

Docket : A.14-10-007/008  
Exhibit Number : ORA-32  
Commissioner : M. Picker  
ALJ : R. Lirag  
Witness : C. Lambert



**OFFICE OF RATEPAYER ADVOCATES**  
**CALIFORNIA PUBLIC UTILITIES COMMISSION**

**Report on the Results of Operations  
for  
San Diego Gas & Electric Company  
Southern California Gas Company  
Test Year 2019  
General Rate Case**

Mobilehome Park Utility Upgrade Program

San Francisco, California  
April 13, 2018

**TABLE OF CONTENTS**

- MOBILEHOME PARK UTILITY UPGRADE PROGRAM ..... 1
  - I. INTRODUCTION ..... 1
  - II. SUMMARY OF RECOMMENDATIONS..... 1
  - III. BACKGROUND ..... 1
  - IV. PROGRAM COSTS ..... 2
    - A. SDG&E ..... 2
    - B. SoCalGas ..... 3
- WITNESS QUALIFICATIONS ..... 4

1                   **MOBILEHOME PARK UTILITY UPGRADE PROGRAM**

2   **I.       INTRODUCTION**

3           This exhibit presents the analyses and recommendations of the Office of  
4 Ratepayer Advocates (ORA) regarding the Mobilehome Park Utility Upgrade  
5 Program (MHP Pilot Program) testimony of San Diego Gas & Electric Company  
6 (SDG&E) and Southern California Gas Company (SCG or SoCalGas) submitted as  
7 part of its Test Year (TY) 2019 General Rate Case (GRC).

8           In Decision (D.) 14-03-021, the MHP Decision, the Commission directed  
9 SDG&E and SoCalGas to demonstrate that the costs they incurred in executing the  
10 program were reasonable.<sup>1</sup>

11   **II.      SUMMARY OF RECOMMENDATIONS**

12           ORA has reviewed SDG&E’s and SoCalGas’ showings of reasonableness  
13 and does not object.

14   **III.     BACKGROUND**

15           In D.14-03-21, the Commission authorized each investor-owned utility (IOU)  
16 to implement a pilot program to upgrade master-metered / submetered electricity  
17 and gas distribution systems at mobilehome parks (MHPs) to direct utility service.  
18 These pilot programs began with an application period for interested MHPs.  
19 Applications were prioritized by the Commission’s Safety and Enforcement Division  
20 (SED). Priority MHPs comprising approximately 10% of the MHP spaces in each  
21 IOU’s service territory were designated as Category 1 MHPs; these MHPs were  
22 originally eligible for participation in the MHP Pilot Program. Attrition of participating  
23 Category 1 MHPs results in the participation of Category 2 MHPs in the program.

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<sup>1</sup> D.14-03-021, Ordering Paragraph 8.

1 Actual (not forecast) program costs are recorded to a balancing account for  
2 recovery, following the service cut-over of completed MHP conversion projects. To-  
3 the-meter costs are put into rate base, while beyond-the-meter costs are capitalized  
4 as a regulatory asset with a ten-year amortization period. The reasonableness  
5 review of these costs occurs in the utilities' respective GRCs. This current GRC is  
6 the first reasonableness review of SDG&E's and SoCalGas's MHP Pilot Programs.

7 In this exhibit, ORA does not present analysis or make recommendations  
8 concerning program organization or controls. SDG&E and SoCalGas have  
9 outstanding applications (consolidated Application (A.) 17-05-007 and A.17-05-008)  
10 before the Commission, in which the utilities propose program continuation with  
11 certain modifications. This consolidated proceeding is the appropriate venue for  
12 issues concerning program organization or controls.

#### 13 **IV. PROGRAM COSTS**

##### 14 **A. SDG&E**

15 ORA has reviewed the conversion costs that SDG&E presents for  
16 reasonableness review in this GRC, and ORA does not object to those costs. These  
17 conversion costs reflect only SDG&E's first six MHP conversion projects, those that  
18 were completed as of 2016 year-end. The original scope of SDG&E's MHP Pilot  
19 Program includes 30 MHPs total.<sup>2</sup> Under the terms of Resolution (Res.) E-4878,  
20 SDG&E will continue these conversions through 2019.<sup>3</sup> In the event that SDG&E  
21 completes the original scope of 30 MHPs, SDG&E will convert additional MHPs,  
22 comprising no more than 5% of MHP spaces in SDG&E's service territory. No  
23 conversion project will begin unless the project is expected to be complete as of  
24 October 31, 2019.

