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Decision 20-04-004 April 16, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Evaluate the Mobilehome Park Pilot Program and to Adopt Programmatic Modifications.	Rulemaking 18-04-018

DECISION EVALUATING THE MOBILEHOME PARK PILOT AND ESTABLISHING A MOBILEHOME PARK UTILITY CONVERSION PROGRAM

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DECISION EVALUATING THE MOBILEHOME PARK PILOT AND ESTABLISHING A MOBILEHOME PARK UTILITY CONVERSION PROGRAM

Summary

This decision responds to two central questions that the California Public Utilities Commission (Commission) asked in this rulemaking: 1) Was the Mobilehome Park Pilot (MHP Pilot) adopted in Decision (D.) 14-03-021, successful in incentivizing mobilehome parks and manufactured housing communities (collectively, MHPs) with master-metered natural gas and electricity to transfer to direct utility service, and 2) If the MHP Pilot was successful, should the program be expanded beyond the MHP Pilot into a permanent MHP Utility Conversion Program, and if so, under what conditions and program rules?

This decision agrees with the updated January 2020 Staff Evaluation that the MHP Pilot was successful in achieving its objectives after review of additional safety and cost information provided by utilities. The MHP Pilot achieved the intended safety improvements. Utilities appropriately scheduled and converted MHPs with the highest risk, as identified and prioritized by the Commission's Safety and Enforcement Division (SED), and shown in the MHP Pilot Annual Reports. While only 3,700 spaces were converted between 1997 and 2014, 25,021 spaces were converted during 2015-2018. Although actual costs of the MHP Pilot have been higher in some cases than the original estimates, the rate impact data provided in the utilities' 2018 Annual Reports shows that the rate increases required to fund the program are generally in line with what was anticipated in D.14-03-021. If the utilities convert MHPs at the maximum rate and cost benchmark, the estimated total annual costs are $237 million for the eight utilities.

We therefore establish a ten-year Mobilehome Park Utility Conversion Program (MHP Program or ongoing program) beginning in 2021 that primarily relies on existing pilot program requirements and features but makes some needed adjustments to expand eligibility and establish annual target conversion rates and cost targets.

We establish a four-year application cycle commencing in 2021 with a transition year in 2020 to reconcile existing and new MHP application prioritization lists; however, under certain extenuating circumstances, we allow SED to adjust the prioritization list on an annual basis not to exceed 3 percent of the total spaces within a utility's Category 1 population. We also require an evaluation of the MHP Program following the first four-year application cycle (2021-2024) in 2025 to determine whether to continue or modify the program, followed by another potential Order Instituting Rulemaking to address outstanding issues.

We also update program management tools for SED, with assistance from Energy Division (ED), including an enhanced SED prioritization tool that considers more cost and safety data and whether the MHP is located in a Disadvantaged Community; an updated SED Annual Report Template that expands and standardizes data collection and requires additional cost and safety data; and an updated Mobilehome Park Utility Program Agreement that clarifies cost responsibilities between the MHP owner and the MHP Program.

Given the relatively early stage of the Commission's building decarbonization initiatives, the unique and diverse housing stock within MHPs, and the uncertain impacts on our most vulnerable customers, this decision finds that it is premature to direct an MHP electrification pilot at this time. Further

studies and surveys are needed to examine the challenges and opportunities associated with MHP electrification options.

Within 180 days of the issuance of this decision, it is reasonable for ED, in cooperation with SED, the California Department of Housing and Community Development (HCD), the utilities and industry stakeholders, to convene a workshop to discuss mobilehome electrification topics across various Commission proceedings that are pursuing state electrification goals.

Collaboration between the Commission and HCD will improve implementation of MHP Program "electric only" conversions, manage miscellaneous existing Commission MHP electrification pilots already underway or planned, conduct HCD and Commission safety inspections, and ensure improved data collection, among other necessary program elements.

Unless expressly stated otherwise in this decision, all other program features of the original MHP Pilot as directed by D.14-03-021 remain in full force and effect. For example, the MHP program remains mandatory for utilities and voluntary for MHP owners. Section 3 "Issues Before the Commission" lists issues that were litigated and resolved in D.14-03-021 and which are not revisited in this decision.

This proceeding remains open to explore the narrow issue of standardizing MHP 200 ampere electric service system upgrades "to the meter" and potentially "beyond the meter" from a cost, technical, legal, and public policy perspective; and to address outstanding consumer protection issues as defined in this decision.

1. Background

Many residents of mobilehome parks (MHPs) built in California before 1997 did not receive electricity and/or natural gas directly from the local utility

that provides distribution level service. Instead, the utility served a master-meter customer (typically, the MHP owner or operator) who then distributed the electricity, natural gas, or both to individual coaches or homes at the MHP through a privately owned submeter system.[1]

Effective 1997, the Public Utilities Code (Pub. Util. Code)[2] Sections (§§) 2791-2799 required:

- All MHPs constructed after January 1, 1997, provide directly metered natural gas and/or electric service to individual coaches/manufactured homes.
- MHP owners transfer existing master-meter/submeter systems at MHPs constructed prior to January 1, 1997 to utility ownership and control, if those systems meet specified requirements.
- The costs of the transfer process not be passed through to MHP residents. [3]

Despite the provisions of the statutory framework, few (approximately two dozen master-meter/submeter) gas and electric systems converted between 1997 and 2014.

In 2010, the Western Manufactured Housing Community Association (WMA) filed a § 1708.5 petition urging the Commission to review this historical deficiency in conversions. In response, the Commission issued R.11-02-018 to: "examine what the Commission can and should do to encourage the replacement by direct utility service of the master-meter/submeter systems that supply electricity, natural gas, or both to mobilehome parks and manufactured housing

[1] Rulemaking (R.) 11-02-018 at 3.

[2] All statutory references refer to the Public Utilities Code unless otherwise specified.

[3] D.14-03-021 at 4-5.

communities located within the franchise areas of electric and/or natural gas corporations."[4]

R.11-02-018 was initiated on February 24, 2011. On March 14, 2014, the Commission adopted Decision (D.) 14-03-021, establishing a three-year MHP utility conversion pilot program (MHP Pilot) beginning in January 2015. The MHP Pilot authorized each of the eight California investor-owned utilities participating in the program to convert to direct utility service 10 percent of master-metered gas and/or electric MHP spaces within its operating territory, which equates to approximately 3.33 percent per year. The MHP Pilot provided funding for the to-the-meter (TTM) and beyond-the-meter (BTM) construction, and prioritized conversion of gas systems versus electric-only conversions.[5] The MHP Pilot also encouraged participation of utility providers other than Commission-regulated gas and electric utilities (*e.g.*, communication providers, publicly owned utilities), in order to realize overall efficiencies. D.14-03-021 allowed utilities to enter actual program costs in a balancing account, and recover both "to-the-meter" and "beyond-the-meter" costs in General Rate Cases (GRCs).

On May 5, 2017, Southern California Gas Company and San Diego Gas & Electric Company filed applications to convert an additional 10 percent to 20 percent of MHPs and to continue the program to 2023 (Applications (A.) 17-05-007 and A.17-05-008, respectively). On November 9, 2018, the Commission approved D.18-11-026 *Decision Dismissing Applications Without*

[4] R.11-02-018 at 1.

[5] *See* D.14-03-021 at 21 for a more detailed description of TTM and BTM infrastructure.

Prejudice and directed that programmatic modifications, including utility specific requests in the subject applications, be subsumed in the current rulemaking.[6]

On September 28, 2017, the Commission approved Resolution E-4878 to authorize all participating electric and gas utilities to continue their MHP Pilots until the earlier date of either December 31, 2019, or the issuance of a Commission Decision for the continuation, expansion, or modification of the program beyond December 31, 2019.

R.18-04-018 was initiated on April 26, 2018. "The purpose of this OIR [Order Instituting Rulemaking] is to undertake a comprehensive evaluation of the MHP Pilot and determine based upon that evaluation whether the program should be adopted as a permanent MHP Utility Program on a going forward basis and if so, under what provisions and guidelines."[7]

On May 22, 2018, Pacific Gas and Electric (PG&E), Southern California Gas Company/San Diego Gas & Electric Company (SoCalGas/SDG&E), Southwest Gas Corporation (Southwest Gas), Southern California Edison Company (SCE), PacifiCorp, d/b/a Pacific Power (PacifiCorp), Liberty Utilities, LLC (CalPeco Electric), Coalition of California Utility Employees (CUE), Western Manufactured Housing Communities Association (WMA), The Utility Reform Network (TURN) and the Office of Ratepayer Advocates (Cal Advocates)[8] filed and served opening comments. On May 29, 2018, PG&E, SoCalGas/SDG&E, Southwest Gas, SCE, and WMA filed and served reply comments.

