

Rulemaking: 11-02-018
Exhibit No.: _____
Date: October 5, 2012
Witness: Various

**PACIFIC GAS AND ELECTRIC COMPANY (PG&E)
SOUTHWEST GAS CORPORATION (SWGAS)
WESTERN MANUFACTURED HOUSING COMMUNITIES
ASSOCIATION (WMA)
GOLDEN STATE MANUFACTURED HOME OWNERS LEAGUE
(GSMOL)
COALITION OF CALIFORNIA UTILITY EMPLOYEES (CCUE)
SAN LUIS REY HOMES (SLRH)**

**MOBILE HOME PARKS AND MANUFACTURED HOUSING
COMMUNITIES SERVICE TRANSFER TO ELECTRIC AND GAS
CORPORATIONS**

PREPARED TESTIMONY

MOBILE HOME PARKS AND MANUFACTURED HOUSING COMMUNITIES SERVICE
TRANSFER TO ELECTRIC AND GAS CORPORATIONS
PREPARED TESTIMONY

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JOINT SUBMISSION INTRODUCTION

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Pursuant to the May 17, 2012 ruling, Pacific Gas and Electric Company (PG&E), the Western Manufactured Housing Communities Association (WMA), Southwest Gas Corporation (SWGAs), Golden State Manufactured Home Owners League (GSMOL), the Coalition of California Utility Employees (CCUE), and San Luis Rey Homes (SLRH) jointly submit this prepared testimony on proposed utility mobile home park conversion programs.

WMA, GSMOL, CCUE, and SLRH support and agree with PG&E's MHP conversion program proposal, as contained herein. SWGas' testimony discusses its program proposal, which is conceptually the same as PG&E's proposal.

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 1

POLICY AND PROPOSAL

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 1
POLICY AND PROPOSAL

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PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 1
POLICY AND PROPOSAL

A. Introduction

Pacific Gas and Electric Company (PG&E) supports the goal of the California Public Utilities Commission (CPUC or Commission) to increase the safety and reliability of gas and electric service to mobile home park (MHP) residents by offering replacement of utility service to individual residents from MHP owned and operated systems to direct public utility service. The current MHP utility system transfer process has been largely ineffective at achieving the Commission's goal and, as a result, a new process which removes barriers to transfer and minimizes uncertainty for ratepayers and utilities should be considered. Pursuant to the May 17, 2012 ruling, PG&E has developed its program proposal and prepared testimony to help the Commission achieve these goals.

B. PG&E's Proposal

1. Mobile Home Park Conversion Program

PG&E is proposing a voluntary 10-year program whereby PG&E will work with participating MHP owners and residents to install new direct-service gas and/or electric utility systems parallel to existing MHP systems, and switch the MHP residents to the new utility system. The newly installed systems up to and including the meter, will be owned and operated by PG&E.

The majority of existing MHP master metered (legacy) systems were installed decades ago. PG&E has no knowledge of the material, equipment or the practices employed during the original construction or the MHP owner inspection frequency and maintenance practices since then. Therefore, as part of this voluntary conversion program, the MHP owner will agree to maintain the legacy system and continue to provide service to the MHP residents until cut-over to the direct-service public utility system. Throughout the utility construction, the legacy system will remain the property and responsibility of the MHP owner, including the cost of any removal or decommissioning.

1 PG&E estimates there are approximately 1,400 MHPs within its service
2 territory. PG&E proposes to accept a maximum number of 140 MHP
3 applications per year into this voluntary program. At a 100 percent
4 participation rate, replacement of 1,400 master-metered MHP systems could
5 be achieved over a 10-year period.

6 **2. Safety and Reliability**

7 The CPUC exercises jurisdictional authority over the safety of natural
8 gas and propane distribution systems, whether owned by the MHP, the local
9 utility or another (non-municipal) entity. The Department of Housing and
10 Community Development (HCD), a department in the California Business
11 Transportation and Housing Agency, has jurisdictional authority over MHP
12 owned electric distribution systems, unless the local government (city or
13 county) has exercised its option to undertake this responsibility.

14 Under PG&E's proposal, these entities would continue to serve in this
15 capacity until system cut-over from MHP owned master-metered facilities to
16 utility direct service, at which time operational responsibility for the new
17 system, up to the service delivery point (including the meter) would transfer
18 to the certificated utility. Safety jurisdictional authority would, thereafter, be
19 consolidated under the CPUC. Should a MHP owner opt not to convert
20 during the voluntary program timeline, the regulatory agency with
21 jurisdictional authority may utilize its enforcement authority to address safety
22 or reliability issues uncovered during its existing inspection processes. The
23 MHP owner may address safety and reliability issues on its own, or may
24 elect to participate in the existing transfer process.¹

25 PG&E also proposes a process whereby the Commission, in
26 consultation with HCD and/or the responsible city or county regulatory
27 agencies, work to prioritize projects as requests for conversion under this
28 program are received. This process, described in more detail in Chapter 2,
29 will ensure MHPs with safety and reliability issues identified by the
30 Commission, HCD, or the responsible city or county agency are given the
31 appropriate prioritization.

¹ Existing transfer process as defined in California Public Utilities Code Sections 2791-2799.

3. Construction Beyond the Meter

Given PG&E's past experience in the conversion of overhead electric service to underground,² and in order to ensure an efficient and safe transition to direct utility service,³ PG&E proposes work continue past the meter to include installation of the individual electric meter pedestals and electrical wiring from each electrical meter panel pedestal to the point of connection of each mobile home, and gas houseline plumbing from the PG&E riser to the home connection. PG&E proposes the MHP owner hire a private electrical and/or plumbing contractor to install a new electric pedestal and service delivery point, and a new gas houseline, and these costs be included in the program and recovered from ratepayers. Inspection of these new individual customer service electric and gas facilities, by the appropriate authority, would be required prior to cut-over to direct utility service.

By including these beyond the meter improvements, MHP residents are assured that they will obtain the full benefit of the new utility systems and PG&E will be assured that the resident's gas and electric service delivery points have been inspected and approved in advance of service cut-over.

A more detailed discussion of PG&E's proposed MHP conversion program is included in Chapter 2.

4. Outreach, Education and Credit

PG&E proposes to engage in outreach and education efforts with MHP owners, MHP residents, local agencies, and other interested parties to ensure a smooth transition from MHP sub-metered systems to direct utility service. Activities will include direct contact with interested parties, community meetings (town hall meetings), a dedicated Customer Care Relationship Manager (CCRM) for each MHP conversion, special Contact Center support, and material to help inform and guide interested parties through the process.

For the MHP residents, PG&E proposes to waive the initial credit check, and potential service deposit, and track service termination write-off for the

² Electric Rule 20A.

³ In PG&E's experience with electric Rule 20A, new underground electric facilities may not be energized to the customer's panel if a customer opts not to pay for a new service panel that can accommodate underground service.

1 initial MHP conversion customer for five years from the date the MHP
2 resident becomes a PG&E⁴ customer. The new PG&E customer would be
3 subject to existing service shut-off provisions as defined in Rule 11, and
4 during the 5-year period, uncollectible accounts will be subject to recovery
5 from ratepayers. Once a MHP has been converted to direct PG&E service,
6 any new MHP residents at that location requesting service must meet
7 existing PG&E credit requirements as defined in Rule 6 and Rule 7.

8 A more detailed discussion of PG&E's outreach, education, and credit
9 proposals are included in Chapter 3.

10 **5. Required Legislation**

11 PG&E's proposal addresses the Commission's goals and does not
12 require additional legislative action. PG&E's voluntary program maintains
13 jurisdictional oversight for those MHP owners who elect not to participate in
14 the program, and maintains inspection processes as they exist today under
15 General Orders 95, 128 and 112-E. Under PG&E's proposal, the existing
16 transfer process⁵ will continue to be an option for MHP owners.

17 **C. Program Uncertainty**

18 Residents of master-metered MHPs and manufactured housing
19 communities (collectively MHPs) receive their natural gas and/or electricity
20 directly from the MHP owners and operators through MHP owned distribution
21 systems; certificated public utilities such as PG&E provide neither direct service
22 to residents nor have knowledge of the type of environment in which these
23 systems exist. Parties have noted,⁶ as has the Commission,⁷ that there is a
24 lack of historical, accurate records and information about MHPs.

25 Although PG&E has extensive gas and electric line extension experience,
26 including the conversion of overhead electric to underground service, PG&E has
27 little experience with conversion of occupied MHP utility systems and the MHP

4 The date an MHP tenant becomes a PG&E customer is when the system cut-over to direct utility service is complete.

5 Existing transfer process as defined in California Public Utilities Code Sections 2791-2799.

6 Prehearing conference transcripts of April 15, 2011, June 14, 2011, and August 19, 2011. Responses to Question 11 of the *Questionnaire to Mobilehome Parks and Manufactured Housing Communities* showed respondents do not have as-built plans, drawings, or maps of the electric and/or natural gas systems.

7 Assigned Commissioner's Amended Ruling and Scoping Memo, May 17, 2012, p. 4.

1 construction environment. Since 1997,⁸ PG&E has completed just four transfers
2 of MHP master-metered service and, in each of those cases the construction
3 was performed primarily by the MHP applicant.

4 As a result, PG&E is proposing a completely new approach—to install new
5 gas and electric utility systems in existing, developed and occupied MHPs—
6 while recognizing that this new approach has considerable uncertainty. Such
7 uncertainty exists in estimating programmatic expenditures in the absence of
8 actual project engineering, and in the unique construction environment
9 challenges PG&E expects to encounter while installing parallel underground gas
10 and electric lines without causing damage to existing MHP utility infrastructure,
11 interruption of MHP utility service, or damage to existing water, sewer and storm
12 drains and avoiding intolerable disruption to the quality of life for MHP residents
13 due to street blockages, excavation, noise, dust, and construction activity with
14 major equipment.

15 **D. Cost Recovery and Ratemaking**

16 Given the unknown environment, the uncertain level of possible program
17 participation, and uncertainty in estimating costs to construct a completely new
18 utility system while minimizing dust, noise and disruption to MHP residents
19 based on very limited experience, PG&E proposes the creation and use of
20 balancing accounts to track program costs, and that the costs be recovered on a
21 forecast basis from gas and electric customer classes paying distribution costs.
22 PG&E proposes that these balancing accounts be trued-up to actual costs
23 annually in rates through the Annual Electric True-Up (AET) and Annual Gas
24 True-Up (AGT), and all MHP conversion costs described in Chapters 2 and 3
25 are pre-authorized by the CPUC and not subject to further reasonableness
26 reviews.

27 To achieve the Commission's MHP safety and reliability goals, PG&E's
28 proposed program will fund certain project costs typically funded by the MHP
29 owner under existing line extension tariffs⁹ and Public Utilities Code.¹⁰ PG&E
30 provides an estimate for conversion costs in Chapter 2 and Chapter 3; however,

8 R.11-02-018 *Mobile Home Parks and Manufactured Housing Communities Service Transfer to Electric and Gas Corporations Joint Cost Report*. July 13, 2012, p. 46.

9 Gas and Electric Rules 15 and 16.

10 Sections 2791-2799.

1 and as noted above, there exists significant uncertainty in these figures. PG&E
2 estimates, as described in greater detail in Chapter 2 and Chapter 3, equate to a
3 10-year program estimate of approximately \$2.5 billion,¹¹ should all MHPs be
4 converted under the program and the estimated contingency be fully utilized.

5 Upon cut-over to direct utility service for the MHP residents, the
6 master-meter discount previously provided to the MHP owner will cease as the
7 MHP owner no longer has responsibility for utility service. PG&E does not
8 believe a gradual phasing out of the master-metered discount to accelerate
9 conversion program participation is appropriate as such an action could
10 decrease funding for ongoing system maintenance. The master meter discount
11 itself is litigated in each utility's respective General Rate Case (GRC) and Gas
12 Biennial Cost Allocation Proceeding (BCAP)¹² and may be addressed in those
13 forums.

14 After a final Commission decision in this rulemaking, PG&E proposes that,
15 as a next step, the Utilities jointly develop a standardized program application
16 and contract agreement to support the new MHP conversion program, and
17 update the Utility MHP conversion programs¹³ through the appropriate
18 procedural mechanism.

19 A more detailed discussion of PG&E's proposed cost recovery and
20 ratemaking is included in Chapter 4.

21 **E. Conclusion**

22 PG&E's program proposal achieves the Commission's goal to increase the
23 safety and reliability of utility service to MHP residents, and removes the barriers
24 that have historically impeded broader participation in the existing transfer
25 program.

11 Total estimate excludes operating and maintenance costs, as discussed in Chapter 2. Excludes any cost escalation to account for changes in costs likely to occur during the program period.

12 The current electric master meter discount was litigated as part of PG&E's 2011 GRC, Phase 2. See Commission Decision 11-12-053. The current gas master meter discount was adopted by the Commission in Decision 10-06-035.

13 PG&E proposes such updates include a request for recovery of the appropriate revenue requirement in rates, reflecting cost estimates approved in this phase of the proceeding, and provide notice to customers.

