project is a Commission-mandated, safety-driven distribution investment authorized under D.20-04-004 as part of a long-standing regulatory initiative to replace aging master-meter/submeter systems with direct utility service. This program directly addresses safety and reliability risks associated with legacy infrastructure and is fundamentally intended to support the safe, reliable, and equitable delivery of electric and gas services to MHP residents.

Consistent with Commission direction, the MHP Program prioritizes public and customer safety while strengthening reliability and overall system performance. Conversions eliminate outdated customer-owned distribution systems that may not meet modern codes or utility standards, thereby reduce safety risk exposure while improving service quality and operational visibility. Program results to date demonstrate measurable success in enhancing both safety and reliability across participating communities.

Project Scope:

The MHP Utility Conversion Project encompasses the comprehensive, end-to-end conversion of eligible master-metered and sub-metered natural gas and/or electric distribution systems within mobilehome parks to direct utility service, as mandated by the CPUC.

The scope of work includes all activities required to safely and effectively transition service from privately owned MHP infrastructure to utility-owned and utility-maintained systems. These activities include program outreach and customer engagement, site assessment, engineering design, permitting, procurement, construction of “To-the-Meter” (TTM) infrastructure, coordination and integration of

"Beyond-the-Meter" (BTM) work, system cut-over to direct utility service, abandonment and removal of legacy master-meter systems, and post-conversion close-out and documentation. All work is performed in accordance with Commission directives, including D.14-03-021 and S.20-04-004, as well as applicable utility standards, tariffs, and local, state, and federal codes and regulations.

Project execution is driven by a CPUC-established, risk-based prioritization framework administered by the CPUC's Safety and Enforcement Division (SED), which identifies and ranks eligible MHPs for conversion. SoCalGas conducts project implementation in coordination with MHP owners/operators, third-party contractors, local jurisdictions, and the California Department of Housing and Community Development (HCD), supporting compliance with permitting, inspection, and consumer protection requirements.

Consistent with Commission policy, the program is structured to achieve a sustained conversion pace aligned with statewide targets. Specifically, the CPUC directs that, on an annual basis, utilities undertake conversions representing approximately 3.33% of eligible master-metered spaces within their service territories, supporting the broader objective of converting approximately 50% of eligible MHP spaces by 2030. These targets inform program planning, resource allocation, and project sequencing, while allowing flexibility to accommodate project-specific constraints, such as site conditions, permitting requirements, and customer participation.

Given the wide variability in MHP site conditions—including differences in legacy system configurations, terrain, layout, and construction complexity—the scope includes adaptive design and construction approaches to address project-specific risks and uncertainties. The program also incorporates ongoing coordination, risk management, and quality assurance processes so that each conversion is completed safely, efficiently, and in compliance with regulatory requirements.

Cost Drivers:

The MHP Utility Conversion Program is a safety-driven, site-specific infrastructure replacement initiative, and as such, its cost profile is inherently variable and not based on standardized or uniform unit cost assumptions. Rather, program costs are primarily driven by park-level conditions, project-specific scope requirements, and the engineering and construction complexity associated with each individual mobilehome park conversion.

In D.20-04-004, the Commission explicitly recognized that MHP conversion projects are subject to significant variability due to differences in site characteristics, utility configurations, and external constraints, and therefore declined to impose prescriptive cost caps or uniform cost-per-space benchmarks. Instead, utilities are authorized to recover actual, prudently incurred costs for both "To-the-Meter" (TTM) and eligible "Beyond-the-Meter" (BTM) work, subject to reasonableness review.

Key cost drivers for the MHP Program include, but are not limited to:

Site-Specific Physical and Engineering Conditions – Variability in MHP layout, trench distances, density of spaces, legacy system configuration, and geographic terrain directly affects design requirements, material quantities, and construction duration.

Subsurface and Construction Constraints – Unknown or complex subsurface conditions, including existing utility conflicts, soil conditions, and access limitations, can increase trenching complexity, restoration requirements, and overall construction costs.