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[6] D.18-11-026 at 4.

[7] R.18-04-018 at 10.

[8] Senate Bill (SB) 854 (Stats. 2018, Ch. 51) amended Pub. Util Code §309.5(a) so that the Office of Ratepayer Advocates is now named the Public Advocate's Office of the California Public Utilities Commission. We will refer to this party as "Cal Advocates."

On June 21, 2018, the assigned Administrative Law Judge (ALJ) issued a ruling setting a prehearing conference, entering an Energy Division (ED)/Safety and Enforcement Division (SED) Joint Staff Proposal "Evaluation of 2015-2017 Mobile Home Park (MHP) Utility Conversion Pilot Program & Joint Staff Proposal for Proposed Program Continuation and Enforcement and Refinements in R.18-04-018" (Staff Proposal) into the record and soliciting comments. The Staff Proposal evaluated the MHP Pilot to assess demand for the program, constructability, its effectiveness in improving safety, and whether the program should be continued and what refinements should be considered.

Staff found that the MHP Pilot met its objectives and should be continued based on overarching goals for the MHP Pilot to improve safety and reliability of electric and gas utility service, the findings in E-4878 (which extended the MHP Pilot), and the utilities' MHP Pilot annual reports.[9] At the same time, staff proposed several refinements for a permanent MHP program.

On July 18, 2018, PG&E, SoCalGas/SDG&E, Southwest Gas, SCE, CUE, PacifiCorp, WMA, TURN and Cal Advocates filed and served opening comments on the Staff Proposal. On July 25, 2018, PG&E, SoCalGas/SDG&E, Southwest Gas, SCE, CUE, and Cal Advocates filed and served reply comments on the Staff Proposal.

A prehearing conference was held on July 30, 2018 to discuss the issues of law and fact and determine the need for hearing and schedule for resolving the matter.

On August 31, 2018, the assigned Commissioner issued a Scoping Memo addressing the scope of the proceeding and other procedural matters, and

[9] Staff Proposal at 4.

establishing the procedural schedule. The Scoping Memo noticed the first workshop on October 17, 2018 that covered the topics of Annual Reporting, MHP Pilot Evaluation, MHP Pilot Prioritization, and California Department of Housing and Community Development (HCD) Involvement. The Scoping Memo also directed parties to file supplemental cost and safety data on October 30, 2018.

On October 19, 2018, the ALJ issued an e-mail ruling extending the time to submit supplemental data from October 30, 2018 to November 16, 2018 and soliciting workshop comments. PG&E, SDG&E/SoCalGas, Southwest Gas, SCE, WMA, Cal Advocates, and TURN provided opening comments on the workshop on November 16, 2018.

SDG&E/SoCalGas, Southwest Gas, Bear Valley Electric Service (BVES), and PacifiCorp submitted supplemental cost data on November 16, 2018. In response to SED questions, SDG&E/SoCalGas provided first amended supplemental cost data on November 26, 2018. SCE provided amended supplemental data on November 30, 2018. SDG&E/SoCalGas provided a second amended and restated joint supplemental cost data on December 21, 2018.

On March 17, 2019, the Commission approved Resolution-E-4958 that authorizes all participating electric and gas utilities to continue their MHP Pilot until the earlier date of either December 31, 2021, or the issuance of a Commission Decision for the continuation, expansion or modification of the program beyond December 31, 2020. The number of spaces may not exceed 3.33 percent annually of the total master-metered spaces in a utility's service territory not including MHPs that are already under conversion or scheduled for conversion. Extending the MHP Pilot provides time and information needed to fully evaluate the program pursuant to R.18-04-018.

On February 15, 2019, the ALJ issued a ruling seeking comments on the Annual Report Template and 2019 Parties' Annual Report responses, and noticing the March 20-21, 2019 Workshop with topics covering cost recovery, cost containment, cost benchmarks, and electrification. On or by March 1, 2019, PG&E, SoCalGas, SDG&E, Southwest Gas, SCE, and Cal Advocates submitted informal comments to SED.

On April 2, 2019, the ALJ issued a ruling entering October 17, 2018 and March 20-21, 2019 workshop materials into the record and seeking comments on outstanding scoping memo questions.

PG&E, SoCalGas/SDG&E, Southwest Gas, SCE, PacifiCorp, WMA, and Golden State Manufacturing Home Owners League (GSMOL), filed opening comments on May 6, 2019. PG&E, SoCalGas/SDG&E, Southwest Gas, SCE, and TURN filed reply comments on May 20, 2019.[10] Following the receipt of comments, due to consensus by parties that the record was robust enough to issue a proposed decision in the proceeding, a revised Staff Proposal was not circulated. However, the evaluation portion of the 2018 Staff Proposal has been updated to reflect 2019 annual report data. (*See* Appendix B.)

On October 10, 2019, the Commission approved an order extending deadline to change the statutory deadline of the proceeding from October 26, 2019 to April 26, 2020.

[10] Unless otherwise indicated in this decision, we refer to parties' May 6, 2019 comments as "opening comments" and parties' May 20, 2019 comments as "reply comments."

2. Jurisdiction[11]

At the start of 2015 when the MHP Pilot began, there were 2,506 jurisdictional master-metered natural gas systems in the Commission's SED database. As of January 2020, 2,152 jurisdictional natural-gas master-metered MHPs remain in operation. According to SED Staff, of the 1,827 MHP Pilot applicants, approximately 80 percent requested dual (gas and electric) conversions, 10 percent requested only gas-only system conversions, and 10 percent requested only electric-only system conversions.

There are also 661 propane master-meter systems, most of which are in remote locations that do not have utility natural gas distribution lines nearby, so a natural gas system upgrade is not practical; some of these propane systems do not serve mobilehome parks but instead support remote single-family home neighborhoods and apartment houses which are not in the scope of the program.[12] Many propane systems are maintained by the propane supplier rather than the MHP owner.

Sections 4351 through 4360 gives the Commission jurisdiction over the safety of master-metered natural gas systems in MHPs. In January 1995 the Commission also assumed jurisdiction over the safety of propane master tank distribution systems. Assembly Bill 766 (Hauser, Stats. 1994, Ch. 388) adopted Sections 4451 through 4465 giving the Commission jurisdiction over Propane Master Tank systems serving 10 or more customers not in a MHP or two or more customers inside a MHP.

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[11] For a more complete discussion of background and jurisdiction issues see D.14-03-021 Section 4.3.1 "Jurisdiction" at 36-48 and Appendix A to D.14-03-021 "Additional Background" (excerpted from R.11-02-018 at 3-9).

[12] Based on information in the SED MHP Database.

Although the Commission has responsibility to inspect jurisdictional propane systems, and the authority to issue citations, just as the Commission does with MHP natural gas systems and with utilities, the Commission does not have the same ratemaking jurisdiction over propane companies that the Commission has with natural gas companies. Therefore, propane companies are currently not in the scope of the MHP Pilot and the Commission considers that park as an electric-only upgrade accomplished only in limited circumstances and in consultation with HCD. In other words, in area where an MHP is using propane and there is no option for natural gas, HCD would be the primary authority since the Commission would not be upgrading a gas system.

Therefore, Section 3252 excludes propane when defining "natural gas." Similarly, Section 221 excludes propane when defining the term "gas plant." In Section 222, a gas corporation is defined as a company with a gas plant, which excludes any propane operators. Therefore, when the Commission addresses financial rates and structures, etc., the terms "gas corporation" or "natural gas company" are used, which exclude (by definition) propane gas suppliers and operators.

The Commission lacks regulatory authority over the municipal or public agency utilities that provide master-metered natural gas or electric MHPs.

The Gas Safety and Reliability Branch (GSRB) of the Commission enforces Federal Pipeline Safety Regulations through audits of jurisdictional MHP and Propane Master Tank systems. Audits consist of reviewing operation and maintenance records, evaluating emergency procedures, and performing field inspections of the gas distribution facilities. If violations are found, GSRB gives an inspection form requesting that corrective measures be taken within a

specified time.[13] If the operator complies and reports the corrective actions to the inspector, the inspection is closed. If the operator fails to comply, a citation and fine may result.[14]

HCD manages the titling and registration for mobilehomes, manufactured homes, commercial modulars, floating homes, and truck campers. HCD also protects families and individuals who live in mobilehomes by inspecting mobilehomes and mobilehome parks for health and safety violations in areas where the local government has not assumed enforcement. HCD is mandated to annually inspect 5 percent of existing facilities with a total statewide staff of approximately 50 inspectors. HCD further protects consumers by enforcing regulations for those who build and sell manufactured homes.