1 As a result, PG&E recommends the Commission consider approval of:

- 2 • PG&E's proposed voluntary 10-year MHP conversion program and MHP
3 conversion prioritization process.
- 4 • PG&E's MHP conversion program approach and cost estimates proposed in
5 Chapter 2, to address the Commission's goal of replacement of utility
6 service to individual residents from MHP owned and operated systems to
7 direct service from the utility.
- 8 • PG&E's outreach, education, and credit proposals, including cost estimates
9 proposed in Chapter 3 to ensure the seamless continuation of service to
10 MHP residents.
- 11 • PG&E's proposal to recover MHP conversion program expenditures on a
12 forecast basis, including any difference between the adopted and the actual
13 expense and capital revenue requirement, from its gas and electric
14 customer classes paying for distribution costs.
- 15 • PG&E's proposal to establish two new mobile home park balancing
16 accounts (MHPBA), one for electric customers and one for gas customers,
17 to record the difference between the adopted and the actual expense and
18 capital revenue requirement associated with MHP conversion costs.
- 19 • PG&E's proposal to transfer any balance in the MHPBAs to the Distribution
20 Revenue Adjustment Mechanism, Core Fixed Cost Account, or Non-core
21 Fixed Cost Account annually to be recovered in the AET or AGT advice
22 letters.
- 23 • PG&E's proposal to move the ongoing revenue requirement associated with
24 converted MHPs from the MHPBAs to its GRC revenue requirement in the
25 GRC proceedings subsequent to each MHP conversion.
- 26 • PG&E's proposed annual reporting process to provide program visibility to
27 interested parties.
- 28 • PG&E's proposed post-rulemaking activities to reflect policy decisions made
29 in this rulemaking, request recovery of the forecast revenue requirement
30 reflecting the approved cost estimates, provide notice to customers, develop
31 a standardized program application and construction agreement contract
32 necessary for MHP conversion program implementation, and determine the
33 appropriate program information to be provided annually.

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 2
MOBILE HOME PARK CONVERSION PROGRAM

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 2
MOBILE HOME PARK CONVERSION PROGRAM

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PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 2
MOBILE HOME PARK CONVERSION PROGRAM

A. Introduction

In this chapter, Pacific Gas and Electric Company (PG&E) discusses its mobile home park (MHP) conversion program proposal, in support of the California Public Utilities Commission (CPUC or Commission) goal to encourage replacement of service to individual residents from MHP-owned and operated systems with direct public utility service.

Residents of master-metered MHP and manufactured housing communities (collectively MHPs) receive their natural gas and/or electricity directly from the MHP owners through privately-owned MHP distribution systems. In this arrangement, the serving utility provides distribution energy services (gas or electricity) to one or more master meters, and the MHP operates a distribution system within the confines of the park, providing service to individual residents.

Jurisdiction over the provision of energy for MHPs and over the safety of individual MHP units is a mix between state and local jurisdictions. The CPUC exercises jurisdictional authority over the safety of natural gas and propane distribution systems, whether owned by the MHP, the certificated utility or other entity. For electric systems, MHP safety inspections are performed by the Department of Housing and Community Development (HCD) and local governmental authorities.

B. Safety and Reliability

As indicated by parties to this proceeding,¹ the condition of the MHP utility systems evaluated to date have resulted in recommended complete replacement of MHP master-metered systems to alleviate public safety and utility system reliability concerns. Further, MHP owners responding to a survey² note that few have as-built plans, drawings, or maps of the electric and/or

¹ June 14, 2011 workshop.

² Responses to Question 11 of the *Questionnaire to Mobilehome Parks and Manufactured Housing Communities* showed respondents do not have as-built plans, drawings, or maps of the electric and/or natural gas systems.

1 natural gas systems.³ Additionally, PG&E anticipates a wide variation in the
2 condition of the MHPs, in addition to safety related issues:

- 3 • System reliability
- 4 • Adequate capacity
- 5 • Systems in need of immediate repair
- 6 • Individual home issues include unpermitted building additions and
7 deterioration

8 Replacement of the MHP master-metered systems, as described under
9 PG&E's proposal, addresses design and code compliance issues impacting
10 safety and reliability with older MHP distribution systems or those not designed
11 or installed to current specifications. These issues include, but are not limited to,
12 the following:

- 13 • Layout of the system, while code-compliant, may use different design criteria
14 than used by PG&E.
- 15 • Existing joint trench occupants are not configured with proper separation,
16 depth or location in the trench.
- 17 • Presence of "wet" utilities such as potable water, storm drains, or sewer in
18 the same trench with gas and electric lines.
- 19 • Presence of propane in the same trench with electric lines.
- 20 • Lack of records, including as-built drawings, material (e.g., pipe
21 manufacturer and date) specifications, inspection and maintenance records.
- 22 • Non-standard materials, outdated or discontinued materials.
- 23 • Incompatible fittings and replacement parts not stocked in utility inventory.
- 24 • Installation and repair methodologies for legacy system no longer standard.
- 25 • Standard public utility tools and equipment not compatible with existing
26 legacy MHP facilities.
- 27 • Utility personnel may not be trained on the type of equipment or materials
28 present with legacy MHP system.

29 **1. Gas Systems**

30 Master-metered gas distribution systems are designed and installed to
31 the requirements of Title 49 of the Code of Federal Regulations, Part 192,

³ Responses to Question 11 of the *Questionnaire to Mobilehome Parks and Manufactured Housing Communities, August 10, 2011.*

1 and CPUC General Order (GO) 112-E. Transfer of ownership to a gas
2 utility, however, necessitates upgrade of a MHP system to comply with
3 current regulations.

4 Gas distribution systems, including MHP systems, were not added to
5 regulations until 1960.⁴ As the new regulations were implemented, systems
6 already in use were not required to be retrofitted to meet the newly
7 applicable codes. Potential issues include, but are not limited to, the
8 following:

- 9 • Installation of gas piping under mobile homes and other buildings.
- 10 • Installation of lines at inappropriate depths.
- 11 • Non-standard material in trench backfill.
- 12 • Installation without minimum clearances from other utilities.
- 13 • Use of non-standard and non-compatible materials including, but not
14 limited to, polyvinyl chloride (PVC) pipe.
- 15 • Gas facilities installed in non-standard ways (e.g., glued vs. fused).
- 16 • Plastic systems installed without locating wire.
- 17 • Lack of cathodic protection.

18 **2. Electric Systems**

19 PG&E believes many MHP electric systems built prior to 1975 do not
20 meet the requirements of the National Electric Code and GOs 95 and 128.
21 Similar to the challenges related to the existing MHP gas systems, electric
22 systems are subject to issues that make full replacement of the electric
23 system the most appropriate approach to ensure the safe and reliable
24 delivery of natural gas and electricity. Potential issues include, but are not
25 limited to, the following:

- 26 • Overhead distribution lines which do not meet GO 95 requirements for
27 pole and service height, climbing space, safety signage, and other
28 requirements.
- 29 • Electric lines installed without adequate clearances between mobile
30 homes, other buildings, and other utilities.
- 31 • Overhead conductors not appropriately insulated.

4 June 14, 2011 Workshop presentation-Regulation History-Gas, Brad Harward, Housing & Community Development.

- Meters and pedestals do not meet current utility industry standards.
- Main panel capacity ratings below resident connected or desired load.
- Materials and equipment which are not in conformance with current utility design standards.
- Exposed conductors due to aging, failed, cracked, or missing insulation, or inadequate depth and cover for underground systems.
- Overhead electrical systems attached to and/or supported by unsafe structures, buildings, or vegetation.
- Other structures have been built over, or under, existing electric facilities.

C. Mobile Home Park Conversion Program

1. Program Overview

PG&E is proposing a voluntary program whereby PG&E will work with participating MHP owners to install new parallel gas and/or electric utility systems and convert the MHP residents to direct utility service. Thereafter, the newly installed systems, up to and including the meter, will be owned and operated by PG&E. The legacy systems will remain the property and responsibility of the MHP owner, including decommissioning. PG&E proposes to manage the process and fund certain project costs that are typically borne by the MHP owner pursuant to current utility line extension tariffs and Public Utilities Code Sections 2791-2799.

PG&E estimates there are approximately 1,400 MHPs within its service territory. PG&E proposes to accept a maximum number of 140 MHP applications per year into this voluntary program. At a 100 percent participation rate, replacement of 1,400 MHP systems could be achieved over a 10-year period.⁵

PG&E proposes that prior to acceptance into the MHP conversion program, the MHP owner submit a standard MHP conversion program application that demonstrates the MHP owner's intent to participate in the program and provides pertinent information to both PG&E and the CPUC.

⁵ It is difficult to estimate with any level of confidence the average time it will take to complete a MHP conversion. Given the unique nature of each MHP conversion project and associated project time, PG&E recognizes a review and revision of the annual maximum number of program applications that can be accepted into the MHP conversion program may be necessary.

1 Upon receipt of the application, PG&E proposes the Consumer
2 Protection and Safety Division (CPSD), the HCD, and local jurisdictions with
3 the authority to do so, inspect and assess all MHP systems submitted for
4 conversion and prioritize each MHP conversion prior to project scheduling
5 by the public utility. However, if this assessment identifies a master-metered
6 MHP system with serious safety, environmental, or other hazards, the CPSD
7 may require the MHP owner to immediately correct the hazardous condition,
8 whether or not the MHP proceeds with conversion.

9 Given PG&E's past experience in the conversion of overhead electric
10 service to underground,⁶ and in order to ensure an efficient and safe
11 transition to direct utility service,⁷ PG&E proposes the service conversion
12 work continue beyond the meter and include reimbursement of the cost of
13 installation of the individual electric meter pedestals and electrical wiring
14 from each electrical meter panel pedestal to the point of connection at each
15 mobile home, and gas houseline plumbing from the PG&E riser and meter to
16 the home connection.

17 As part of the conversion, the MHP owner will install for each dwelling a
18 new service delivery point (e.g., termination box or service panel) similar to
19 the existing Rule 20A electric overhead to underground conversion process,
20 and new gas houseline plumbing from the PG&E riser to the home
21 connection. This installation would be subject to the applicable California
22 codes and will require a qualified building inspection by the appropriate
23 authority, before PG&E can connect the new service.

24 Each MHP owner will select their own qualified contractor to install the
25 new gas and electric service delivery facilities beyond PG&E's termination
26 point including, but not limited to, the meter pedestal/termination section,
27 wire, conduit, and all trenching. PG&E would reimburse the MHP owner the

6 Electric Rule 20A.

7 In PG&E's experience with Electric Rule 20A, new underground electric facilities may not be energized to the customer's panel if a customer opts not to pay for a new service panel that can accommodate underground service. This results in increased project costs, delays, and continued operation and maintenance of parallel systems.

1 cost of the new service facilities, and those costs would be capitalized as
2 part of the cost of the MHP conversion program⁸ and recovered in rates.

3 PG&E will not purchase, take over, or assume liability for any portion of
4 the existing MHP gas or electric systems, and the current MHP owner will
5 retain ownership and responsibility for their systems. MHP owners/residents
6 will retain ownership of the newly-installed meter panels and/or pedestals,
7 gas piping and all service facilities beyond the service delivery point, usually
8 at the meter location.

9 It is expected that MHP residents will remain in service with existing,
10 MHP master-metered facilities during construction. When the parallel direct
11 utility service system construction is completed within the MHP, including
12 required building inspections, MHP residents will be transitioned to the new
13 utility systems and direct service from PG&E. Upon initiation of service from
14 the new utility-owned system, the MHP owner would be responsible for
15 decommissioning of the MHP owned system consistent with applicable
16 codes and environmental regulations.

17 **2. Prioritization**

18 PG&E proposes a process whereby the Commission, in consultation
19 with HCD or the responsible city or county regulatory agency, work to
20 prioritize projects as requests for conversion under this program are
21 received. This process will ensure MHPs with safety issues identified by the
22 Commission, in conjunction with HCD and the responsible city or county
23 agencies are given the appropriate prioritization.

24 Although the priority determination will reside with the Commission,
25 HCD, or the local authority, PG&E recommends the prioritization of the
26 replacement of MHP legacy energy systems be based on the following
27 criteria:

- 28 • Legacy system safety
- 29 • Legacy system reliability
- 30 • Legacy system capacity

⁸ Under PG&E's proposal, these costs are incurred as part of a capital project to make PG&E's new services "used and useful" for their intended purposes. Should the CPUC adopt PG&E's proposal, such costs would not be borne by the individual mobile home owners, but instead would be recovered from all gas distribution customers through PG&E's capital revenue requirement, once approved.

- MHP owner readiness (ability and demonstrated commitment to convert MHP services in coordination with utility construction schedules)

The prioritization of MHP applicants may result in a gas system conversion with a higher priority than the electric system, or vice-versa. To increase efficiency and lower costs, PG&E proposes to replace both systems based on the schedule for the higher priority system.