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<sup>2</sup> Ex. SDG&E-47-R, p. JSV-1, lines 14-15.

<sup>3</sup> Res. E-4878, p. 22, Ordering Paragraphs 3 and 7. Issued September 29, 2017.

1 Preliminary average per-space costs were observed at \$14,712 for gas and  
2 \$13,368 for electric, for a total of \$28,080 per MHP space.<sup>4</sup> In contrast, SDG&E  
3 estimated a total per-space cost of \$28,529 in Rulemaking (R.) 11-02-018, including  
4 a contingency of 16.5%.<sup>5</sup> After reviewing testimony and discovery request  
5 responses, ORA does not take issue with SDG&E's showing of reasonableness.

## 6 **B. SoCalGas**

7 ORA has reviewed the conversion costs that SoCalGas presents for  
8 reasonableness review in this GRC, and ORA does not object to those costs at this  
9 time. These conversion costs reflect only SoCalGas's first 32 MHP conversion  
10 projects, those that were completed as of 2016 year-end. The original scope of  
11 SoCalGas's MHP Pilot Program includes 199 MHPs total.<sup>6</sup> Under the terms of Res.  
12 E-4878, SoCalGas will continue these conversions through 2019.<sup>7</sup> In the event that  
13 SoCalGas completes the original scope of 199 MHPs, SoCalGas will convert  
14 additional MHPs, comprising no more than 5% of MHP spaces in SoCalGas's  
15 service territory. No conversion project will begin unless the project is expected to  
16 be complete as of October 31, 2019.

17 Preliminary average per-space costs were observed at \$9,833.<sup>8</sup> In contrast,  
18 SoCalGas estimated a per-space cost of \$10,703 in Rulemaking (R.) 11-02-018,  
19 including a contingency of 16.5%.<sup>9</sup> After reviewing testimony and discovery request  
20 responses, ORA does not take issue with SoCalGas's showing of reasonableness.

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<sup>4</sup> Ex. SDG&E-47-R, p. JSV-14, Table JSV-4.

<sup>5</sup> D. 14-03-021, Appendix B, Table 4-1: Common Case Cost Estimates – All Utilities

<sup>6</sup> Ex. SCG-47-R, p. JSV-1, lines 14-15.

<sup>7</sup> Res. E-4878, p. 22, Ordering Paragraphs 5 and 7. Issued September 29, 2017.

<sup>8</sup> Ex. SCG-47-R, p. JSV-15, Table JSV-4.

<sup>9</sup> D. 14-03-021, Appendix B, Table 4-1: Common Case Cost Estimates – All Utilities

1 **WITNESS QUALIFICATIONS**

2 My name is Christian F. Lambert. My business address is 505 Van Ness  
3 Avenue, San Francisco, California. I am employed by the Office of Ratepayer  
4 Advocates (ORA) as a Public Utilities Regulatory Analyst in the Energy Cost of  
5 Service and Natural Gas Branch.

6 I received a Master of Public Policy degree from the University of California-  
7 Berkeley and a Bachelor of Science in Foreign Service degree from Georgetown  
8 University.

9 Since joining ORA in 2017, I have worked on: Application (A.) 17-05-004, the  
10 Bear Valley Electric Service 2018 General Rate Case, where I was responsible for  
11 analyzing depreciation; and A.17-05-008, SDG&E’s Mobilehome Park Utility  
12 Upgrade Program application, where I was responsible for analyzing SDG&E’s  
13 proposed program modifications. Prior to joining ORA, I worked on energy and  
14 environmental policy issues for local governments and policy think tanks while  
15 earning a graduate degree. I was a graduate student assistant with the California  
16 Public Utilities Commission’s Energy Division in 2015.

17 This completes my prepared testimony.