Permitting and Jurisdictional Requirements – Local city and county permitting processes, inspection requirements, and restoration standards contribute to cost variability across projects.

Contractor Market Conditions – Labor availability, contractor capacity, bid pricing, and material cost fluctuations influence the cost of competitively procured construction services, which represent a significant portion of total program expenditures. In addition, coordination with joint utilities and compliance with union requirements continue to shape the pool of jointly approved TTM contractors, with potential impacts on both pricing and project schedules.

BTM Configuration and Owner-Directed Work – Beyond-the-Meter work, performed by MHP-owner-selected contractors, varies based on internal park infrastructure conditions, customer connections, and contractor bids, and is not directly controlled by the utility. In some cases, particularly in outlying or geographically constrained areas, the number of qualified contractors may be limited, which can reduce competitive bidding and contribute to variability in BTM costs.

Safety and Compliance Requirements – Program costs reflect adherence to evolving safety standards, including system upgrades, code compliance, and Commission-mandated requirements (e.g., service standards), which are necessary to promote safe and reliable operations.

In addition, the Commission has acknowledged that higher-cost MHP conversions may be reasonable under certain circumstances, including installation complexity, weather impacts, access challenges, and site-specific safety considerations. This recognition underscores that cost variability is an expected and inherent characteristic of the program rather than an indicator of inefficiency.

Project Timing and Phases:

The MHP Utility Conversion Program is executed through a structured, multi-phase delivery model that reflects both Commission mandates and the inherently site-specific nature of MHP conversions. Project timing and sequencing vary by park due to differences in size, layout, legacy system conditions, permitting requirements, and stakeholder readiness. Accordingly, SoCalGas implements the program using a dynamic, overlapping phase approach within a rolling portfolio of projects, rather than a fixed or uniform schedule.

Each MHP conversion progresses through a series of integrated phases that collectively enable safe, compliant, and efficient transition to direct utility service:

Program Outreach and Enrollment – Initial engagement with MHP owners/operators and residents, including education on program requirements, customer protections, and coordination of participation, consistent with the Commission-approved Outreach Plan.

Planning and Site Assessment – Evaluation of existing infrastructure, site conditions, and constructability, including identification of risks, constraints, and project-specific requirements that inform scope development.

Engineering Design and Permitting – Development of detailed designs for “To-the-Meter” (TTM) infrastructure in accordance with SoCalGas standards, along with procurement of local permits and regulatory approvals required for construction.

Procurement and Pre-Construction Coordination – Competitive sourcing of qualified contractors for TTM work, coordination with MHP owner-selected “Beyond-the-Meter” (BTM) contractors, and pre-construction alignment meetings to confirm scope, schedule, and safety expectations.

Construction (TTM and BTM) – Installation of new utility-owned infrastructure, trenching, system integration, and coordination with BTM construction activities, with active construction management oversight to ensure adherence to scope, schedule, and safety requirements.

Cut-Over to Direct Utility Service – Transition of customers from master-metered systems to direct utility service, including energization, system testing, and service activation.

Abandonment and Restoration – Decommissioning and removal of legacy master-meter systems, site restoration activities, and compliance with local jurisdictional requirements.

Project Close-Out and Reporting – Final inspection, cost reconciliation, documentation, and inclusion in required program reporting and regulatory filings.

These phases are executed in a concurrent and staggered manner across multiple projects, enabling SoCalGas to maintain continuity of work and efficiently utilize resources while advancing program objectives. This sequenced pipeline approach supports alignment with CPUC-directed annual conversion targets (approximately 3.33% of eligible spaces) and long-term program goals, while allowing flexibility to adjust for project-specific constraints such as permitting timelines, contractor availability, and site conditions.

Given the variability and uncertainty inherent in MHP conversions, SoCalGas incorporates ongoing schedule monitoring, risk management, and adaptive planning practices within each phase. These controls enable timely identification and mitigation of delays, support coordination among stakeholders, and support project execution that remains consistent with safety requirements, regulatory expectations, and program timelines.