As discussed in more detail in Chapter 3, PG&E proposes to engage in stakeholder and community outreach to ensure a smooth transition to direct utility service. With PG&E's proposed Customer Care Relationship Manager (CCRM), and program management resources, PG&E is able to ensure the construction process and outreach activities are well coordinated. PG&E will inform and update MHP owners and residents on its activities and plans, and will work with jurisdictional agencies on the planning and permitting of projects.

3. Engineering and Planning Process

PG&E will prepare a preliminary design for the new gas and electric systems to replace the MHP master-metered systems, and:

- Distribute the preliminary design for review by parties (i.e., other utility operators as well as the MHP owner) upon validation of all loads for each MHP metered service.
- Provide the MHP owner with design and construction standards associated with the distribution and service designs.
- Prepare land rights documents for MHP owner's approval. All land rights documents must be executed and all necessary permits received before any construction can commence.
- Schedule construction after all design tasks are completed and final agreement(s) executed.

Gas and Electric specific design requirements for gas and electric systems are set forth below:

1 **a. Gas**

2 PG&E will design new gas MHP systems using current PG&E gas
3 standards, and applicable codes and regulations.⁹ Engineering work
4 will include:

- 5 • Performing gas planning studies.
- 6 • Gas facility design work, including meter location determinations,
7 cost estimating, preparing bills of materials, and ordering long lead
8 time materials.
- 9 • Preparing gas construction drawings.
- 10 • Submitting permit applications required for construction.

11 If a MHP owner has an existing propane gas distribution system,
12 PG&E proposes to replace it provided a PG&E gas distribution system is
13 located nearby and the MHP owner agrees.

14 **b. Electric**

15 PG&E will design electric systems to meet PG&E electric design
16 standards and applicable codes and regulations.¹⁰ This will ensure that
17 the facilities are consistent with existing PG&E facilities and can be
18 incorporated into routine utility inspection and maintenance programs.

19 MHP owners will continue to own and be responsible for facilities
20 located within the MHP's common use areas, including, but not limited
21 to streetlights, recreation centers, pools, laundries, and other facilities.
22 The electric system and meter(s) will be installed to serve these facilities
23 and MHP owners will continue to be responsible for commodity usage
24 and maintenance of common use equipment costs.

25 PG&E's proposed program assumes that the distribution system will
26 be sufficient to provide service to a 100-ampere electric meter pedestal
27 at each home. If the MHP owner requests, or is required to provide,
28 additional capacity, it is possible that upgrades to the home or the
29 connection between the home and the pedestal may be necessary.
30 These upgrades, and additional costs, would be the responsibility of
31 MHP owner or resident under PG&E's proposal.

9 GO 112-E.

10 GOs 95 and 128.

4. Land Rights

PG&E anticipates that one easement for the MHP will be required to provide service to the individual homes in the MHP, and other land or easement requirements will be necessary to install new distribution lines in the roads and provide service to the individual homes in the MHP. The easement will include the right for PG&E to maintain the facilities, as needed, for safe and reliable operation.

In situations where the MHP consists of several land owners, it is possible that multiple easements may be necessary if the gas or electric facilities cross property lines. Easements that may be needed to install gas or electric lines across third-party property will also be required by PG&E.

5. Environmental Issues and Remediation

Required environmental remediation and resolution of environmental issues will reside with the MHP owner under PG&E's proposal. The regulatory agency with jurisdictional authority may utilize its enforcement authority to address environmental issues uncovered during existing inspection processes.

6. MHP Conversion Program Agreement

Customer outreach and construction scheduling will begin after the utility and the MHP conversion program applicant enter into the final conversion agreement. This agreement would include performance requirements of the parties, anticipated costs, and would inform the party of their land, environmental, and remediation obligations under the program. PG&E proposes a standard form of this agreement be developed jointly by the Utilities and approved through the appropriate regulatory mechanism as part of the proposed post-rulemaking process discussed in Chapter 1.

7. Construction

To ensure safe and reliable service delivery, and to capture cost efficiencies, PG&E proposes existing MHP overhead electric systems are replaced with underground electric systems. PG&E will perform all trenching and excavation, and will not remove existing MHP owner's facilities.

1 The MHP owner will arrange for replacement of the electric service
2 termination and metering pedestal, which will remain the responsibility of the
3 MHP owner after system cut-over.

4 MHP residents and owners will experience temporary inconvenience
5 during the construction process. Effective outreach and education is
6 important to help manage MHP resident expectations and address these
7 issues which include, but are not limited to, the following:

- 8 • Noise and dust from trenching and construction activities.
- 9 • Temporary detours or street closures to accommodate trenching and
10 other activities.
- 11 • Steel plating of open trenches.
- 12 • Construction equipment and materials stored on site.
- 13 • Temporary loss of electric or gas service during cut-over activities.
- 14 • MHP homes or individual appliances may not pass local building
15 inspections.

16 Where PG&E does not provide both gas and electric service, the other
17 commodity may be provided by a municipal utility, Southern California Gas
18 Company or Southern California Edison. If joint utility service is identified as
19 existing or as a construction option during the inspection process, PG&E will
20 attempt to coordinate directly with other serving utilities to schedule work to
21 reduce construction costs.¹¹ PG&E also recognizes that scheduling a MHP
22 conversion in separate stages, or phases, may be necessary to properly
23 manage on-site logistics, weather, resources, construction activities such as
24 trenching and excavation, cut-over of gas and electric service to homes, and
25 inspection activities.

26 **8. Construction Permits**

27 PG&E will acquire routine ministerial permits (e.g., encroachment
28 permits) required for construction. Except for encroachment permits
29 necessary for utility trenching within public rights-of-way, all other permits
30 will be the responsibility of the MHP owner. This includes, but is not limited
31 to, the following:

¹¹ Including, but not limited to, coordination between the serving utilities to ensure the installation of underground facilities in a trench occurs simultaneously.

- Environmental and governmental agency permits.
- Caltrans permits.
- Railroad permits.
- Building permits for gas and electric service work necessary to install new service delivery facilities including, but not limited to, gas house lines, electric meter pedestals, and terminations.

PG&E will perform a desktop environmental and cultural resources review of the proposed work at the MHP, and the review may indicate endangered species, sensitive habitat, or potential cultural resources in or near the project. In such cases, PG&E will recommend an on-site review by appropriate experts to develop an impact avoidance and mitigation approach. If a MHP conversion project requires additional permits from a regulatory agency,¹² PG&E will discontinue work on the MHP conversion until the MHP owner is able to secure the required permits.

Any permits obtained by the MHP owner for service must meet PG&E standards for construction activities and the ongoing maintenance of the facility.

9. System Cutover

The MHP owner will maintain the legacy system and continue to provide utility service to the MHP residents until cut-over to the direct-service public utility system. Throughout utility construction, the legacy system will remain the property and responsibility of the MHP owner, including ongoing maintenance.

For natural gas MHP systems, PG&E's proposal includes disconnecting the MHP legacy system after the installation and pressurization of the new systems. This includes:

- Disconnection of the legacy service connections.
- Purging of remaining unpressurized gas from the MHP master-metered system.
- Separating and isolating the new and legacy systems.

¹² Including, but not limited to, the Department of Fish and Game or Regional Water Quality Control Board.

1 Responsibility for further decommissioning or removal, if necessary, will
2 remain with the MHP owner.

3 For electric systems, PG&E will disconnect the master-metered service
4 during the cut-over to the new underground system. It will be the
5 responsibility of the MHP owner to decommission the electric system, and
6 remove any unneeded poles.

7 **D. Cost Estimate**

8 As directed by the Commission, PG&E, along with other parties to this
9 proceeding, served a joint cost report¹³ that used the San Luis Rey Homes MHP
10 as a common case study to estimate costs for converting master-metered
11 service to direct utility service.

12 PG&E has little experience with MHP conversions, however, PG&E has
13 extensive experience with utility gas and electric line extension and believes the
14 discussion provided in the cost report,¹⁴ including the approach taken to develop
15 the cost estimates, assumptions, inclusions, and exclusions, reflects a
16 reasonable approach given the uncertain MHP environment. In the testimony
17 that follows, PG&E provides additional information to support PG&E's program
18 proposal and supplement the July 13, 2012, Joint Cost Report.¹⁵

19 **1. Program Management**

20 Program management functions are an important component of the
21 MHP conversion program, for conversions that are completed, and also for
22 those MHP conversion program applicants that begin the process and never
23 complete the conversion under the MHP conversion program.

24 Should all 140 applicants proceed to construction in a given year, PG&E
25 estimates six program managers will be required to manage the MHP

13 *Mobile Home Parks and Manufactured Housing Communities Service Transfer to Electric and Gas Corporations Joint Cost Report.* July 13, 2012.

14 *Mobile Home Parks and Manufactured Housing Communities Service Transfer to Electric and Gas Corporations Joint Cost Report.* July 13, 2012, pages 3 through 5.

15 For example, the Joint Utilities did not include cost estimates for operating and maintenance of the new utility system in the July 13, 2012, Joint Cost Report. PG&E is providing an estimate for such work in this chapter.

conversion program.¹⁶ PG&E has estimated the annual costs in Table 2-1, which reflect the estimated cost of the program managers including benefits and payroll burdens, and overheads.

TABLE 2-1
PACIFIC GAS AND ELECTRIC COMPANY
MHP CONVERSION ANNUAL PROGRAM MANAGEMENTCAPITAL EXPENDITURES

Line No.	Description	Total
1	Program Management(a)	\$1,495,116

(a) Estimated annual cost. For rate purposes, total annual cost will be allocated 50% to gas and 50% to electric.

2. To the Meter Costs

The PG&E gas and electric estimate is based on an underground electrical system installed jointly with PG&E gas based on PG&E's current design and construction standards. PG&E will perform project management for the entire construction effort with PG&E resources, contracted resources, or a combination of both, and appropriate PG&E support staff as required. Construction will be performed either by PG&E employees or, if contracted out, contractors signatory to Local 1245 of the International Brotherhood of Electrical Workers.

The installation of the electrical system includes the installation of cables, switches, transformers, SmartMeters™, conduits and substructures, and other facilities required to complete the distribution and service line extensions. PG&E has included estimates for additional SmartMeter™ network technology that will be required to serve the incremental MHP customers, which is included in the "other" cost category. The civil/trenching work includes trenching, backfill, excavation, and surface repair activities. PG&E's per space cost estimate for to the meter work is included in Table 2-2 below:

¹⁶ Program management cost estimates were not included in the *Mobile Home Parks and Manufactured Housing Communities Service Transfer to Electric and Gas Corporations Joint Cost Report*. July 13, 2012, as noted on page 11, line 17. PG&E has included estimates in this testimony as the function is necessary to deliver PG&E's proposed MHP conversion program.

TABLE 2-2
PACIFIC GAS AND ELECTRIC COMPANY
TO THE METER PER SPACE MHP CONVERSION CAPITAL EXPENDITURES

Line No.	Description	Gas (per space)	Electric (per space)	Total (per space)
1	Civil/Trenching(a)	\$3,051	\$3,883	\$6,935
2	Electric System		2,959	2,959
3	Gas System	1,268		1,268
4	Other(b)		40	40
5	Contingency	864	1,377	2,240
6	Total			\$13,442

(a) Estimates assume joint trench cost efficiencies.

(b) Includes easement cost estimate; estimate does not change if space converted is served by one commodity (natural gas or electric), or both.

3. Beyond the Meter Costs

For estimate purposes, and as noted above, PG&E is not authorized to, and does not currently perform this work. The estimate assumes that all new electric services will be installed underground. For MHPs with existing overhead systems, this means that the electric service (meter) panels will have to be changed to accommodate the new underground service, potentially at a new service delivery point. Even where the MHP's existing electric system is underground, experience shows that the electric service panel will typically require upgrade to allow the residents to fully enjoy the new electric system capacity. PG&E will require that the existing gas and electric delivery points have been approved by the appropriate building inspection authority prior to service connection.

While PG&E has included some costs for permits for the beyond the meter work, actual costs may vary due to differences among local permitting jurisdictions, and it is proposed by PG&E that this cost is the responsibility of the MHP owner, as noted above.

a. Electric System

For estimate purposes, PG&E bid-out the installation of the individual electric meter pedestals and electrical customer-owned wiring from each electrical meter panel pedestal to the point of connection in the front of the lots of each mobile home. This bid was obtained from a licensed electrical contractor in PG&E's service territory.

The cost estimate is for the installed cost of 100-ampere main meter pedestals and the conversion from the new service point to connection on each unit. This includes, but is not limited to, the following:

- Service termination/meter pedestal
- Grounding
- Customer load-side wiring, breakers and related material
- Trenching and conduit

All labor and material was included in this pricing. Labor includes one journeyman electrician, apprentice laborer, and required equipment.

b. Gas System

For estimate purposes, PG&E bid-out all customer-owned gas houseline plumbing from the PG&E riser to the customer connection at the home. The estimate includes:

- Labor
- Materials, including gas piping, connections
- Trenching

PG&E's capital expenditure estimates for beyond the meter work, for both the gas and electric system, are included in Table 2-3 below:

**TABLE 2-3
PACIFIC GAS AND ELECTRIC COMPANY
BEYOND THE METER PER SPACE MHP CONVERSION CAPITAL EXPENDITURES**

Line No.	Description	Gas (per space)	Electric (per space)	Total (per space)
1	Civil/Trenching	\$1,419	\$1,419	\$2,838
2	Electric System		2,291	2,291
3	Gas System	2,360		2,360
4	Other(a)	236		236
5	Contingency	803	742	1,545
6	Total			\$9,271

(a) Includes estimate for permits, as provided by contractor.