3. Issues Before the Commission

The purpose of this proceeding is to undertake a comprehensive evaluation of the MHP Pilot Program and to determine, based upon that evaluation, whether the program should be adopted as a permanent MHP Utility Conversion Program on a going forward basis, and if so, under what provisions

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[13] *See* Section 4356(b): "The commission shall require the operator to take immediate steps to correct and repair the gas leak or other hazard….The commission may direct the serving gas corporation to terminate service at the master meter if an operator does not comply with this requirement. The cost of repair or corrective actions shall be borne by the operator." A violation like this would have to be something that poses as "immediate danger to the health and safety of the park residents," such as an ongoing grade 1 leak, known corrosion issues, damaged pipes, or unsupported pipes.

[14] *See* Section 4357(b)(1): "The commission may…[issue] a citation to the responsible person, as defined by Section 18603 of the Health and Safety Code, and to the mobilehome park operator. In the event of a violation that constitutes a significant or immediate danger to health and safety of the park residents, the citation shall be issued immediately and served upon the responsible person or the holder of the permit to operate the mobilehome park. The mobilehome park operator shall be responsible for the correction of any violations for which a citation has been given pursuant to this subdivision."

and guidelines. Issues before the Commission focus on what the Commission can and should do to encourage MHPs with master-metered natural gas and electricity to transfer to direct utility service. Following the initial three-year MHP Pilot (2015-2017), and two extensions (2018-2021), the Commission reviewed a wide range of topics to answer this question. *See* Appendix A for a slightly expanded list of issues that supersede those listed in the original OIR.[15]

According to R.18-04-018, the proceeding should be narrow in scope and should not be construed to litigate fundamental and legal determinations of D.14-03-021.[16] As the Scoping Memo indicates, the following issues were addressed in the original decision and are out of scope for this decision.[17]

1. Whether upgrades to the customer's meter, as well as beyond the meter, should be included in the Program;[18]
2. Whether participation should be voluntary or mandatory for MHP owners;[19]
3. Whether utilities should have reasonable opportunity to recover the costs of the program;[20]
4. Whether utilities are liable for MHP submeter systems (referred to as legacy systems), or BTM infrastructure installed during conversion.[21]
5. Whether the utilities or the MHP owners may act alone to determine prioritization under the pilot program.[22]

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[15] R.18-04-018 at 13-15.

[16] R.18-04-018 at 12.

[17] Scoping Memo at 10-11.

[18] *See* D.14-03-021-021 "Commission Jurisdiction" discussion at 36-40, and COLs 2-15 at 71-73.

[19] *See* D.14-03-021 FOF 17 at 64.

[20] *See* D.14-03-021 at 40.

[21] *See* D.14-03-021 COL 19 at 74.

[22] D.14-03-021 at 58.

While it is agreed that utilities will have a reasonable opportunity to recover costs of the program, the Scoping Memo determined that quantitative results of the MHP Pilot as provided in the 2018 Staff Proposal were not conclusive enough to determine the appropriate cost recovery method for a permanent program. (*See* Section 14 "Cost Recovery" for a thorough discussion of this topic.) Therefore, a focus of this proceeding has been to collect more granular and recent cost and safety data in order to complete an evaluation of the MHP Pilot and design a permanent program moving forward.

4. MHP Pilot Evaluation

A key scoping memo question is whether the MHP Pilot met the objectives of D.14-03-021 and in addition to cost factors, what criteria and metrics should the Commission use to determine success. If the MHP program continues, what procedural mechanism should the Commission use to evaluate utility progress and programmatic success on an ongoing basis?

4.1. Staff Evaluation

Staff evaluated the MHP Pilot based on six criteria:

1. Demand for a program to upgrade utilities within MHPs;
2. Program outreach and conversion completions;
3. Benefit from safety, reliability, and capacity improvements;
4. Conversion cost results;
5. Resident impact, access to energy management and conservation; and
6. Programs to achieve cost savings, and other benefits. [23]

[23] D.14-03-021 did not include criteria for determining programmatic success under Ordering Paragraph (OP) 13. ED and SED developed these criteria in Resolution E-4878, which extended the original three-year Pilot.

The June 19, 2018 Staff Report stated that all these objectives were met and justify a permanent program moving forward. (At the same time, Staff proposed several refinements for a permanent MHP program.) In the updated January 2020 Staff Evaluation, Staff updated relevant cost and safety information and corroborated this view. *See* Appendix B "Revised Staff Evaluation January 2020" for more explanation and detail.

4.2. Parties' Comments

4.2.1. Achievement of Proceeding Goals

PG&E, SoCalGas/SDG&E, Southwest Gas, and SCE all agree with the Staff Proposal that the MHP Pilot met its objectives. PG&E agrees with the Staff Proposal "that the MHP pilot program met its objectives and merits continuation, based on the overarching goals for the Pilot to improve safety and reliability of electric and gas utilities serving the residents, the findings in Resolution E-4878, and the utilities' MHP pilot program annual reports."[24] In addition, PG&E notes that "PG&E has also increased the electric capacity of electric services at most MHPs (from a range of 30 – 50 amperes (amps) to 100 amps) so that the MHP residents can utilize modern, energy efficient appliances. Once MHP residents become PG&E customers, they can more easily participate in low-income programs (such as CARE [California Alternate Rates for Energy], FERA [Family Electric Rate Assistance], and Medical Baseline) making the cost of gas and electric services more affordable for eligible MHP residents."[25]

[24] PG&E Opening Comments at 11-12 quoting Joint Staff Proposal at 4.

[25] *Ibid.* at 12.

Similarly, SoCalGas/SDG&E stated that "evaluation of this criteria strongly supports creating a permanent MHP program." They point out that "[d]uring the initial application period (conducted in the first quarter of 2015), approximately 75-80 percent of the MHP's in SoCalGas and SDG&E's combined service territory expressed their interest via submittal of a FOI (Form of Intent) to participate in the MHP Pilot Program."[26] SoCalGas/SDG&E measured resident satisfaction of the overall project at 70 percent "satisfied" or "very satisfied" approval ratings.[27] SoCalGas/SDG&E tout additional safety benefits that were not identified in the Staff Report that "include those associated with the installation of distribution systems consistent with the utilities' standards, *e.g.*, the installation of excess flow valves, safe meter locations in accordance with utilities' standards, and safety bollards where necessary to protect equipment and personnel from vehicular contact."[28] As to costs, SoCalGas/SDG&E assert that Commission review of conversion costs have been instructive, but warn that unique features would exist at each MHP, and these factors would drive costs. In this regard, they believe that after-the-fact reasonableness reviews should be maintained. "SoCaGas/SDG&E agree with the Staff Report that providing residents with direct utility service enhances needed access to low-income, special needs, and energy efficiency programming as well as energy management options that require the use of advanced or smart meter technology

[26] SoCalGas/SDG&E Opening Comments at 14. In this decision, we consider "FOI" and "Application" as interchangeable terms.

[27] *Ibid.* at 15.

[28] *Ibid*.

that do not currently exist at MHPs that would participate in a permanent program."[29]

Southwest Gas agrees with criteria that Staff used to evaluate the program and Staff's finding that the MHP Pilot "has demonstrated its viability."[30] Southwest Gas' experience demonstrates the high demand for the program: "Southwest Gas believes a key aspect to the success of the pilot program was the extensive collaboration and communication among the stakeholders."[31] It observes that "[f]ollowing the lengthy and contested proceeding that led to the approval of the pilot program, the parties came together in uniform support of the MHP Program and worked closely with SED, HCD, MHP owners, MHP residents, and other interested persons to successfully develop, implement and execute a very detailed, highly technical, one-of-a-kind pilot program across the entire state."[32] At the same time Southwest Gas emphasizes that "[t]he paramount consideration in the underlying proceeding was the safety and reliability of the MHP systems—particularly their natural gas systems."[33]

Southwest Gas provides the following anecdotal evidence that many safety issues have been addressed by the program.