Approval Process/Procurement Process:

The MHP Utility Conversion Program is administered through a structured, multi-layered approval framework and disciplined procurement processes designed to promote safety, regulatory compliance, cost prudence, and transparency. Governance is applied at both the programmatic and individual project levels, with clearly defined roles, controls, and oversight mechanisms consistent with Commission expectations and the "reasonable manager" standard.

At the program level, oversight is provided through SoCalGas's Program Management Office (PMO), Governance, and Finance functions, which establish and maintain standardized processes for budgeting, cost tracking, risk management, change control, and performance monitoring. These functions enable ongoing management review, periodic financial and schedule reporting, and early identification of risks or variances that could impact scope, schedule, or cost.

Procurement processes are structured to promote competition, cost efficiency, and quality performance, with clear delineation between utility-managed and owner-managed work:

To-the-Meter (TTM) Procurement – Utility Managed:
SoCalGas competitively solicits qualified and licensed contractors to perform TTM construction activities, including trenching, system installation, and related infrastructure work. Contractor selection is conducted by experienced sourcing and construction management personnel, with pre-negotiated rates and contract terms designed to control costs and support compliance with safety and quality standards. Given that contractor services and materials represent the majority of program costs, competitive bidding and contractor pool expansion are key elements of the Company's cost management strategy.

Beyond-the-Meter (BTM) Procurement – Owner Managed with Oversight:
BTM work is performed by contractors selected by MHP owners/operators and therefore is not directly procured or controlled by SoCalGas. However, the program includes structured oversight mechanisms, whereby the utility reviews BTM scopes, bids, and interconnection requirements to support alignment with utility standards and safe integration with TTM infrastructure. Outreach efforts encourage MHP owners to obtain multiple bids, promoting competitive pricing and cost transparency.

Additional procurement and approval controls include pre-construction alignment meetings with contractors, ongoing field oversight and contract administration, structured change management processes, and project closeout to validate final costs and compliance with program requirements.

Consideration of Alternative Solutions:

Multiple alternative approaches to addressing the safety, reliability, and equity concerns associated with master-metered mobilehome park (MHP) utility systems were evaluated over the course of the Commission's rulemaking proceedings. These alternatives included: (1) continued reliance on existing master-meter/submeter configurations with enhanced enforcement and inspection regimes; (2) owner-funded or partially subsidized infrastructure replacement; and (3) targeted or partial remediation of high-risk system components.
However, these alternatives were determined to be insufficient to resolve the long-standing and systemic issues inherent to legacy MHP utility systems.

As recognized by the CPUC, master-metered systems present persistent challenges due to their age, inconsistent maintenance practices, and the fragmented responsibility between park owners and utilities for safety, operations, and investment. Efforts over multiple decades to encourage voluntary upgrades or conversions resulted in minimal progress, demonstrating that incremental or enforcement-based approaches alone cannot drive meaningful, system-wide improvements.

Enhanced enforcement of existing requirements was not considered a viable standalone solution, as it would not address the fundamental structural issue of privately owned and operated utility infrastructure serving large residential communities. Similarly, reliance on MHP owners to fund or manage infrastructure upgrades would likely result in uneven implementation, limited participation, and continued safety and reliability risks, particularly given the financial and technical constraints faced by many MHP operators. Partial remediation strategies—such as targeted repairs or replacements—would not provide a comprehensive or durable solution, as underlying system deficiencies and code compliance issues would persist.

In contrast, the MHP Utility Conversion Program provides a comprehensive, scalable, and sustainable solution by transitioning service to direct utility ownership and operation. Under this approach, infrastructure is constructed, operated, and maintained in accordance with utility standards, established codes, and Commission oversight, thereby addressing the root causes of safety and reliability concerns. The program also enables consistent application of safety practices, improved system monitoring, and long-term asset accountability under the utility's responsibility.