PG&E included a contingency estimate to account for estimating uncertainty related to project construction, scheduling uncertainty, unforeseen soil conditions, and obstructions and hazards that could

affect the total project cost.¹⁷ Given PG&E's voluntary program proposal, the contingency estimate also attempts to account for the unknown levels of program and project management resource support that may be required.¹⁸

4. Back Office Account Set-Up

PG&E charges new customer connection applicants for administrative processing costs on a per-meter basis, as approved by the Commission.¹⁹ These administrative processing costs are incurred with any new premise and service point setup associated with a new meter.

PG&E proposes these costs be included in its MHP conversion program, and have included the cost estimates in Table 2-4 below:²⁰

TABLE 2-4
PACIFIC GAS AND ELECTRIC COMPANY
PER METER MHP CONVERSION CUSTOMER CONNECTION PROCESSING EXPENSES

Line No.	Description	Gas (per meter)	Electric (per meter)
1	Customer Connection Processing	\$200	\$200

5. Operating and Maintenance²¹

Upon system cutover, PG&E proposes to align the Operations and Maintenance (O&M) practices with existing PG&E practices. As a result, the natural gas facilities require gas leak surveys, and the electric facilities require line patrols and inspections. PG&E has estimated these costs on a

¹⁷ PG&E's contingency estimate is based on the research contained in "Quality Guidelines for Energy System Studies," which notes contingency amounts should be highest at the budget authorization stage of the construction job estimation. PG&E's estimates and figures provided are pre-estimate as complete construction conditions are not known.

¹⁸ Program participation levels are unknown and could result in resource requirements to support PG&E's proposed conversion program, above and beyond the resources estimated.

¹⁹ D.04-05-055, p. 47.

²⁰ The cost estimates provided were inadvertently excluded from the *Mobile Home Parks and Manufactured Housing Communities Service Transfer to Electric and Gas Corporations Joint Cost Report*. July 13, 2012, page 15, line 20.

²¹ Operations and Maintenance costs were not included in the *Mobile Home Parks and Manufactured Housing Communities Service Transfer to Electric and Gas Corporations Joint Cost Report*. July 13, 2012, as noted on page 4. PG&E has included estimates as they are necessary to ensure the ongoing safety and reliability.

per-unit basis. A unit is defined as a gas service line for gas, and for electric, a piece of distribution line equipment (i.e., transformer, splice box, switch). As system engineering has not been performed and the required new gas and electric facilities are not known, the total cost of the O&M expenses cannot be determined; however, such activities are necessary to ensure ongoing safe and reliable system operation. PG&E has included the per-unit estimates for these activities in Table 2-4 below.

TABLE 2-5
PACIFIC GAS AND ELECTRIC COMPANY
PER UNIT MHP CONVERSION OPERATING AND MAINTENANCE EXPENSES

Line No.	Description	Gas (per unit)	Electric (per unit)
1	Operating and Maintenance(a)	\$15	\$113

(a) Electric estimate reflects cost for inspection and patrol; gas estimate reflects leak survey.

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
OUTREACH, EDUCATION, AND CREDIT

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 3
OUTREACH, EDUCATION, AND CREDIT

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1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **CHAPTER 3**
3 **OUTREACH, EDUCATION, AND CREDIT**

4 **A. Introduction**

5 In this chapter, Pacific Gas and Electric Company (PG&E) presents its
6 proposed stakeholder and community outreach approach, and credit policies
7 associated with converting approximately 1,400 mobile home parks (MHP) from
8 master-metered service to utility service in PG&E's service territory. The
9 magnitude of this work requires the appropriate outreach to notify and help
10 disseminate information to more than 105,000 affected residents, coordinate
11 processes with the California Public Utilities Commission (CPUC or
12 Commission) and local authorities, and address any questions or concerns
13 interested parties have regarding the conversion of a MHP to direct utility
14 service. This chapter also outlines the credit policy PG&E proposes to apply
15 when establishing service to new utility customers under PG&E's proposed MHP
16 conversion program.

17 PG&E does not have experience providing outreach and education to
18 parties interested in the conversion of MHPs to direct utility service. In the
19 four MHP conversions in PG&E's territory since 1997, only one park was
20 occupied by residents during construction and customer outreach was
21 performed by the MHP owner that applied for service transfer to PG&E under
22 the existing process.¹ Under PG&E's proposal, PG&E will have primary
23 responsibility for coordination, outreach and education to owners, residents, and
24 other stakeholders including the Commission and local authorities.

25 There are numerous activities PG&E expects will need to be actively
26 managed with owners, residents, the Commission, and local agencies once a
27 MHP conversion program is approved and MHP owners volunteer for service
28 conversion to direct utility service. As stated in PG&E's October 21, 2011,
29 Proposal to Transfer Master-Meters/Submeter Systems at Mobile Home Parks
30 and Manufactured Housing Communities to Electric and Gas Corporations, "for
31 both MHP owners and residents, converting to PG&E service may be a

1 California Public Utilities Code (Pub. Util. Code) Sections 2791-2799.

1 complicated and disruptive process.” This chapter proposes activities that will
2 support a smooth transition of MHP residents to utility service, and further
3 support the Commission’s goals.

4 **B. Outreach and Education**

5 PG&E anticipates that outreach and education will take place in two steps.
6 The first step will be the initial outreach to MHP owners, informing them of the
7 availability of the conversion program, and the potential benefits and obligations
8 associated with conversion. Although a MHP owner may be an eager and active
9 participant in the MHP utility conversion process at the onset, it is difficult to
10 determine how many MHPs will actually move forward with conversion when
11 presented with the agreement outlining all the specific obligations of the parties.

12 The second step in outreach and education generally begins when the MHP
13 owner has made the commitment to move forward with conversion. MHP
14 residents may not share similar enthusiasm due to the fact residents do not have
15 a voice in the decision to convert from MHP-service to direct utility service.² As
16 a result, it is anticipated that the MHP conversion will also require timely and
17 informative outreach to notify and educate all affected residents of potential work
18 impacts, process,³ and address any concerns residents and stakeholders may
19 have before, during and after the conversion.

20 **1. Conversion Process Stakeholders**

21 PG&E has identified the following stakeholders in the conversion
22 process, as well as their potential communication needs below:

- 23 • **MHP Owners**

24 MHP outreach is anticipated to take place in two steps. The first
25 step to MHP owners will likely require detailed information about the
26 conversion program including the financial and legal obligations
27 associated with conversion. The second step outreach will occur when
28 the MHP Owner commits to conversion by executing the specific
29 conversion agreement(s). Once executed, the MHP Owner will need to
30 be a partner with the utility in providing outreach to the residents. This

2 Similar to the existing process defined by Public Utilities Code Sections 2791-2799, the MHP-owner enters into the transfer agreement with a utility, not the MHP residents.

3 Process topics include what residents should expect if safety issues are identified that require the disconnection of appliances until the appliance can be repaired or replaced.

1 will require information that describes the outreach process,
2 responsibilities, and activity timing necessary to disseminate information
3 at the community level.

- 4 • MHP Residents

5 For MHP residents, the change to direct utility service has been
6 requested by the MHP owner and the MHP resident is “along for the
7 ride.” As a result, the MHP resident may see the conversion as
8 unnecessary, unwanted, and a disruptive process. However, once MHP
9 residents are converted to utility service, they will have the opportunity
10 to take advantage of numerous PG&E programs and services, including
11 new rate options, SmartMeters™, energy conservation programs, and
12 the potential for increased service capacity. Proper outreach and
13 education about transition requirements and expectations will need to be
14 proactively managed with timely execution before, during and after
15 construction.

- 16 • Local Government Stakeholders

17 Early outreach to local government officials will need to occur prior
18 to outreach with impacted MHP residents. Government relations
19 activities include discussion with elected officials, local emergency
20 services, and others to ensure cohesive messaging across stakeholder
21 organizations.

- 22 • The Commission and Local Inspection Authorities

23 As part of the conversion process, and as described in more detail
24 in Chapter 2, PG&E proposes the Commission’s Consumer Protection
25 and Safety Division (CPSD) and the California Department of Housing
26 and Community Development (HCD) and local authorities charged with
27 inspections of the MHPs work with PG&E to prioritize MHP conversion
28 applications. This partnership requires communication and outreach to
29 ensure all parties are informed of the process and the prioritization and
30 timing of each MHP application. Once agreements have been received
31 from each MHP conversion, additional outreach and education activities
32 will begin.

- Others

The proposed conversion program may impact the surrounding community of MHPs that have opted for conversion. As a result, communications may be necessary to inform the surrounding community and in some instances, the general public about the program and the schedule with the potential for traffic, construction, and other related activities.

2. Conversion Process Outreach Activities

To address the estimated communication needs of the stakeholders once an application for conversion is received from a MHP owner, PG&E's proposed outreach and education plans include:

- Outreach with the Commission, HCD, and local inspection authorities on work prioritization, inspections, safety, and conversion process activities.
- Outreach to local governmental officials to provide an overview of the MHP conversion program.

Once agreements are in place to convert a specific MHP, the following activities are anticipated:

- Outreach through designated Customer Care Relationship Managers (CCRM) to manage the PG&E process, establish roles and responsibilities between PG&E and the MHP owners, provide an estimated construction schedule, coordinate communication outreach efforts with the MHP owner to residents, coordinate and manage "town hall" meetings, and respond to general questions from all interested parties.
- Meetings with local government officials for conversion projects within a specific city and county to provide details about the conversion process tentative timeline, inform stakeholders about the outreach plan, and communicate how their constituents may be impacted by the program.
- Notification letters to MHP owners and residents.
- Community events (town hall meetings) to disseminate Transition Kits to MHP residents with information about: construction work impacts, timing, account setup instructions, utility programs and service, and SmartMeter™ energy management opportunities.

- Interactive Voice Response calls to provide additional communications as necessary.
- Door to door canvassing with door hanger reminders (when necessary) to MHP residents in immediate vicinity of onsite work.
- Post-construction, and system cut-over to utility service resolution material.⁴
- PG&E Contact Center (CC) resources will respond to questions, and assisting the MHP residents in the setup of their account with PG&E.
- PG&E CC will ensure that eligible MHP residents are included in PG&E California Alternate Rates for Energy (CARE) and medical assistance programs.
- Outreach with local media, if necessary, to inform the surrounding community about the transition of the MHP to utility service.
- Assisting the MHP owner with dissemination of information, including contractor contact information, for “beyond the meter” work performed on behalf of the MHP owner.

PG&E anticipates conversion work in some geographic areas will result in larger impacts to stakeholders (including MHP residents) than other geographic areas, and as a result, such conversions will require more direct and more costly communication efforts. Through an integrated schedule with outreach activities triggered by key operational milestones, impacted parties will be kept informed at critical times and throughout the conversion process.

3. Role of Parties and the Commission

As described in Section B, ongoing communication with the Commission, local authorities, and other interested stakeholders will be required, at different points in the conversion process. As described in Chapter 2, PG&E will work to implement the conversion priorities of the CPSD, HCD, and local authorities. The priority assigned a particular MHP conversion will be communicated to the MHP applicant. Outreach and education activities with MHP residents and other interested parties will not

⁴ Includes damage claims, among other post-construction items.

generally begin until an MHP agreement has been executed and conversion work has been scheduled in accordance with the MHP conversion priorities.

C. Credit Policy and Proposal

1. Current Credit Policy

Pursuant to Rule 3, a new customer is defined as someone who has never had service in their name with PG&E or has had a break in service for greater than one year. Pursuant to existing Rules 6 and 7, new customers are asked to establish credit which provides some financial protection to PG&E and its ratepayers. As part of this process, applicants answer specific questions as part of setting up the account and determining if a deposit is needed through Connect Check. Connect Check is a service provided by Experian that authenticates the personal information provided and determines if a deposit should be assessed for the customer. New customers may be assessed a deposit pursuant to existing Rules 6 and 7, with three options available to fulfill the deposit request:

- Cash Deposit.
- Automated Payment Services (APS) – Customers enroll in APS to have automatic deductions from their checking account. Their deposit is waived or cancelled if they stay on APS consecutively for 12 months or greater.
- Residential Bill Guaranty – Another customer, if qualified, may be a guarantor and assume liability for the bill if the customer defaults.

2. Credit Proposal

In this case, however, meeting PG&E credit standards for new customers may be an additional hurdle to the transition to utility service, and may impede the achievement of the Commission's goals of safe and reliable service at MHPs. To ensure a timely transition, PG&E proposes to waive the deposit requirement for any converting MHP resident.⁵ Once cut-over is complete and service has been established to the new MHP customer, they would be subject to all existing service payment, notice, and shut-off

⁵ After a MHP has been converted to direct utility service, new customers at the MHP requesting service will be managed under existing PG&E credit policies and existing Rules 6 and 7 provisions.

provisions as defined in existing PG&E rules. Provided the MHP resident maintains an acceptable payment history under existing rules, PG&E will not assess a deposit.