> ...Now that these systems have been converted, the aging steel pipe has been replaced; active natural gas piping is no longer running under the coaches; natural gas meters are protected from snow damage and vehicular traffic; and residents now receive safe and reliable service from a Commission-regulated

[29] *Ibid*. at 16.

[30] Southwest Gas Opening Comments at 6 referring to its July 18, 2018 comments at 3-4.

[31] Southwest Gas July 18, 2018 Comments at 4.

[32] *Ibid*. at 4.

[33] *Ibid* at 4.

> utility, that performs routine maintenance on its facilities and will respond 24/7 to investigate reports of suspected natural gas leaks. [34]

"SCE agrees with the staff's conclusion that the MHP Pilot effectively increased participation among MHP owners, achieved intended safety improvements, and should be transitioned to a permanent program."[35] In response to the question whether the Commission has met its objectives, PacifiCorp and WMA respond with an emphatic "yes."[36]

TURN agrees with the Staff Proposal's evaluation but is concerned that "based on the data provided to-date, it has not been possible for TURN to determine if conversions were done cost effectively and the level of safety benefits provided."[37] It opines that "[t]he lack of data regarding the safety status of sites pre-conversion and the safety benefits achieved post conversion necessitate a new MHP application period and scoring process before the utilities file applications for a permanent program."[38] Cal Advocates supports a permanent program through 2020 as recommend by the original Staff Proposal.[39]

4.2.2. Type of Program Evaluation

PG&E notes that "each utility operates under different standards, policies cost models and MHP site factors so it is difficult to conduct a like-for-like evaluation among utilities."[40] Therefore, PG&E believes that the Commission

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[34] *Ibid.* at 5.

[35] SCE Opening Comments at 15 quoting Joint Staff Proposal at 8, 11.

[36] PacifiCorp Opening Comments at 14; WMA Opening Comments at 14.

[37] TURN Opening Comments at 7.

[38] *Ibid.*

[39] Cal Advocates Opening Comments at 1.

[40] PG&E Opening Comments at 12.

should evaluate the MHP Pilot at an aggregate level to assess of the goals and objectives are being met.[41] Southwest Gas agrees with PG&E's assessment when it asserts that "[i]t is difficult to compare costs of utilities across utilities as no two utilities are alike."[42] As an example, it points to trenching costs that may vary based among utilities on labor, and ground density and suggests that such cost comparisons are likely not useful.[43] In contrast, SCE suggests that the Commission evaluate the MHP Pilot on a utility-specific level.[44] WMA believes that "[t]he current level of review by the Commission is sufficient to evaluate the program."[45]

4.2.3. Additional Metrics to Consider in Ongoing Evaluation

In addition to cost factors, parties suggest a variety of other criteria and metrics that the Commission should use to determine whether the MHP Pilot met the objectives of D.14-03-021. In response to this question, PG&E states that "the Commission should also consider the benefits that the MHPs and residents receive as addressed in PG&E's Reply Comments in R.18-04-018 where the residents are, 'de facto, the real parties in interest' who most stand to benefit or lose from any decision."[46] Southwest Gas contends that collaboration among stakeholders is a key metric to consider in the success of any ongoing program.[47] "As is the case with most successful pilot programs, utilities will be able to

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[41] *Ibid.*

[42] Southwest Gas Opening Comments at 1.

[43] *Ibid*.

[44] SCE Opening Comments at 15.

[45] WMA Opening Comments at 14.

[46] PG&E Opening Comments at 12 quoting PG&E Reply Comment on OIR at 3.

[47] Southwest Gas Opening Comments at 6 referring to July 18, 2018 Opening Comments at 3-4.

incorporate lessons learned during the pilot to increase participation and enhance the efficiency of any permanent program that the Commission may approve."[48]

Referring to Ordering Paragraph 3 at 75 in D.14-03-021, "SCE recommends that in addition to costs the Commission should also consider: 1) MHP participation, 2) resident access to public purpose programs as factors in determining if the MHP Pilot program met the objectives of D.14-03-021."[49] WMA agrees that the level of participation or a comparison of spaces converted before and after the MHP Pilot will be highly indicative of overall pilot program success.[50] It contends that the historical legislative intent to transfer master-metered utility systems to the local utility for provision of direct service had been "thwarted" before the commencement of the MHP Pilot authorized in D.14-03-021.[51] As to other useful metrics, WMA believes that other useful metrics could include the following:

- Reductions in greenhouse gas emissions through reduced natural gas leaks. PG&E reported in both workshops that it had measurements on gas leaks for its conversions. Other utilities may have these measurements as well. These reductions can be valued using any one of several GHG valuations used by the Commission in other planning and programs.
- Increases in CARE and FERA program participation. Improving ratepayers' equity and economic situations is an intended benefit that should be quantified.

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[48] *Ibid.* at 4.

[49] SCE Opening Comments at 15.

[50] WMA Opening Comments at 15.

[51] *Ibid.* at 15.

- Increases in energy efficiency programs, including low-income, by tenants.
- Improved safety measured through reduction in inspection violations by HCD and in safety calls to the utilities by tenants.
- Improved reliability measured through the standard reliability metrics maintained by the utilities annually. This may be difficult to measure if utilities are looking only at service to the master meter and not at the load behind the master meter. [52]

As stated above, TURN believes that both pre-conversion and post-conversion safety data is necessary to evaluate the safety benefits of the program. In response to this recommendation, PG&E asserts that "utilities are not responsible for master-metered MHP safety inspections and do not have access to any information regarding non-utility owned infrastructure." [53] The utilities do not have historic data regarding MHP inspections by the Commission and HCD. For similar reasons, SCE believes that utilities should not be required to provide safety about parks' pre-conversion status in the annual reports because "SCE does not have access to this data related to customers' sub-metered systems, nor does SCE collect this data during the MHP conversion process."[54]

4.3. Discussion

Respondents in the program generally agree with the Staff Proposal that the MHP Pilot was successful based on criteria including demand for a program to upgrade utilities within MHPs; program outreach and conversion completions; benefit from safety, reliability, and capacity improvements;

[52] *Ibid*. at 15-16.

[53] PG&E Reply Comments at 4.

[54] SCE Reply Comments at 4.

conversion cost results; resident impact, access to energy management and conservation; program to achieve cost savings, and other benefits as documented in the updated January 2020 Staff Evaluation (Appendix B). WMA, PacifiCorp, and Cal Advocates agree that the program met its objectives and should be continued, based on the overarching goals for the MHP Pilot to improve safety and reliability of electric and gas utilities serving the residents. TURN also agreed with the June 2018 Evaluation but remains concerned about cost-effectiveness and the level of safety benefits provided.

Approximately half of all eligible parks applied in 2015 and there is a continuous backlog of mobilehome parks awaiting conversion. While only 3,700 spaces were converted between 1997 and 2014, 25,021 spaces were converted between 2015-2018. Based on a target of 10 percent of eligible spaces, 9 percent of eligible spaces were converted. Highest-risk applicants were prioritized for upgrades, old infrastructure was replaced with new utility-standard piping, wiring, etc. and maintenance is now performed by professional utility personnel. MHP residents, especially in smaller parks without a resident manager, now receive more timely response to service and emergency needs from the utilities. As to electric capacity benefits, many older homes had low-capacity 30-50 amps electrical service that has been upgraded to 100 amps. The higher capacity can support more appliances such as air conditioning for temperature-sensitive elders, and in some cases, electric vehicle (EV) charging. Additionally, the MHP Pilot demonstrated an improved, direct access to low-income and medical baseline programs. Of all the MHP conversions, 44 percent benefited Disadvantaged Communities as defined by CalEnviroScreen. (*See* Section 10 "Disadvantaged Communities" that provides more detail.)

As the updated January 2020 Staff Evaluation points out, at the time the Commission adopted D.14-03-021, there was very little information about the actual costs to complete the type of work envisioned for the MHP Pilot. Due to differences in their respective operations and service territories, respective cost estimates provided during the R.11-02-018 proceeding by each of the eight utilities participating in the MHP Pilot varied significantly. Therefore, for the MHP Pilot the Commission adopted the respective cost estimates provided by each utility and required annual reporting of the average cost per MHP space as a means for evaluating the effectiveness of the program and individual utility performance.

Some utilities' actual cost per space agreed with the Commission-adopted cost estimates, though PG&E, Liberty Utilities, Southwest Gas, and BVES are significantly higher than projected. Table 3 in Appendix A shows the projected versus actual costs per space. As D.14-03-021 contemplated, costs per space could differ among utilities due to operating territories, labor agreements, and other factors. Moreover, the prediction of costs related to construction, especially for the beyond the meter component, could not be estimated accurately. Therefore, one of the objectives of the MHP Pilot was to provide more accurate cost information based on actual construction.