Coordination with Similar Programs

The MHP Utility Conversion Program is coordinated with related utility programs, state initiatives, and internal capital activities to reduce duplication, manage costs, and maximize safety, reliability, and customer benefits. Coordination spans the full project lifecycle and is supported by established governance, cross functional collaboration, and formal information sharing practices.

This includes alignment with broader infrastructure efforts such as street improvement projects, city franchise utilities, and other municipal or regional capital programs to streamline construction activities and minimize community disruption. The program also coordinates with major regional initiatives, including LA28, proactively managing projects within Olympic venue zones to limit impacts through careful planning and scheduling.

Stakeholder Impact and Engagement:

The MHP Utility Conversion Program incorporates a structured and comprehensive stakeholder engagement framework designed to identify affected parties, proactively manage impacts, and support safe, efficient, and timely program execution. Given the complexity of MHP conversions and the number of involved stakeholders, the program emphasizes coordinated engagement, clear communication, and defined roles and responsibilities throughout the project lifecycle.

MHP conversions affect a broad range of stakeholders, including MHP residents, park owners/operators, SoCalGas personnel, third-party contractors, the CPUC (including the Safety and Enforcement

Division), the California Department of Housing and Community Development (HCD), and local jurisdictions. The program is designed to balance safety, customer equity, cost control, and the overall customer experience through structured outreach, collaboration, and regulatory compliance.

A central component of stakeholder engagement is SoCalGas's Customer Outreach and Account Management function, which is responsible for providing education and communication to MHP communities before, during, and after construction. Outreach activities are conducted in accordance with the Commission-reviewed statewide Outreach and Education Plan and include direct coordination with residents and park owners to explain program scope, timelines, service impacts, and available protections.

The program also incorporates formal coordination with MHP owners/operators, who play a critical role in facilitating access, selecting BTM contractors, and communicating with residents. SoCalGas works collaboratively with owners to define project scope, align expectations, and reduce ambiguity in program requirements and cost responsibilities. Outreach efforts also encourage competitive bidding for BTM work and provide contractors with guidance through workshops and site walks to improve transparency and cost efficiency.

Engagement with regulatory and government stakeholders is an integral part of program execution. SoCalGas maintains ongoing communication with the CPUC's Safety and Enforcement Division (SED), HCD, and local agencies to coordinate inspections, permitting, prioritization, and compliance with applicable requirements. This coordination supports consistent implementation of Commission directives and facilitates timely project execution across jurisdictions.

Utility Benchmarking:

Utility benchmarking in the MHP Utility Conversion Program is used to inform cost reasonableness, evaluate performance, and identify best practices, rather than to impose rigid cost or schedule standards. Given the highly site-specific and safety-driven nature of MHP conversions, direct per-space or per-park comparisons across utilities are inherently limited. Accordingly, benchmarking is applied as a directional tool, focusing on cost drivers, execution practices, and governance controls rather than strict cost parity.

Within this context, SoCalGas's average cost per space of $11,344 supports overall cost reasonableness and aligns with the Commission's findings in D.20-04-004, which identified a wide range of conversion costs—from approximately $11,530 per space at the low end to over $37,000 per space. While the Commission did not establish a fixed benchmark and cautioned against relying on soft cost targets alone, SoCalGas's current performance remains at or below the lower end of the observed range.

Ongoing benchmarking and retrospective reviews have further strengthened program execution by reinforcing key practices, including early risk identification, disciplined project sequencing aligned with CPUC Safety and Enforcement Division priorities, competitive and transparent BTM cost management, and robust governance supported by regular cost reviews, KPI monitoring, and formal reporting. These practices are embedded in current forecasting, budgeting, and cost control processes.

In summary, historical program performance, inter-utility experience, and industry best practices consistently demonstrate that MHP conversion costs are primarily driven by site-specific safety conditions and construction complexity. The program's benchmarking approach and cost management framework reflect these realities and remain consistent with CPUC guidance on reasonable cost recovery and effective program oversight.