PG&E proposes to track non-payment write-off for the initial resident customer conversion for five years from the date the MHP residents becomes a PG&E⁶ customer in lieu of meeting PG&E existing credit standards (and providing a service deposit). Write-offs would be tracked in a similar fashion as other program costs incurred, and recovered in rates as proposed in Chapter 4.

D. Cost Estimate

PG&E anticipates that approximately three employees are required to manage outreach and education regardless of the number of conversions. The estimate for three employees, including benefits and payroll burdens, and overheads, has been included in Table 3-1. Startup costs associated with PG&E proposed program are also included in Table 3-1, and include the development of outreach and education materials.⁷

**TABLE 3-1
PACIFIC GAS AND ELECTRIC COMPANY
MHP CONVERSION OUTREACH AND EDUCATION OPERATING EXPENSES**

Line No.	Description	Total
1	Program Startup(a)	\$400,000
2	Program Management(b)	\$534,000

(a) First year start-up cost. For rate purposes, total startup cost estimate will be allocated 50 percent gas and 50 percent electric. PG&E will seek recovery in rates for the total cost in the first year of the MHP conversion program.

(b) Estimated annual cost. For rate purposes, total annual cost will be allocated 50 percent to gas and 50 percent to electric.

For the activities discussed in Section 2 above, PG&E has estimated a per-space cost and has included this estimate in Table 3-2 below:

⁶ The date an MHP resident becomes a PG&E customer is when the system cut-over to direct utility service is complete.

⁷ Such materials can include letter, door hangers, website information, and transition kits.

TABLE 3-2
PACIFIC GAS AND ELECTRIC COMPANY
PER SPACE MHP CONVERSION OUTREACH AND EDUCATION OPERATING EXPENSES

Line No.	Description	Total (per space)
1	Outreach and Education(a)	\$170

(a) For rate purposes, per space cost estimate will be allocated 50 percent to gas and 50 percent to electric. Per space cost does not change if space converted is served by one commodity (natural gas or electric), or both.

- 1 The estimates in Table 3-1 and Table 3-2 exclude any costs for non-
- 2 payment associated with PG&E's proposed credit policy.

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 4
COST RECOVERY AND RATEMAKING

PACIFIC GAS AND ELECTRIC COMPANY
CHAPTER 4
COST RECOVERY AND RATEMAKING

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1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **CHAPTER 4**
3 **COST RECOVERY AND RATEMAKING**

4 **A. Introduction**

5 In this chapter, Pacific Gas & Electric Company (PG&E) presents its cost
6 recovery and ratemaking proposals for the capital and operating expenses
7 required to convert master-metered natural gas and electricity service with direct
8 utility service at mobile home parks (MHP) and manufactured communities
9 (collectively, MHPs) located within PG&E's service territory in support of the
10 safety and reliability goals articulated by the California Public Utilities
11 Commission (CPUC or Commission) in this rulemaking.

12 **B. Cost Recovery and Ratemaking Proposal**

13 PG&E recommends that the Commission approve its cost recovery and
14 ratemaking proposals as reasonable and necessary to implement its MHP
15 conversion program presented in Chapters 1 to 3 of this testimony. PG&E's
16 estimated costs, including annual, startup, per space, and per unit are included
17 in Tables 4-1 to 4-6 of Attachment A, which reflect cost estimates from
18 Chapter 2 and Chapter 3.

19 PG&E will request approval for recovery of the appropriate forecast cost
20 estimates described in Chapter 2 and Chapter 3 of this testimony, through the
21 appropriate post-rulemaking procedural mechanism. PG&E's cost estimates, as
22 described in greater detail in Chapter 2 and Chapter 3, equate to a 10-year
23 program cost estimate of approximately \$2.5 billion,¹ should all MHPs be
24 converted under the program and the estimated contingency be fully utilized.

25 **1. Mobile Home Park Balancing Accounts**

26 Given the uncertainty described in Chapters 1 through 3 of this
27 testimony, PG&E proposes to establish two new mobile home park
28 balancing accounts (MHPBA); one for electric customers and one for gas
29 customers. These accounts would record the difference between the
30 adopted and the actual expense and capital revenue requirement

1 Total estimate excludes operating and maintenance costs, as discussed in Chapter 2. Excludes any cost escalation to account for changes in costs likely to occur during the program period.

1 associated with the costs of the MHP conversions described in Chapter 1
2 through Chapter 3.

3 The Commission has recognized it is “not an easy undertaking” to
4 estimate the MHP conversion costs.² This is due to the diversity of physical
5 conditions for each individual MHP with varied unique issues; PG&E’s little
6 to no experience with MHP conversion, and the unknown environment as
7 discussed in Chapters 1 to 3 of this testimony.

8 PG&E anticipates that in the course of actual MHP conversion, it may
9 encounter certain circumstances which require PG&E to perform additional
10 unanticipated work and incur additional unanticipated costs, not previously
11 included in the cost estimates presented in this testimony. All unexpected
12 additional work and costs will be non-discretionary and required to meet the
13 Commission’s goal of increased safety and reliability. Based on its best
14 estimates, PG&E presents estimated MHP conversion costs in Tables 4-1 to
15 4-6 in Attachment A.

16 PG&E proposes that the Commission allow PG&E to record in the
17 MHPBA the difference between:

- 18 1. The MHP forecast revenue requirement calculated as follows:
- 19 a) The adopted revenue requirement associated with the MHP
20 conversion annual program management capital expenditures, plus,
 - 21 b) The adopted revenue requirement associated with per-space MHP
22 conversion capital expenditures, multiplied by the number of MHP
23 spaces expected to be converted, plus,
 - 24 c) The adopted revenue requirement associated with the per-meter
25 MHP conversion customer connection processing expenses,
26 multiplied by the number of meters expected to be installed, plus,
 - 27 d) The adopted revenue requirement associated with the per-unit³
28 MHP conversion Operating and Maintenance (O&M) expenses,
29 multiplied by the number of units expected to be performed, plus,

² Assigned Commissioner’s Amended Ruling and Scoping Memo, February 24, 2011. Page 4.

³ A discussion of the per-unit estimates, including the definition, is included in Chapter 2.

- e) The adopted revenue requirement associated with the first year MHP conversion Outreach and Education program start-up operating expenses, plus,
 - f) The adopted revenue requirement associated with the annual Outreach and Education program management operating expenses, plus,
 - g) The adopted revenue requirement associated with the per-space Outreach and Education operating expenses, multiplied by the number of MHP spaces expected to be converted.
2. The revenue requirement associated with the actual cost of the MHP conversion, calculated as follows:
- a) The revenue requirement associated with the actual MHP conversion annual program management capital expenditures, plus,
 - b) The revenue requirement associated with the actual MHP capital expenditures, plus,
 - c) The revenue requirement associated with actual MHP conversion customer connection processing expenses, plus,
 - d) The revenue requirement associated with the actual MHP conversion O&M expenses, plus,
 - e) The revenue requirement associated with the actual first year MHP conversion Outreach and Education program start-up operating expenses, plus,
 - f) The revenue requirement associated with the actual Outreach and Education program management operating expenses, plus,
 - g) The revenue requirement associated with the actual Outreach and Education operating expenses.

Until the Commission authorizes cost recovery through another mechanism, the MHPBAs would continue to record the ongoing forecast and actual revenue requirements associated with the MHP conversions.

PG&E will request that the Commission allow it to move recovery of the ongoing revenue requirement associated with converted MHPs from MHPBAs to its General Rate Case (GRC) revenue requirement in the GRC proceedings subsequent to each MHP conversion. Should the Commission approve PG&E's request, PG&E will consolidate the ongoing O&M and

capital revenue requirement associated with converted MHPs in PG&E's GRC revenue requirement. If the Commission does not approve PG&E's proposal to include the MHP revenue requirement in the GRC, PG&E will continue to recover its ongoing MHP conversion program costs, and associated revenue requirement, through the MHPBAs, until such time as PG&E is allowed to transfer the converted MHPs into its GRC revenue requirement.

2. Ratemaking

PG&E proposes to recover on a forecast basis, the revenue requirement associated with the MHP conversion costs presented in this application from its electric and gas customer classes paying for distribution costs. This includes the Commission-adopted MHP conversion revenue requirement and any difference between adopted and actual expense and capital revenue requirements recorded to the MHPBAs as described above. Accordingly, PG&E proposes that the Commission allow it to transfer any balance in MHPBAs to its Distribution Revenue Adjustment Mechanism, Core Fixed Cost Account or Noncore Fixed Cost Account annually to be recovered in its Annual Electric True-Up or Annual Gas True-Up advice letters. This proposed two-way balancing account treatment provides customer protection if PG&E's recorded costs are lower than forecast.

Currently, PG&E provides a master-meter discount to reimburse certain costs incurred by the master-metered MHP owner.⁴ PG&E proposes to terminate the master-meter discount of the MHPs that have converted to PG&E's main service upon cut-over from the non-PG&E sub-metered system to PG&E service.

C. MHP Conversion Program Reporting

PG&E proposes that the Utilities provide an annual report to the Commission on the status of the MHP conversion project, throughout the duration of the MHP conversion program. Through the report, the Commission and interested parties may review information on the MHP conversion program including, but not limited to, conversions completed to date and actual costs incurred.

⁴ Including meter reading, rendering bills, facility maintenance and repair, and capital replacement.

- 1 PG&E proposes that, after a Commission decision in this rulemaking, the
- 2 Utilities work jointly to develop the appropriate content for such a report.

PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER 4

ATTACHMENT A

MHP CONVERSION PROGRAM COST ESTIMATES

**PACIFIC GAS AND ELECTRIC COMPANY
ATTACHMENT A
MHP CONVERSION PROGRAM COST ESTIMATES**

**TABLE 4-1
PACIFIC GAS AND ELECTRIC COMPANY
MHP CONVERSION ANNUAL PROGRAM MANAGEMENT CAPITAL EXPENDITURES**

Line No.	Description	Total
1	Program Management(a)	\$1,495,116

- (a) Estimated annual cost. For rate purposes, total annual cost will be allocated 50% to gas and 50% to electric.

**TABLE 4-2
PACIFIC GAS AND ELECTRIC COMPANY
TOTAL PER SPACE MHP CONVERSION CAPITAL EXPENDITURES
(TO THE METER AND BEYOND THE METER)**

Line No.	Description	Gas (per space)	Electric (per space)	Total (per space)
1	Civil / Trenching(a)	\$4,470	\$5,302	\$9,773
2	Electric System	—	5,250	5,250
3	Gas System	3,628	—	3,628
4	Other(b)	236	40	276
5	Contingency	1,667	2,119	3,785
6	Total			\$22,712

- (a) Estimates assume joint trench cost efficiencies.
- (b) Includes easement cost estimate; estimate does not change if space converted is served by one commodity (natural gas or electric), or both. Includes estimate for permits, as provided by contractor.

**TABLE 4-3
PACIFIC GAS AND ELECTRIC COMPANY
PER METER MHP CONVERSION CUSTOMER CONNECTION PROCESSING EXPENSES**

Line No.	Description	Gas (per meter)	Electric (per meter)
1	Customer Connection Processing	\$200	\$200

TABLE 4-4
PACIFIC GAS AND ELECTRIC COMPANY
PER UNIT MHP CONVERSION OPERATING AND MAINTENANCE EXPENSES

Line No.	Description	Gas (per unit)	Electric (per unit)
1	Operating and Maintenance(a)	\$15	\$113

- (a) Electric estimate reflects cost for inspection and patrol; gas estimate reflects leak survey.

TABLE 4-5
PACIFIC GAS AND ELECTRIC COMPANY
MHP CONVERSION OUTREACH AND EDUCATION OPERATING EXPENSES

Line No.	Description	Total
1	Program Startup(a)	\$400,000
2	Program Management(b)	\$534,000

- (a) First year start-up cost. For rate purposes, total startup cost estimate will be allocated 50% gas and 50% electric. PG&E will seek recovery in rates for the total cost in the first year of the MHP conversion program.
- (b) Estimated annual cost. For rate purposes, total annual cost will be allocated 50% to gas and 50% to electric.

TABLE 4-6
PACIFIC GAS AND ELECTRIC COMPANY
PER SPACE MHP CONVERSION OUTREACH AND EDUCATION OPERATING EXPENSES

Line No.	Description	Total (per space)
1	Outreach and Education(a)	\$170

- (a) For rate purposes, per space cost estimate will be allocated 50% to gas and 50% to electric. Per space cost does not change if space converted is served by one commodity (natural gas or electric), or both.