Overall, Staff found that, except for PG&E, actual costs for the large utilities have generally been in line with estimates included in D.14-03-021. Considering the protocols for installation, the number of contractors available to the MHP program, the similarities between permitting and inspection concerns through the state, and the experience gained and shared among the utilities, Staff expects that PG&E should be able to lower its average per space costs as the program matures. Although actual costs have been higher in some cases than

the original estimates, the rate impact data provided in the utilities' 2018 Annual Reports shows that the rate increases required to fund the program will be minimal, as was anticipated in D.14-03-021.

In addition, the updated January 2020 Staff Evaluation confirms that the fairly modest bill impact through 2018 is reasonable when considering the significant safety and other benefits and expectations set in Decision D.14-03-021. The rate increases change slightly from year-to-year as the contributions of expense and capital cost recovery come into play. For gas rates, the highest rate increase is for SDG&E, peaking at 1.66 percent in 2019. Other peak gas rate increases are 0.71 percent for PG&E in 2020, 0.61 percent for SoCalGas in 2020, and 1.59 percent for Southwest Gas in 2021. As a practical example, for PG&E the rate increase of 0.71 percent equals about 1 cent per therm, which will increase an average monthly residential bill[55] for 37 therms of usage by 37 cents.

For electric rates, the highest rate increase among the major utilities is PG&E at 0.18 percent in 2020. That increase will raise rates by 0.036 cents per kilowatt (kWh), an impact of 20 cents on an average monthly bill of 550 kWh. An exception is the small utility BVES with an increase of 1.87 percent. An average Bear Valley customer bill assuming 550 kwh usage would increase by 39 cents. Complete rate impact details are provided in the updated January 2020 Staff Evaluation, Appendix B.

In response to parties' comments about areas where the program can use additional quantitative and qualitative "guideposts" to inform its future, the current enhanced Annual Report Template includes a framework for additional metrics including additional leak data, cumulative costs of the program over

[55] Monthly bill average usage D.14-03-021 at 32.

time (both TTM and BTM), and demographic data that demonstrates participant access to public purpose programs. In addition, the current enhanced Prioritization Framework includes access to more relevant HCD safety statistics and disadvantaged community data, among other things. These enhanced reporting and prioritizing tools will enable the SED to successfully manage the program, evaluate it on an ongoing basis, and make any needed adjustments to the program. These tools are discussed in more detail in Section 7 "Prioritization" and Section 16 "Annual Reporting."

The level of current enhanced reporting is sufficient to report both aggregated, granular, and confidential data. We acknowledge that at each utility operates under different standards, policies, cost models, and MHP site factors so it is difficult to conduct a like-for-like evaluation among utilities. However, every effort must be made to develop a common set of metrics that apply to all sites to the extent this is possible or desirable.

In this decision, we recommend a second evaluation of the MHP utility conversion program in 2025 following the first four-year application cycle (2021-2024) to decide whether to continue or modify the program using the same criteria that were that were applied in the updated Staff Evaluation and the annual reports and prioritization tools as defined in this decision. As discussed in Section 18 "Change Management," SED and ED shall use a Resolution process to gain Commission approval of any recommendations. The outcome of this second evaluation will inform subsequent application cycles moving forward.

5. Program Design

The current MHP Pilot implements key program features as approved in D.14-03-021. A key scoping memo question is whether these same program

features should be continued or be adjusted in consideration of current trends, conditions, etc.

5.1. Staff Proposal

Following is a summary of standard program rules as proposed by SED in the Staff Proposal:

a. Participating eligible MHPs should continue to be funded for conversion "to the meter (TTM)," as well as, "beyond the meter (BTM)".

b. Eligibility criteria and rules for the Program should be the same for all participating utilities. Standardization assures fairness to MHPs throughout investor-owned utility parts of California and avoids (or seeks to minimize) confusion among Program participants and stakeholders.

c. In limited cases, utility-specific goals may be reasonable, such as cost per space benchmarks.

d. Electric and gas utilities are expected to show incremental program improvement in efficiency through program experiences, and benchmarking.

e. Commission should adopt a goal of completing conversions of 50 percent of all MHP master-metered spaces served by the large gas and electric utilities in their service territories by 2030. This includes MHP spaces that were completed during the Pilot (from 2015-2017) and subsequent extensions (2018-2021).

5.2. Parties' Comments

Following is a summary of supportive remarks and feedback regarding various features recommended for an ongoing MHP utility conversion program including: mandatory or voluntary program for utilities and MHP owners; beginning and end of program; space conversion goals; and program scope and size beyond the initial 10 percent target.

5.2.1. Permanent Program

"PG&E will support the Commission with mitigating the identified safety risks and will comply with the Commission's decision if a permanent program is warranted."[56] According to SoCalGas/SDG&E, "[t]here was strong demand and interest from MHP owners and operators in participating in the MHP Pilot Program and interest is likely to continue; therefore also considering the benefits of safety enhancement, the Commission should order a permanent MHP safety enhancement program."[57] WMA supports a permanent program moving forward.[58] Both TURN and Cal Advocates also generally support the establishment of a permanent program to convert MHPs through 2030 with specific conditions or as recommended in the Staff Proposal.[59]

5.2.2. Mandatory or Voluntary

"PG&E believes each utility's participation should be mandatory to ensure the success of each conversion, especially the MHPs that are served by multiple utilities."[60] SoCalGas/SDG&E state that "[t]he permanent program should be mandated for utilities, provided there are not significant policy changes or conditions such that the program would be impractical, unreasonable, or infeasible for the utilities to implement."[61] Southwest Gas also believes that each utility's participation in the MHP Program should be mandatory. It opines that "[t]his would afford all MHPs with the State of California the opportunity to

[56] PG&E Opening Comments at 13.

[57] SoCalGas/SDG&E Opening Comments at 2.

[58] WMA Opening Comments at 16.

[59] TURN Opening Comments 14; Cal Advocates Opening Comments at 1.

[60] PG&E Opening Comments at 13.

[61] SoCalGas/SDG&E Opening Comments at 4.

participate in the MHP Program."[62] WMA agrees. "As stated by WMA in the past, by law participation can only be voluntary by MHP owners. Given that voluntary participation by the utilities prior to 2014 had led to minimal participation, the Commission should continue to require that utilities offer the opportunity to master-metered MHPs."[63]

5.2.3. Beginning and End of Program

With the existing MHP Pilot running through 2021, "PG&E believes the next phase of the program should continue from the point the Commission reaches a decision regarding the MHP Rulemaking to ensure a continuous level of work with current resources and continue the program until the Commission believes that the safety risk intended to be resolved by the program is mitigated."[64] PG&E recommends that an arbitrary end date to the program not be established as "it may cause unintended consequences, such as, 1) the need to accelerate work that may lead to cost increases due to resource constraints, or 2) not execute projects that are unlikely to be completed within the required end date."[65] Similarly, Southwest Gas believes the permanent MHP Program "should begin upon the issuance of a decision in this proceeding" and that "the permanent MHP Program should not have a sunset date at this time."[66] WMA concurs with the utilities: "The program should continue until eligible MHPs who want to participate have been through the program."[67]

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[62] Southwest Gas Opening Comments at 6.

[63] WMA Opening Comments at 16-17

[64] PG&E Opening Comments at 13.

[65] PG&E Opening Comments at 13.

[66] Southwest Gas Opening Comments at 7.

[67] WMA Opening Comments at 17.

In contrast, TURN believes that "the program should sunset at the end of 2030, unless it is determined to be imprudent or unnecessary prior to this date."[68] It claims that "[a] 2.5 percent annual conversion rate from 2022 through 2030 combined with the conversions to date (average of 4.56 percent for 2015-2017, up to 3.33 percent for 2018) and those authorized by Resolution E-4958 to continue through the end of 2021 (annually 3.33 percent) would allow approximately 40-50 percent of the MHPs in the four large utilities service territories (PG&E, SCE, SDG&E, and SoCalGas) to be completed."[69] At the end of the third cycle, TURN suggests that a new rulemaking be teed up to evaluate the program and common issues and determine whether the program should move forward, including electrification.