PACIFIC GAS AND ELECTRIC COMPANY
APPENDIX A
STATEMENTS OF QUALIFICATIONS

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **STATEMENT OF QUALIFICATIONS OF KEVIN A. ERNST**

3 Q 1 Please state your name and business address.

4 A 1 My name is Kevin A. Ernst, and my business address is Pacific Gas and
5 Electric Company, 1850 Gateway Blvd, Concord, California.

6 Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company
7 (PG&E).

8 A 2 I am a principal strategic planner in the Customer Impact Department. I am
9 responsible for developing and supporting process improvement efforts for
10 the Customer Engagement organization.

11 Q 3 Please summarize your educational and professional background.

12 A 3 I received a bachelor of science degree in civil and agricultural engineering
13 from the University of California, Davis in 1978. In 1978, I joined PG&E and
14 became a commercial representative in San Jose, responsible for
15 coordinating new gas and electric connections for commercial and small
16 industrial customers. From 1980 to 1987, I held positions as an energy
17 management representative and energy management engineer in Stockton
18 and San Francisco, where I was responsible for implementing various PG&E
19 direct control load management programs. From 1987 to 1990, I was a
20 senior gas analyst supporting natural gas regulatory and restructuring
21 efforts.

22 From 1990 through June 2012, I held various positions as a major
23 account representative, sr. major account representative, corporate account
24 manager and principal strategic account manager providing and supporting
25 account management and customer service to PG&E's largest commercial
26 and industrial customers. In June 2012, I assumed my current position.

27 I have sponsored testimony before the California Public Utilities
28 Commission for PG&E on Interruptible Load Programs (Chapter 4) in the
29 2002 Annual Earnings Assessment Proceeding, in PG&E's 2003 General
30 Rate Case on Exhibit (PG&E-3), Chapter 3, "Account Services" and PG&E's
31 2007 General Rate Case, Exhibit (PG&E-5), Chapter 3 "Customer Care."

- 1 Q 4 What is the purpose of your testimony?
- 2 A 4 I am sponsoring Chapter 3, "Outreach, Education, and Credit."
- 3 Q 5 Does this conclude your statement of qualifications?
- 4 A 5 Yes, it does.

PACIFIC GAS AND ELECTRIC COMPANY
STATEMENT OF QUALIFICATIONS OF MARSIAL R. FERNANDEZ

Q 1 Please state your name and business address.

A 1 My name is Marsial R. Fernandez, and my business address is Pacific Gas and Electric Company, 4040 West Lane, Stockton, California.

Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company (PG&E).

A 2 I am a director in the Customer Service Delivery Department, which is a group within the Electric Operations Distribution organization. I oversee the safety performance of the organization as well as the work related to delivering excellent customer service to customers requesting new electric and gas service or service rearrangements to new and existing facilities.

Q 3 Please summarize your educational and professional background.

A 3 I received a bachelor of science degree in mechanical engineering from California State University, Chico in 1983. I received an engineering-in-training certificate from the state of California in June 1982, a California Energy Commission auditor certificate in April 1986, and a University of Pacific management program certificate in December 1995. I was hired by PG&E in 1983 as an energy management representative serving commercial and industrial customers with energy conservation solution strategies.

In 1987, I worked as an industrial power engineer responsible for coordinating the electric and gas service requirements to new and existing commercial and industrial customers as well as coordinating interconnection services to large independent power producers.

In 1993, I obtained the Lodi community manager position responsible for providing front counter payment services and meter reading services to the local and surrounding communities while also serving as a community liaison for the Company with local civic and non-profit organizations.

In 1997, I was promoted to local customer services manager position overseeing the customer service operations for multiple offices in a larger geographical territory. In 1999, I obtained an analyst position within project and technical services responsible for forecasting new business

1 connections, providing tariff support, completing financial variance reports,
2 and tracking and monitoring efficiency and productivity reports.

3 In 2006, I obtained a service planning supervisor position overseeing a
4 work group responsible for delivering excellent customer service to
5 customers requesting new electric and gas service or service
6 rearrangements to new and existing facilities. From 2007 to 2010, I worked
7 as a service planning manager overseeing a larger work group with a
8 greater span of control responsible for delivering excellent customer service
9 to customers requesting new electric and gas service or service
10 rearrangements to new and existing facilities.

11 In 2011, I was promoted into my current position as director of Local
12 Service Planning & Design within the Customer Service Delivery
13 Department.

14 Q 4 What is the purpose of your testimony?

15 A 4 I am sponsoring Chapter 1, "Policy and Proposal."

16 Q 5 Does this conclude your statement of qualifications?

17 A 5 Yes, it does.

PACIFIC GAS AND ELECTRIC COMPANY
STATEMENT OF QUALIFICATIONS OF WADE W. HALEY

Q 1 Please state your name and business address.

A 1 My name is Wade W. Haley. My business address is 1850 Gateway Blvd.,
Concord, California.

Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company
(PG&E).

A 2 I am a senior distribution analyst in the Electric Operations, Customer
Service Delivery organization. I work in the Service Planning Support group
providing field support for New Business and Work at the Request of Others.

Q 3 Please summarize your educational and professional background.

A 3 I have a bachelor of arts degree in business administration – finance, from
California State University, Sacramento. I have spent the last 31 years with
PG&E as a senior new business representative, local office manager,
service planning supervisor, senior tariff analyst, senior program and project
managers, project team lead, senior distribution analyst, and manager.

Q 4 What is the purpose of your testimony?

A 4 I am sponsoring Chapter 2, "Mobile Home Park Conversion Program."

Q 5 Does this conclude your statement of qualifications?

A 5 Yes, it does.

1 **PACIFIC GAS AND ELECTRIC COMPANY**
2 **STATEMENT OF QUALIFICATIONS OF TERESA J. HOGLUND**

3 Q 1 Please state your name and business address.

4 A 1 My name is Teresa J. Hoglund, and my business address is Pacific Gas and
5 Electric Company, 77 Beale Street, San Francisco, California.

6 Q 2 Briefly describe your responsibilities at Pacific Gas and Electric Company
7 (PG&E).

8 A 2 I am a director in the Revenue Requirements and Analysis Department,
9 which is a group within the Regulation and Rates organization. I oversee
10 work related to short- and long-term rate forecasts, regulatory analysis and
11 revenue requirement forecasts, and cost and balancing account recovery.

12 Q 3 Please summarize your educational and professional background.

13 A 3 I received a bachelor of arts degree in business administration with an
14 accounting concentration from the Pacific Lutheran University in 1983. After
15 my Undergraduate Program, I worked in the Tacoma office of
16 Ernst & Whinney as a consultant in the Tacoma Telecommunications
17 Practice. I received a certified public accountant certificate in the state of
18 Washington in 1986. I moved to the state of California in 1987 where I
19 joined CPNational/Alltel as manager of Cost Separations and Settlements.
20 At CPNational/Alltel, over the next five years, I held various positions,
21 including Western Region budget director, Western Region controller and
22 Southwest Region controller.

23 In 1992, I joined PG&E as a senior analyst in the Plant and Depreciation
24 Accounting group within the Capital Accounting Department. Subsequently,
25 I held the position of the Plant and Depreciation manager. In 1995, I moved
26 to the Corporate Accounting Department and held various positions or
27 combinations of such positions over nine years including Energy Accounting
28 manager, Technical Accounting manager, and External Financial Reporting
29 manager.

30 In 2004, I left PG&E for personal reasons. In 2009, I returned to PG&E
31 as a senior regulatory specialist in the Analysis and Rates Department. In
32 2010, I was promoted to manager of Regulatory Analysis and Forecasting,
33 which is a group within the Analysis and Rates Department. I did

1 governance work related to balancing accounts and monthly revenue
2 requirement and rate forecasting. In 2011, I moved into my current position
3 as director of Revenue Requirements and Analysis.

4 I have sponsored testimony before the California Public Utilities
5 Commission for PG&E's recovery of expenditures in 1997 and 1998 to
6 Enhance Transmission and Distribution System Safety and Reliability
7 Pursuant to Section 368(e) (A.99-03-039), the 2009 Market Redesign and
8 Technology Upgrade (A.10-02-012), the 2011 General Rate Case – Phase 3
9 (A.10-03-014) and Modifications to its SmartMeter™ Program
10 (A.11-03-014).

11 I am also sponsoring cost recovery testimony in the Default Residential
12 Rate Programs (A.10-08-005) and the 2010 Market Redesign and
13 Technology Upgrade (A.11-02-011).

14 Q 4 What is the purpose of your testimony?

15 A 4 I am sponsoring Chapter 4, "Cost Recovery and Ratemaking."

16 Q 5 Does this conclude your statement of qualifications?

17 A 5 Yes, it does.

**IN THE MATTER OF
RULEMAKING 11-02-018**

**PREPARED TESTIMONY
OF
SAM GRANDLIENARD**

**ON BEHALF OF
SOUTHWEST GAS CORPORATION**

OCTOBER 5, 2012

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of
Prepared Testimony
of
SAM GRANDLIENARD

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Prepared Testimony
of
Sam Grandlienard

I. INTRODUCTION

Q. 1 Please state your name and business address.

A. 1 My name is Sam Grandlienard. My business address is 13471 Mariposa Road,
Victorville, California 92395.

Q. 2 By whom and in what capacity are you employed?

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or the Company)
in the Engineering department of the Southern California Division. My title is
Manager of Engineering.

Q. 3 Please summarize your educational background and relevant business
experience.

A. 3 My educational background and relevant business experience are included in
Appendix B.

Q. 4 Have you previously testified before any regulatory commission?

A. 4 No.

Q. 5 What is the purpose of your prepared testimony in this proceeding?

A. 5 My testimony supports Southwest Gas' proposal to convert master-metered
mobile home parks (MHP) to direct utility service.

Q. 6 Please summarize your prepared testimony.

A. 6 My prepared testimony addresses the following key issues:

- Southwest Gas' MHP demographics and existing transfer process;
- Purpose and scope of the MHP Rulemaking; and

- Southwest Gas' proposal for replacing MHP systems. Specifically, my testimony discusses the safety and reliability, prioritization and construction planning aspects of the Company's proposal.

II. SOUTHWEST GAS MOBILE HOME PARK DEMOGRAPHICS AND EXISTING MHP TRANSFER PROCESS

Q. 7 Please provide a brief overview of Southwest Gas and its current MHP demographics.

A. 7 Southwest Gas is a public utility operating in California, Arizona and Nevada. In California, Southwest Gas serves approximately 180,000 customers in Placer, El Dorado, Nevada, and San Bernardino counties. The Company has 56 MHP customers; 13 in its northern California service territory and 43 in its southern California service territory. The demographics include approximately 3,292 spaces and park sizes range from four spaces to 282 spaces, with an average of approximately 59 spaces per park. Southwest Gas does not serve any master-metered manufactured housing communities.

Q. 8 Please describe Southwest Gas' existing MHP transfer process.

A. 8 Southwest Gas' current transfer process is consistent with the transfer process codified in Sections 2791-2799 of the California Public Utilities Code (PU Code). The compliance standards upon which Southwest Gas bases its inspections of the MHP systems is consistent with both the PU Code and the orders of the California Public Utilities Commission (CPUC or Commission). The PU Code requires that any MHP constructed after January 1, 1997 in the state of California, be individually metered and owned, operated and maintained by the gas or electric corporation providing service in the area where the MHP is located.

Q. 9 How many MHP transfers has Southwest Gas completed since 1997?

A. 9 Since 1997, Southwest Gas has received a minimal number of inquiries for transfer and completed only one transfer that resulted in a full replacement of

1 the MHP system.

2 Q. 10 Is Southwest Gas aware of any circumstances that pose a barrier to completing
3 MHP transfers under the current process?

4 A. 10 As part of its current transfer process, Southwest Gas provides the MHP owner
5 with various written notices, including a letter outlining the transfer process. It
6 also performs necessary inspections of the MHP systems, compiles engineering
7 evaluations, and develops a detailed proposal bid for the transfer, including a
8 breakdown of costs to the MHP owner. Southwest Gas has found that the
9 transfer process typically stops when the written estimate of transfer costs is
10 presented to the MHP owner.

11 **III. PURPOSE AND SCOPE OF THE MHP RULEMAKING**

12 Q. 11 Is Southwest Gas a participant in Rulemaking 11-02-018?

13 A. 11 Yes.

14 Q. 12 What is the purpose of the Rulemaking?

15 A. 12 On April 15, 2011, the Commission issued an Order Instituting Rulemaking
16 (OIR) to answer, "What can and should the Commission do to encourage the
17 replacement of [Mobile home Park] submeter systems with direct utility service
18 on a reasonable basis and in a manner both timely and fair to all concerned?"¹
19 The Rulemaking notes that, "Any answer to this question must
20 address...safety/reliability, transfer prioritization and reasonableness of cost
21 allocation."²

22 Q. 13 Has Southwest Gas submitted a proposal that addresses the questions and
23 concerns raised in the Commission's OIR?

24 A. 13 Yes. Southwest Gas offered a Proposal Regarding the Transfer of Master-
25 Meter/Submeter Systems at Mobile home Parks and Manufactured Housing

26 ¹ Order Instituting Rulemaking, at page 15.

27 ² Id.

Communities to Electric and Gas Corporations (MHP Replacement Program)³ to address what it believed to be the most significant concerns raised in the Rulemaking, namely:

- The consistent theme in the Rulemaking of the struggle between MHPs, who view the utility transfer process as too stringent or expensive, and the utilities who require (at a minimum) information from MHP owners that is consistent with Code in order to properly review and evaluate their facilities.
- Ensuring safe, reliable service from Commission-regulated utilities.
- Easing the burden on the Commission in terms of MM MHP inspections and oversight.

IV. SOUTHWEST GAS' MHP REPLACEMENT PROGRAM

Q. 14 Please provide an overview of Southwest Gas' MHP Replacement Program.

A. 14 Southwest Gas proposes a voluntary program whereby participating MHPs will contract with Southwest Gas for the installation of a new parallel system that will be owned and maintained by Southwest Gas. As detailed more fully in my testimony and the testimony of Company witness A. Brooks Congdon, Southwest Gas' MHP Replacement Program discusses safety and reliability, prioritization, the construction planning process, customer outreach and cost recovery.

Q. 15 Should MHP transfers be voluntary or should the Commission move toward complete elimination of master-metered MHP systems?

A. 15 Southwest Gas supports a voluntary program for the conversion of MHP systems.

³ Southwest Gas first submitted its MHP Replacement Program on October 21, 2011. Since then, the Company has actively participated in various Commission workshops and engaged in discussions with other parties, and it has continued to refine its proposal. My testimony describes the Company's current position.

Q. 16 What legislation, if any, is necessary to establish Southwest Gas' MHP Replacement Program?

A. 16 Southwest Gas does not believe legislation is necessary to establish its MHP Replacement Program. The Program is voluntary and MHPs who do not choose to participate will continue to be subject to the jurisdiction of the Commission's Consumer Protection and Safety Division (CPSD).

A) System Safety and Reliability

Q. 17 Please describe some of the safety and reliability issues related to MHP systems.

A. 17 While Southwest Gas is not aware of any imminent safety concerns related to the MHP community as a whole, Southwest Gas and the other parties to this proceeding have encountered a number of factors that could contribute to and/or result in safety and reliability issues, including but not limited to:

- Lack of documentation such as installation records, operations and maintenance records, as-built drawings, and system maps
- "Grandfathered" systems that have not been upgraded to meet current codes
- Systems that are code-compliant but do not meet utility design and/or installation standards⁴

Q. 18 How does the Company's MHP Replacement Program address safety and reliability concerns?

A. 18 Southwest Gas will fully replace the existing natural gas systems of participating MHPs, resulting in new distribution systems that are designed and built to Southwest Gas' standards (which adhere to all federal and CPUC regulations) and comply with currently applicable codes.

⁴ June 14, 2011 workshop presentations of Southwest Gas, Pacific Gas & Electric Company (PG&E), Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and Department of Housing & Community Development. See also, Prepared Testimony of PG&E witness Wade W. Haley.

1 Q. 19 Does the MHP Replacement Program contemplate that the CPSD will continue
2 to exercise jurisdiction over the safety of MHP gas systems during the
3 conversion process?

4 A. 19 Yes. Southwest Gas' proposal contemplates that the CPSD will maintain
5 jurisdiction over the safety of each existing MHP natural gas system until such
6 time as the MHP system is cut over and direct utility service begins.

7 **B) Prioritization**

8 Q. 20 How will the MHP Replacement Program prioritize MHP conversions?

9 A. 20 Southwest Gas proposes a prioritization system for MHP gas systems that
10 involves the CPSD and is driven by safety. Although specific details would need
11 to be determined, Southwest Gas' proposal contemplates that the Company will
12 submit a list of Program applicants to the CPSD at pre-determined intervals, and
13 the CPSD will assign a safety ranking to those MHPs based on previous
14 inspections of the gas systems. The MHPs with the highest level of gas safety
15 concerns will receive the highest priority and be targeted for replacement first.

16 Q. 21 How should electric systems be prioritized?

17 A. 21 Southwest Gas anticipates that the gas conversion schedule will drive the
18 electric conversion schedule. Southwest Gas will prioritize the replacements as
19 described above, and will notify the electric utilities in overlapping service
20 territories of the schedule.

21 **C) Construction Planning and Process**

22 Q. 22 Please describe the construction planning process.

23 A. 22 Consistent with its current MHP transfer process, Southwest Gas
24 representatives will visit with each Program participant and evaluate the current
25 facilities. Southwest Gas will secure all necessary land rights documents and
26 will develop a construction schedule to be approved by the MHP owner.

27 Q. 23 How will land rights and environmental issues be addressed?

1 A. 23 The Prepared Testimony of PG&E witness Wade W. Haley (Chapter 2, Section
2 C, Subsections 4 and 5) discusses PG&E's approach to land rights and
3 environmental issues and remediation. Southwest Gas will address these
4 issues in the same manner.

5 Q. 24 How will construction permits be obtained?

6 A. 24 The Prepared Testimony of PG&E witness Wade W. Haley (Chapter 2, Section
7 C, Subsection 8) discusses permits that will be obtained by the utility and
8 permits that are the responsibility of the MHP Owner. Southwest Gas will
9 address permitting responsibilities in the same manner.

10 Q. 25 Please describe the construction details for converting the MHP systems.

11 A. 25 The Prepared Testimony of PG&E witness Wade W. Haley (Chapter 2, Section
12 C, Subsection 7) discusses the construction process. Although the construction
13 standards of Southwest Gas differ slightly from PG&E's, Southwest Gas will
14 approach the construction process in the same manner. Further detail
15 regarding Southwest Gas' construction standards can be found in the joint cost
16 report, submitted July 13, 2012.⁵ While the joint cost report details a specific
17 MHP conversion, San Luis Rey MHP, it is important that Southwest Gas
18 maintain the flexibility needed to design and construct its MHP conversions
19 based on the unique design and construction differences inherent to each MHP.

20 Q. 26 Will the Company's MHP Replacement Program detract from its other utility
21 endeavors?

22 A. 26 The Company's MHP Replacement Program will not detract from its other utility
23 services as Southwest Gas will primarily utilize contract labor for its MHP
24 conversions.

25 Q. 27 How does the Company plan to improve the ease and speed of transfers and
26

27 ⁵ "Exhibit 1: Mobile Home Parks and Manufactured House Communities Service Transfer to Electric and Gas Corporations Joint Cost Report".

1 reducing their cost?

2 A. 27 The greatest efficiencies in conversions will be realized from proper up-front
3 planning. A thorough review of existing MHP facilities data, coordination
4 meetings with MHP owners and other utilities, proper allocation of time for
5 obtaining permits for construction, and proper allocation of Company and
6 contract resources (both labor and financial) are key to reducing costs and
7 improving speed of conversions. Additional cost savings can be realized if
8 Southwest Gas and the electric utility in the MHP utilize a joint trench design.

9 Q. 28 Does Southwest Gas' MHP Replacement Program contemplate "beyond the
10 meter" work?

11 A. 28 Yes. Although "beyond the meter" work has historically been the responsibility
12 of the MHP owner or the MHP tenants, Southwest Gas believes that in order to
13 achieve the CPUC's goal of efficiently converting MHP systems to direct utility
14 service, the existing MHP systems should be completely abandoned and
15 replaced, and uniform service should be provided by the utility to all MHP
16 tenants. This is best accomplished by allowing the utility to contract with
17 certified plumbers for the installation of a houseline (which will thereafter be
18 owned and maintained by the MHP owner or the MHP tenant) from the meter to
19 the coach, and to include the costs with its other recoverable conversion costs.

20 Q. 29 Please describe what "beyond the meter" work will entail.

21 A. 29 The joint cost report details Southwest Gas' proposal for including "beyond the
22 meter" work in its MHP Replacement Program.

23 Q. 30 Is there any additional work anticipated in Southwest Gas' MHP Replacement
24 Program?

25 A. 30 Yes. Southwest Gas has approximately 15 MHPs located in heavy snow fall
26 areas within its California service territory. When customers within these areas
27 relocate their meters, Southwest Gas requires the installation of a snow shed to

1 protect the meter. As such, Southwest Gas proposes it be authorized to provide
2 snow sheds, as necessary, as part of its MHP Replacement Program. The
3 installation of customer snow sheds would be handled in the same manner as
4 the "beyond the meter" work described in response number 28.

5 Q. 31 Were snow shed costs included in Southwest Gas' portion of the joint cost
6 report?

7 A. 31 No. Because the park selected for the joint cost report was not located in a
8 heavy snow fall area, Southwest Gas did not include snow shed costs in its
9 estimate. However, Southwest Gas has estimated the cost for installing snow
10 sheds as proposed above and those estimates are incorporated into the
11 calculations found in Exhibit No._ (ABC-1) to the testimony of A. Brooks
12 Congdon.

13 Q. 32 Does this proposal for MHP conversions differ from Southwest Gas' practice for
14 reconnecting service to fixed residences when, for its own convenience or
15 needs, the utility relocated that service? (In the latter instance, please describe
16 who does the construction and how the costs are both calculated and allocated.)

17 A. 32 If Southwest Gas relocates a service line for a fixed residence due to
18 circumstances not involving the homeowner, such as a relocation necessitated
19 by a system improvement project, the relocation costs would not be directly
20 charged to the customer. Southwest Gas or its contractors would perform the
21 relocation work. The estimated costs are calculated using historical pipe
22 footage, pipe material and pavement/landscape restoration information and are
23 allocated to the specific system improvement project.

24 This proposal differs from the example provided above in that the current MHP
25 systems are not owned or maintained by Southwest Gas. Nevertheless, by only
26 replacing the MHP systems up to the meter for each space, the MHP owner or,
27 more likely, the MHP tenant will be responsible for the cost of replacing the

1 houseline after the meter. These owners and tenants may be unwilling or
2 unable to replace existing houselines. Accordingly, Southwest Gas anticipates
3 that it will be unable to uniformly convert all MHP tenants to direct utility service
4 without the “beyond the meter” work being performed.

5 Q. 33 Please describe the customer outreach and cost recovery components of
6 Southwest Gas’ MHP) Replacement Program.

7 A. 33 The Prepared Testimony of Company witness A. Brooks Congdon discusses
8 both the customer outreach and cost recovery components of the Company’s
9 MHP Replacement Program.

10 Q. 34 Does this conclude your prepared direct testimony in this matter?

11 A. 34 Yes.

**IN THE MATTER OF
RULEMAKING 11-02-018**

**PREPARED TESTIMONY
OF
A. BROOKS CONGDON**

**ON BEHALF OF
SOUTHWEST GAS CORPORATION**

OCTOBER 5, 2012

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of
Prepared Testimony
of
A. BROOKS CONGDON

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Prepared Testimony
of
A. Brooks Congdon

I. INTRODUCTION

Q. 1 Please state your name and business address.

A. 1 My name is A. Brooks Congdon. My business address is 5241 Spring Mountain Road, Las Vegas, Nevada 89150.

Q. 2 By whom and in what capacity are you employed?

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or the Company) in the Pricing and Tariffs department. My title is Manager Pricing and Tariffs.

Q. 3 Please summarize your educational background and relevant business experience.

A. 3 My educational background and relevant business experience are included in Appendix B.

Q. 4 Have you previously testified before any regulatory commission?

A. 4 Yes, I have previously testified before the California Public Utilities Commission (CPUC or Commission), the Arizona Corporation Commission and the Public Utilities Commission of Nevada.

Q. 5 What is the purpose of your prepared testimony in this proceeding?

A. 5 My testimony supports the Company's proposal to convert master-metered mobile home parks (MHP) to direct utility service.

Q. 6 Please summarize your prepared testimony.

A. 6 My prepared testimony addresses the following key issues:

- The cost recovery aspects of the Company's proposal for replacing MHP

1 systems (MHP Replacement Program)¹, including but not limited to the
2 proposed duration of the program, and the program's impact on the
3 Company's main and service extension rules, as well as its master-meter
4 discount program.

- 5 • The customer outreach and education aspects of the Company's MHP
6 Replacement Program, including how other parties to this proceeding can
7 assist in promoting the program.

8 **II. COST RECOVERY**

9 Q. 7 Please describe the proposed cost recovery for the Company's MHP
10 Replacement Program.

11 A. 7 Southwest Gas proposes a comprehensive cost recovery methodology to ensure
12 that the actual costs associated with the MHP Replacement Program are
13 recovered both timely and in a fair manner. To accomplish this, between its
14 general rate cases, the Company proposes to recover from customers the
15 revenue requirement for costs actually incurred in its MHP Replacement
16 Program through a monthly surcharge. The deferred revenue requirement would
17 include return on investment (rate base times authorized return), depreciation
18 expense, property taxes, customer outreach costs and incremental customer-
19 related expenses. Recovery would be on an equal cents per therm basis.