5.2.4. Space Conversion Goals

According to E-4958, "the total number of eligible spaces converted in years 2020 and 2021 may not exceed 3.33 percent of the total master-metered spaces in utility's respective territory not already under conversion or scheduled for conversion beyond 2019."[70]

In general, parties resist having uniform standards that apply to all utilities, especially large and small ones. According to PG&E, "[w]ith each utility operating under different business models and utility standards, PG&E believes the goals, metrics and timelines should not apply to all utilities uniformly and should allow for a utility specific approach to ensure each utility

[68] TURN Opening Comments at 9.

[69] *Ibid.*

[70] E-4958 OP 2.b) at 11.

is able to cost effectively manage the program based on their individual circumstances."[71]

SoCalGas/SDG&E believe that the pace of implementation should be flexible. "A flexible target of four percent seems achievable, with an overall cumulative target of converting 50 percent of eligible MHP spaces by 2030."[72] For example, in shared-service territories, one utility could be lower or higher than the 4 percent annual target. SoCalGas/SDG&E disagree with the Staff Report's recommendation that it should provide a list of 4 percent of eligible MHPs on an annual basis in order to allow for prioritization. "Instead, SoCalGas and SDG&E recommend that a re-prioritized list with a Category 1 of 16-20 percent of eligible MHPs (based on annual 4 percent target) be provided to the utilities at a maximum of every four or five years, upon the completion of the application period."[73] SoCalGas touts advantages to this approach including facilitating continuity of the program, avoiding disruptions to the program, and generating program efficiencies. SoCalGas/SDG&E believe that the Commission should clarify whether the proposed goal of completing 50 percent of MHP spaces by 2030 includes MHP spaces that were completed during the MHP Pilot.[74] They also seek clarification regarding whether the goals should include non-sub-metered MHPs, if they are included in the permanent MHP program.[75]

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[71] PG&E Opening Comments at 13-14.

[72] SoCalGas/SDG&E Opening Comments at 4.

[73] *Ibid.* at 17-18.

[74] *Ibid.* at 18.

[75] *Ibid.* at 18

Southwest Gas agrees with PG&E and SoCalGas/SDG&E that "goals and timelines should apply on a utility-specific basis, particularly with regard to small utilities." According to Southwest Gas:

> Southwest Gas is nearing the end of its conversions for MHPs that applied for the Pilot, and estimates that it has approximately 1,785 spaces left to convert within its service territories. This includes MHPs that applied that were not converted in the Pilot (1,1113 spaces), MHPs that did not apply or opted out (645 spaces) and MHPs without submeters (29 spaces). Should the Commission adopt a similar conversion rate of 3.33 percent adopted by Resolution E-4958, the Company would only convert one MHP per year. Therefore, Southwest Gas proposes that it be permitted to continue the MHP Program at an average conversion rate of 450 spaces per year. Southwest Gas believes this will maximize efficiencies and accommodate conversion in both of its Southern and Northern California service territories, where it overlaps with two separate electric utilities.[76]

In order to advance safety goals, CUE believes that "the 4 percent annual conversion target should be adopted as a mandate and should represent the minimum number of conversions that the larger utilities are expected to achieve in the years leading up to 2030."[77] WMA believes that goals should be stated by each utility under a time frame that works for each one. It asserts that "[t] current conversion rates appear to be feasible for most of the utilities and should serve as a useful guide to setting future goals and metrics."[78]

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[76] Southwest Gas Opening Comments at 7.

[77] CUE Reply Comments on Staff Proposal at 4.

[78] WMA Opening Comments at 17.

5.2.5. Program Scope and Size Beyond Initial 10 Percent Target

"PG&E believes SED is the appropriate agency to define the appropriate scope of the program over time, which includes whether the program should allow up to 100 percent of MHP spaces to be converted to utility service if the MHP owner/operator applies and is determined to be eligible."[79] "Southwest Gas posits that 100 percent of MHPs in the State should be converted. If less than 100 percent of MHP Parks are allowed for conversion, the Company believes that the parks with the highest safety risks should be converted subject to prioritization parameters used in the MHP Program."[80] As indicated above, Southwest Gas believe that different percentage goals should apply for small utilities as opposed to large utilities. WMA sees no reason to limit the program. It asserts that "no cap should be imposed as there is no justification for setting an arbitrary limit."[81]

5.3. Discussion

Based on the success of the MHP Pilot, with minor exceptions as noted below in terms of timing and duration of the program, we support continuing the existing program consistent with D.14-03-021 issued March 14, 2014.

Therefore, in this decision, we accept the same framework but make adjustments to primary features pertaining to beginning and end date of the program, eligibility criteria, annual space and conversion percentage goals, cumulative volume targets (*See* Sections 5 and 6), enhanced prioritization process (*See* Section 7), implementation of soft cost targets (*See* Section 13) for both large and small utilities, and new application process (*See* Section 17).

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[79] PG&E Opening Comments at 14.

[80] Southwest Gas Opening Comments at 7.

[81] WMA Opening Comments at 18.

Table 1: MHP Pilot versus Ongoing Program Features

Program Feature	MHP Pilot	Ongoing Program
Utility Participation (same)	Mandatory[82]	Mandatory
Beginning/End Date	2015-2021 Resolution E-4958 (Seven Years)	2021-2030 (2020 Transition Year) (Ten Years)
MHP Conversion Target Rate	As of start of the MHP Pilot, cumulative target of converting 50% of eligible MHP spaces by 2030	As of start of the MHP Pilot, cumulative target of converting 50 percent of eligible MHP spaces by 2030 **Small Utility Exception**: 100 percent of the MHP master-metered spaces served by all the smaller utilities (Southwest Gas, PacifiCorp, Bear Valley and Liberty)

[82] Original three-year 2015-2017 Pilot was mandatory for utilities. OP 13 of D.14-03-021 states that "[a]ny utility may file a Tier-2 Advice Letter within 45 days of the second annual status report to request continuation of the conversion program if the actual experience to that point appears to warrant continuation of the program without major modification." All utilities except PacifiCorp voluntarily filed an AL to extend the program.

Program Feature	MHP Pilot	Ongoing Program
Space Conversion Rate Goals	3.33 percent of eligible MHP spaces per year	Approximately[83] 3.33 percent of eligible MHP spaces per year for SCE, SDG&E and SoCalGas; 2.5 percent of eligible spaces per year for PG&E Small Utility Exceptions: • PacifiCorp, Bear Valley, Liberty: At least one park per year. (3.33% may be too small to account for a single park.) • Southwest Gas: 450 spaces per year. • In shared-service territories, one utility could be lower or higher than annual targets.
Program Scope and Size	Approximately 3.33 percent of eligible MHP spaces annually which equates to approximately 10 percent for a three-year period or 13 percent for a four-year period	Approximately 3.33 percent of baseline MHP spaces annually which equates to approximately 10 percent for a three-year period or 13 percent for a four-year period

Program Feature	MHP Pilot	Ongoing Program
Annual Re-Prioritization	None	Yes, not to exceed 3 percent of Category 1 Priority List

[83] For both space conversion rate goals and program scope and size, "Approximately" refers to plus or minus one-half percent (or about 500 spaces per year on a nominal base of 100,000 spaces.

of Priority Lists		

Following a new application period established by the Commission (*see* Section 17), SED will provide each utility, on an annual basis, with a list of MHPs comprising approximately 3.33 percent for SCE, SDG&E, and SoCalGas, and 2.5 percent for PG&E of the total master-metered spaces in a utility's respective territory not already under conversion or scheduled for conversion beyond 2021.[84] The year 2020 will be a transition year and conversions will need to occur from the existing list and may include MHPs from a new list to be developed by July 1, 2021. The adopted annual conversion rates as a flexible target are reasonable because utilities currently average approximately 1.5 percent per year for PG&E, 1.9 percent per year for SoCalGas, 3 percent for SDG&E, and 2.8 percent for SCE.[85] The number of "MHP Spaces in Territory 2015 Baseline," identified in Table 3 should be used to calculate the target for each utility.

We expect the level of conversions to improve over time as utilities continue to gain more experience in this ongoing program. We support TURN's and Cal Advocates' proposals to reduce the lower adopted conversion rate to 2.5 percent for PG&E since this conversion rate more closely aligns with PG&E's actual conversion rates and it provides the SED Administrator of the Program the opportunity to further evaluate PG&E's exceptionally high costs relative to other large utilities. While the percentage of total conversions has increased from. 95 percent from 1997-2014 to 6.6 percent of existing MHPs (9 percent of

[84] All eligible applicants are prioritized in Category 1, 2, and 3, based on the safety, reliability, and capacity conditions of the MHPs. However, Category 1 MHPs have the highest priority on utility conversions. Category 2 and 3 will move up the lists if MHPs in Category 1 drop off the lists.