20 Q. 8 How will the Company track and recover the MHP Replacement Program costs?

21 A. 8 The Company proposes that a new balancing account be established to record
22 the revenue requirement associated with completed program construction. The
23 first-year program surcharge would be based on the revenue requirement for the
24 Company's budgeted program expense. Monthly entries would be made to
25

26 ¹ An overview of the Company's MHP Replacement Program, and details regarding the safety and
27 reliability, prioritization and construction planning aspects of the Company's proposal are
addressed in the Prepared Testimony of Company witness Sam Grandlienard.

record program cost recoveries and incrementally incurred revenue requirements. Southwest Gas will file an annual advice letter to reset the program surcharge based on the coming year's program budgeted expense and the current balance in the account.

Q. 9 How will the Company ensure reasonableness in recovering the cost of converting mobile home park tenants to utility service? Please provide an estimate of the impact to other customers.

A. 9 Southwest expects the average residential bill impact assuming one-hundred percent participation in the replacement program will not exceed \$0.56 per month in Southern California or \$0.84 per month in Northern California / South Lake Tahoe. Exhibit No. (ABC-1) reflects the annual cost and average residential customer bill impacts based on the Company's estimated replacement costs provided in the joint utility cost report, submitted on July 13, 2012², assuming replacements take place all in one year, two years, etc. up to ten years.

Q. 10 How should MHP Replacement Program costs be financed and what portion of those costs should be borne by the park owners and tenants?

A. 10 The Company proposes that it replace the distribution system plus any piping from its meter to the tenant's coach and that it be allowed to recover the cost of service (return on investment, taxes and depreciation) from customers. Therefore, the only remaining costs that may require financing are safety-related upgrades to house-line and appliances within the tenant's coach. Under the Company's proposal, tenants remain responsible for the cost of upgrades inside their homes.

Q. 11 Please explain why the Company's conversion plan will not adversely affect

² "Exhibit 1: Mobile Home Parks and Manufactured House Communities Service Transfer to Electric and Gas Corporations Joint Cost Report".

1 financial resources or detract from its other utility services.

2 A. 11 The Company will establish a separate budget for conversion program expenses
3 and its proposed cost recovery mechanism allows the Company to recover the
4 revenue requirement for its conversion program on a timely basis. Therefore,
5 the Company does not anticipate the MHP Replacement Program will adversely
6 affect its financial resources.

7 Q. 12 Should there be any changes to the Company's master-meter discount program
8 to promote the MHP Replacement Program?

9 A. 12 Aside from terminating the master-meter discount once participating MHPs have
10 completed the conversion process, the Company does not suggest any changes
11 to the master-meter discount program at this time.

12 Q. 13 Should the MHP Replacement Program have a defined duration and how should
13 the Commission deal with involuntary conversions, if any, warranted for safety-
14 related and/or reliability reasons after the program expires?

15 A. 13 Southwest Gas' MHP Replacement Program does not propose a sunset date.
16 Instead, the Company suggests including the new program balancing account
17 and any program terms and conditions developed through this proceeding in its
18 California Gas Tariff. This will allow the program's cost recovery and
19 administrative mechanisms to remain in effect until they are no longer needed.

20 Q. 14 Can the main and service extension rules of the Company's tariff be used to
21 offset the cost of the conversion program?

22 A. 14 No. The Company's main and service extension rules allow the Company to
23 install facilities to serve new customers up to the level of cost (the allowable
24 investment) supported by the incremental revenue the Company receives from
25 the customers. The Company determines the allowable investment based on the
26 incremental revenue received from conversion customers and adjusts the
27 revenue requirement for each conversion project accordingly. However, in the

case of the MHP Replacement Program, there is little incremental natural gas revenue gained by the Company. The Company's residential rates and master meter per therm rates are equal. The only incremental margin the Company will earn from the conversions will be a somewhat greater basic service charge revenue. The master-meter discount, which the Company will cease providing to park owners upon conversion, cannot be treated as incremental revenue because the discount is intended cover operational costs that are assumed by the Company upon conversion.

III. CUSTOMER OUTREACH

Q. 15 Please describe the Company's proposal for customer outreach and education regarding the MHP Replacement Program.

A. 15 Although questions and concerns raised by MHP owners and tenants will vary by utility, service territory and MHP, Southwest Gas' proposal envisions a customer outreach and education process that follows the following general guidelines:

- Phase 1 - General Outreach
 - MHP owners will be notified of the program and provided general information as to its requirements. Southwest Gas will also make the state and local governments within its service territory aware of the program.
 - Other general outreach efforts may include: letters and/or phone calls to MHP owners; program information posted on Southwest Gas' website and the CPUC website; and providing notice of the program via local newspapers, magazines and/or trade publications.
- Phase 2 - Construction Planning
 - After a MHP enrolls in the MHP Replacement Program, Southwest Gas will provide more specific information to MHP owners and

1 introduce the program to MHP tenants. Southwest Gas contemplates
2 that, in addition to information being provided by the utility, each
3 participating MHP owner will be required to work with the utility to
4 inform and educate tenants about the program.

5 ○ Southwest Gas will continue to keep tenants informed about the
6 conversion process, and will provide information and answer questions
7 as to what tenants can expect during construction (service disruptions,
8 road closures, etc.).

9 ○ Southwest Gas will provide resource information for disabled and low
10 income tenants.

11 • Phase 3 – Construction

12 ○ Southwest Gas will continue to communicate with MHP owners and
13 tenants to keep them apprized of the status of the conversion and to
14 answer any questions that may arise during construction.

15 • Phase 4 – Post-Construction

16 ○ As construction concludes, Southwest Gas will provide MHP owners
17 and tenants with information related to establishing and maintaining
18 direct utility service, including information on any “beyond the meter”
19 work that was performed as part of the conversion process.

20 ○ Southwest Gas will assist MHP tenants in establishing their Southwest
21 Gas customer accounts, including but not limited to account set-up;
22 energy efficiency, low income assistance and other utility programs;
23 customer service telephone numbers and website address; public
24 service information (what to do if you smell natural gas); and CPUC
25 telephone numbers and website address.

26 Q. 16 What does Southwest Gas anticipate the role of the Commission and other
27 parties to be in terms of customer outreach and education?

1 A. 16 Southwest Gas believes that in order for outreach and education to be most
2 successful, the collective cooperation and support of all interested parties,
3 including the Commission's Consumer Protection and Safety Division (CPSD),
4 Golden State Manufactured Homeowners League (GSMOL), Western
5 Manufactured Housing Communities Association (WMA), and the Department of
6 Housing and Community Development (HCD), is required. All parties should
7 promote the program and its benefits.

8 Q. 17 Has Southwest Gas estimated the costs associated with its proposed outreach
9 and education?

10 A. 17 Yes. Exhibit No. (ABC-1) reflects the Company's estimated outreach and
11 education costs and their impact on the proposed surcharge. However, these
12 estimates are preliminary. Outreach and education costs will vary depending on
13 the nature and frequency of communications, and the unique circumstances that
14 will undoubtedly be found within each MHP that enrolls in the MHP Replacement
15 Program. The estimate also does not take into account the possibility that
16 Southwest Gas can partner with electric companies in overlapping services
17 territories and conduct joint outreach and education. This would help streamline
18 communications and reduce costs.

19 Q. 18 Does this conclude your prepared direct testimony in this matter?

20 A. 18 Yes.

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SOUTHWEST GAS CORPORATION

CHAPTER 6

EXHIBIT NO._(ABC-1)

SOUTHWEST GAS CORPORATION
STATE OF CALIFORNIA
AVERAGE MONTHLY RESIDENTIAL BILL IMPACT OF MIMHP CONVERSION BASED ON SOUTHWEST GAS CONVERSION COST ESTIMATE

Line No.	Description (a)	Amount (b)	1 (c)	2 (d)	3 (e)	4 (f)	5 (g)	10 (h)	Line No.
1	Total Parks	56							1
2	Total Spaces	3,308							2
3	Spaces with Meter Shed	894							3
4	Customer Outreach per Space	\$ 10.73							4
5	Conversion Cost per Space	\$ 1,158.00							5
6	Total Outreach and Conversion Cost	\$ 1,168.73							6
7	Annual Cost per Space	\$ 233.75							7
8	Beyond the Meter (Meter to Coach) per Space	\$ 889.00							8
9	Annual Cost per Space	\$ 177.80							9
10	Meter Shed	\$ 2,500.00							10
11	Annual Cost per Space	\$ 500.00							11
12	Cost of Service Factor	20.0000%							12
13	Applicable Annual Therms	142,181,614							13
14	<u>Outreach and Conversion</u>								14
15	Annual Revenue Requirement		\$ 773,233	\$ 386,616	\$ 257,744	\$ 193,308	\$ 154,647	\$ 77,323	15
16	Avg Monthly Cost / Residential Customer		\$						16
17	Southern California (Average Use 44 Therms)		\$ 0.24	\$ 0.12	\$ 0.08	\$ 0.06	\$ 0.05	\$ 0.02	17
18	Northern California (Average Use 61 Therms)		0.33	0.17	0.11	0.08	0.07	0.03	18
19	South Lake Tahoe (Average Use 66 Therms)		0.36	0.18	0.12	0.09	0.07	0.04	19
20	<u>Outreach, Conversion and Beyond the Meter</u>								20
21	Annual Revenue Requirement		\$ 1,361,395	\$ 680,698	\$ 453,798	\$ 340,349	\$ 272,279	\$ 136,140	21
22	Avg Monthly Cost / Residential Customer		\$						22
23	Southern California (Average Use 44 Therms)		\$ 0.42	\$ 0.21	\$ 0.14	\$ 0.11	\$ 0.08	\$ 0.04	23
24	Northern California (Average Use 61 Therms)		0.58	0.29	0.19	0.15	0.12	0.06	24
25	South Lake Tahoe (Average Use 66 Therms)		0.63	0.32	0.21	0.16	0.13	0.06	25
26	<u>Conversion, House Line and Meter Shed</u>								26
27	Annual Revenue Requirement		\$ 1,808,395	\$ 904,198	\$ 602,798	\$ 452,099	\$ 361,679	\$ 180,840	27
28	Avg Monthly Cost / Residential Customer		\$						28
29	Southern California (Average Use 44 Therms)		\$ 0.56	\$ 0.28	\$ 0.19	\$ 0.14	\$ 0.11	\$ 0.06	29
30	Northern California (Average Use 61 Therms)		0.78	0.39	0.26	0.19	0.16	0.08	30
31	South Lake Tahoe (Average Use 66 Therms)		0.84	0.42	0.28	0.21	0.17	0.08	31

[1] Cost and bill impacts if all MHP spaces are converted to utility service in one year, two years, etc, up to ten years. Costs and bill impacts are additive.
For example, Southern California three-year conversion average bill impact \$.19 in year one, \$.38 in year two and \$.57 in year three.

SOUTHWEST GAS CORPORATION
APPENDIX B
STATEMENTS OF QUALIFICATIONS

1 **SOUTHWEST GAS CORPORATION**

2 **STATEMENT OF QUALIFICATIONS OF A. BROOKS CONGDON**

3
4 I received a Bachelor of Science degree in Economics from Iowa State
5 University in 1975.

6 From 1976 to 1980, I was employed as a Forecasting Analyst for General
7 Telephone of the Midwest in the Company's Columbus, Nebraska office. My
8 responsibilities there primarily involved projecting growth in demand for
9 telephone service in eastern Nebraska and western Iowa.

10 From 1980 to 1984, I was employed as a Rate Analyst in the Rate
11 Department of Pacific Power and Light Company in Portland, Oregon where my
12 primary responsibilities involved performing cost-of-service studies and
13 designing rates for electric and water utilities.

14 In 1984, I accepted a position at Kansas Electric Power Cooperative in
15 Topeka, Kansas where my primary responsibilities included coordination of
16 intervention in wholesale power rate cases at the Federal Energy Regulatory
17 Commission and preparation of the cooperatives' rate case activity before the
18 Kansas Corporation Commission.

19 I began my employment with Southwest in 1987 in the Rate Department
20 (now the Pricing and Tariffs Department) as a Rate Specialist. Since that time, I
21 have held positions of increasing responsibility. My present position is
22 Manager/Pricing and Tariffs. I report to the Director/Pricing and Tariffs. I am
23 responsible for the development of rate design and tariff proposals for
24 Southwest in its three-state retail rate jurisdictions.

25 I have submitted prepared written testimony and oral testimony before the
26 Public Utilities Commission of Nevada, the California Public Utilities Commission,
27 the Arizona Corporation Commission, and the Kansas Corporation Commission.

1 **SOUTHWEST GAS CORPORATION**

2 **STATEMENT OF QUALIFICATIONS OF SAM GRANDLIENARD**

3
4 I graduated from Colorado State University in 2003 with a Bachelor of
5 Science degree in Mechanical Engineering. My career began as a materials
6 science engineer with Composite Technology Development, Inc. in 2003. I
7 became the supervisor of compliance/engineering in the Southern California
8 Division of Southwest Gas in 2011 and was promoted to Manager of
9 Engineering that same year.

10 I report to the Director of Gas Operations. My primary responsibilities are
11 the design, operation, maintenance and code compliance of natural gas
12 distribution and transmission pipeline facilities, as well as budget, system
13 planning and project management.