[85] *See* Appendix A of the Updated January 2020 Staff Evaluation.

eligible natural gas systems) from 2015-2018, we still consider the number and pace of conversions modest for large utilities.

Subject to the voluntary participation by MHPs, as of the beginning of the MHP Pilot in 2015, the Commission adopts a goal of completing conversions of 50 percent of all MHP master-metered spaces served by the large gas and electric utilities, and 100 percent of the MHP master-metered spaces served by all the smaller utilities (Southwest Gas, PacifiCorp, Bear Valley and Liberty) by the end of the 2030 calendar year. At the conclusion of the 2021-2024 application cycle, the SED Evaluation in 2025 should determine whether a new rulemaking should be opened to determine the future of the program beyond 2030, especially in light of alternative electrification options discussed in Section 11 "Electrification."

We do not support SoCalGas/SDG&E's recommendation that a re-prioritized list with a Category 1 be provided to the utilities only every four or five years to coincide with the length of the application period. It is reasonable to re-evaluate the program every four years; however, there is merit to allowing SED to allow limited open enrollment and re-prioritization every year based on extenuating circumstances, such as emergency conditions that may arise in MHPs, such as wildfires, floods, and landslides, etc. In such instances, the goal is to limit re-prioritizing existing Category 1 prioritizations to no more than 3 percent of the total spaces within a utility's Category 1 population. This limitation is designed to provide flexibility, sustain program momentum, and maintain MHP Owner and contractor confidence in the program moving forward. This annual re-prioritization could pertain to MHPs already listed in Category 2 or 3 of the Program or who have declined to participate in the past.

6. Eligibility

The related scoping memo question addresses what information requirements are required to determine eligibility and how the eligibility process should be managed.

6.1. Staff Proposal

Staff recommend the following eligibility requirements:

1. All master-metered MHPs with gas and/or electric sub-meters, currently eligible to participate in the Pilot would be eligible to participate in the Program along with new MHP applicants. In addition, master-metered mobilehome parks that do not rely on sub-metering should also be eligible to participate in the Program. MHPs would be limited to a one-time participation/conversion under the Pilot or Program, but not both.
2. Eligibility should require sub-metering because master-metered gas systems are subject to the same regulations regardless of sub-metering status. Moreover, all master-metered MHPs without sub-meters present the same safety, reliability and capacity concerns as those with sub-meters. MHPs without sub-meters were permitted in California prior to changes in Commission regulations starting January 1, 1997.

6.2. Parties' Comments

According to SoCalGas/SDG&E, "MHPs that are both sub-metered and non-sub-metered should be eligible for the MHP program. However, since non-sub-metered MHPs will require additional outreach, annual rate-of-conversion goals should account for this difference."[86] Because the impacts of including non-sub-metered MHPs has not been fully explored, SoCalGas/SDG&E believes that the Commission should consider a pilot of this

[86] SoCalGas/SDG&E Opening Comments at 4.

MHP segment to gather further information on how these MHPs should be treated and how much work is involved if they are included. SoCalGas/SDG&E agree with Staff's recommendation that MHPs be limited to one-time participation under either the MHP Pilot or subsequent permanent MHP program. If a MHP declined to participate in the early and extended pilots, they should be allowed to participate again due to safety issues or other changed circumstances.

SoCalGas/SDG&E also believe that TTM eligibility and funding should be extended to permanent buildings that are for residential use.[87] The SoCalGas/SDG&E recommendation is based on their experience that MHP owners declined to participate because of out-of-pocket costs associated with TTM construction for permanent buildings located on MHP property. To encourage participation of all MHPs that need safer and more reliable systems, and to avoid maintaining two separate systems, SoCalGas/SDG&E believe that these costs should be treated as part of the MHP program as long as the buildings use natural gas and/or electric service. SoCalGas/SDG&E also believe that recreational vehicle (RV) spaces that are interspersed amongst MHP spaces should be eligible for the MHP program.[88] In some instances, lack of clarity exists at parks regarding whether a specific space is a MHP or RV space.

As to standard program rules, "SCE recommends that the Commission adopt the standard participation rules from the MHP Pilot Program."[89]

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[87] *Ibid*. at 20.

[88] *Ibid*. at 21.

[89] SCE Opening Comments at 22.

6.3. Discussion

In this decision, we support Staff recommendations that all master-metered MHPs with gas and/or electric sub-meters, currently eligible to participate in the MHP Pilot, would be eligible to participate in the MHP utility conversion program along with new MHP applicants. In addition, master-metered MHPs that do not rely on sub-metering shall also be eligible to participate in the ongoing program. In this instance, MHPs would be limited to a one-time participation/conversion under the existing MHP Pilot or MHP utility conversion program, but not both. MHPs who declined to participate in the MHP Pilot are eligible.

As Staff points out, master-metered gas systems are subject to the same regulations regardless of sub-metering status. Moreover, all master-metered MHPs without sub-meters present the same safety, reliability and capacity concerns as those with sub-meters. MHPs without sub-meters were permitted in California prior to changes in Commission regulations starting January 1, 1997. Additional outreach is necessary to include non-sub-metered MHPs in the program.

As to permanent or "common use" buildings being included in an ongoing program, we are sympathetic to SoCalGas/SDG&E's views that MHP owners may be reluctant to participate in a permanent program because of the significant out-of-pocket costs associated with TTM construction for "common use" or permanent buildings located on MHP property. To encourage participation of all MHPs whose residents deserve safer and more reliable systems, and to avoid maintaining two separate systems, we agree that these costs for common use buildings that are already connected to the park's master-meter system should be eligible for the program as long as the building uses natural gas and/or electric

service. In this decision, we assume that common use buildings include clubhouse, park office, and laundry, but do not include residential buildings with permanent foundations that may also be on the master meter system.

Subject to further review in the 2025 evaluation, it is reasonable to include common use facilities as part of an ongoing program because the incremental impact costs outweigh the risk that a MHP owner may voluntarily not participate in the program, which in turn could compromise meeting ongoing program safety objectives. Given different MHP physical layout scenarios, it is reasonable for SED to consider allowing conversion of common use areas, which will be served under commercial rate schedules.[90] The MHP Owner is responsible for any "beyond-the-meter" costs for these common use facilities, reimbursement will not be permitted and the utility will not provide the service panel. (*See* relevant updates in Section 15 "Cost Responsibilities in the MHP Owner Agreement.")

As to including RV spaces in an ongoing program, SED Staff reports that RV spaces comprise approximately 5 percent of all gas services at a small number of parks—approximately 145 (unverified). However, lack of clarity exists about whether some MHP spaces contain mobilehomes or RVs. According to SED Staff, RV spaces do not have gas utility connections since the RVs normally carry their own propane tanks. The exception may be where a MHP owner had changed the usage of a number of unregistered mobilehome spaces to RV spaces but still have gas services running to the space. The MHP Owner who wishes to maintain these spaces as RV spaces could eliminate gas service to these

[90] *See* Appendix C "Revised MHP Owner Agreement" that reflects changes in italics. *See* Section 6.1.4 at 10, and 23.

spaces. If the MHP Owner wishes to convert RV spaces to MHP spaces and upgrade utility services as part of a MHP utility conversion program, these spaces must be registered as MHP spaces with HCD before the planning phase of the project begins. If not, program efficiency is compromised due to problems that may exist with maintaining both a master-meter system, and the new upgraded system in the same park.

The GSRB database has separate entries for RVs, but it is difficult to know if these are accurate since they are not required to be up-to-date for purposes of MHP Pilot compliance. Therefore, it is reasonable to delay consideration of RV space eligibility in a MHP utility conversion program until SED collects and confirms appropriate MHP physical configuration data through the application process and/or 2025 second Evaluation. This will enable Staff to evaluate this data and make appropriate recommendations in the future.

When processing of program applications moving forward, SED should acquire information about the number and type of permanent residential buildings, common use buildings, and RV spaces on MHP property.

Following is a summary of eligibility features for a MHP Utility Conversion Program:

MHP Pilot Versus Future Ongoing Program Eligibility

Table 2

	MHP Pilot	**Ongoing Program**

Eligibility	**(Limited)** -All master-metered MHPs with gas and/or electric sub-meters -No new applicants	**(Expanded)** -All master-metered MHPs with gas and/or electric sub-meters -All master-metered MHPs without gas and/or electric sub-meters -New applicants
Common Use Buildings	Yes	Yes, at SED's discretion. **-**Common use buildings include laundry, park office, community hall, and clubhouse. -No permanent fixed foundation residential structures.
Recreational Vehicles (RVs)	No	No; possibly after the 2025 Evaluation

7. Prioritization

This scoping memo question seeks to determine what informal and formal processes should be used to determine prioritization, *i.e.* rank order of MHPs scheduled for conversion to utility services within the program; and what is the associated role of the MHP owner, the utility(ies), and Commission staff? When there are multiple requests from MHPs to participate in the program, a key question is what methodology should be used to prioritize the eligible MHPs.

7.1. Current Prioritization Process

SED has authority and responsibility for prioritizing conversions of natural gas only systems or dual service systems (both natural gas and electricity) based on specific criteria to be met by applicants. Currently, the program prioritization is designed to consider system aspects in order of "safety," followed by "reliability" and "capacity," and then "efficiency." The "safety" priority of the program has driven more "natural gas" and "combined gas and electric" mobilehome park conversions systems than "electric only" conversion systems.

For prioritization of electric only systems, the utilities must consult and coordinate with HCD or its local designee. *See* D.14-03-021, OP 3. SED believes the prioritization of electric only parks should continue to be the responsibility of HCD although SED "approved" two electric-only conversions during the MHP Pilot.[91] According to HCD Staff, several reasons for electric-only conversion include 1) low amperage or amperage that does not meet program standards; 2) natural gas is supplied by a municipal utility; or 3) propane is used as fuel gas in an area not served by natural gas.

According to SED Staff, the current prioritization process works as follows:

> A MHP applies for the upgrade program during the application timeframe and must complete an application (Appendix C of D.14-03-021), which asks for certain characteristics of their pipeline system and their electric utility system. The data from this questionnaire, combined with data from SED's MHP inspection database is then transferred to a spreadsheet.

During the workshops, SED explained that prioritization was based on safety factors such as the age of the MHP's existing utility infrastructure, the type

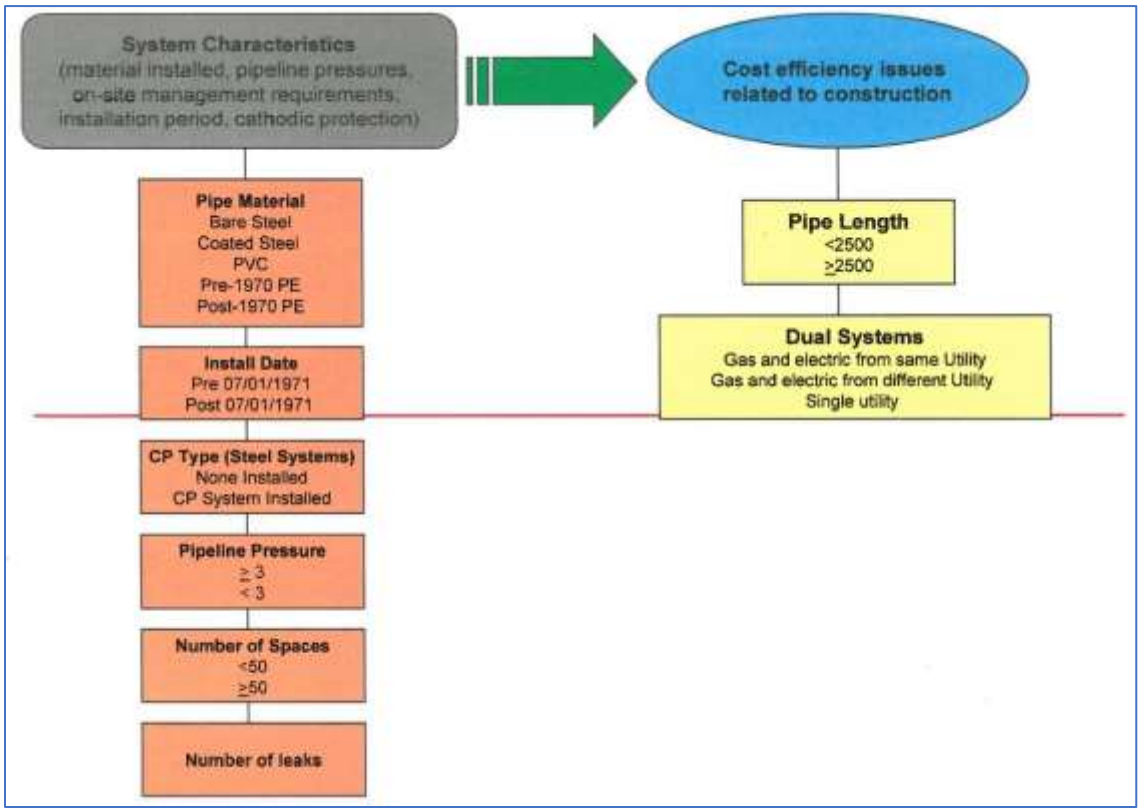
[91] According to HCD and SED Staff, only PacifiCorp Merced MHP and Rustic Trailer Park were designated "Category 3" "electric only" conversions.

of natural gas pipeline material, leak history, MHP safety records, installation date, cathodic protection (CP) type, operating pressures, number of spaces and occupancy (to help determine whether the MHP has an onsite manager), and whether the MHP consulted with SED and HCD, which these assigned risk factors are weighed and assigned points based on risk levels, and the points of a system are totaled.[92] Systems with higher point values for risk categories are prioritized above those with lower values, because they have evidence of riskier conditions. The risk ranking is comparative because program accepts all MHP systems that apply and meet eligibility requirements; there is no requirement to decide whether a project should be done or not, just a need to decide the order of the projects.

As stated in the Staff Proposal, following is a graphical depiction of the current prioritization process:

[92] *See* October 17, 2019 Workshop SED Presentation.

Chart 1: Current Prioritization Process



7.2. Parties' Comments

According to SoCalGas/SDG&E, "[i]f a permanent program is established, the current prioritized list of MHPs should be used to select projects as soon as practicable following a decision in this proceeding so as to allow a seamless transition to the permanent program."[93] Southwest Gas believes that "factors used to prioritize MHPs for conversion to the MHP Program (Pilot) should continue to be used for a permanent MHP Program...the information would be confidential."[94]

[93] SoCalGas/SDG&E Opening Comments at 5.

[94] Southwest Gas Opening Comments at 8.

SoCalGas/SDG&E reinforce the Staff position that asserts risks of MHPs and prioritization of conversion have already been extensively litigated in the previous rulemaking and should not be relitigated. It opines that "if SED believes further information is needed to refine their prioritization process, a new FOI process requiring additional information from MHP owners/operators should be implemented..."[95]

TURN believes that a survey of safety risks at all master-metered MHPs is necessary before prioritization process can be finalized. It contends that "a permanent program must be focused on converting the riskiest sites as compared to the rest of the utility service territory, rather than a somewhat myopic focus on sites that voluntarily apply to the program."[96] TURN concludes that "[a]t time of ever-increasing demands on ratepayers, it is not appropriate to allow all sites which apply to the utility program to be converted. Instead, the Commission should force non-compliant sites to rectify safety violations."[97] TURN suggests that "SED, in collaboration with an outside consultant--funded by ratepayers if necessary—pull safety data on all MHP sites in each utility territory and assign a risk score based on previously identified safety criteria. Data gaps may need to be filled in by in-person visits and questionnaires."[98]

TURN also suggests that the ongoing program should be evaluated in accordance with the "Risk Spend Efficiency" (RSE) concept from the S-MAP proceeding.[99]

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[95] SoCalGas/SDG&E Reply Comments at 3-4.

[96] TURN Opening Comments at 10-11.

[97] *Ibid.*

[98] *Ibid.*

[99] *Ibid*. at 8. See TURN November 16, 2018 comments on Workshop 1.

SoCalGas/SDG&E object to TURN's proposal:

> As stated in the Staff Report, Risk Spend Efficiency is inappropriate because it is specific to a utility's rate case and meant to pertain to the utility's *own* operations and services, not on the *customer* side of the meter. The energy distribution systems at mobilehome parks are privately owned and maintained, and therefore are not included in the utilities' risk register. Furthermore, the safety risk of mobilehome parks and the prioritization of mobilehome parks for conversion was also extensively litigated in the previous mobilehome park proceeding, and D.14-021 established the responsibility for prioritizing mobilehome park for conversions with SED. [100]

SCE also has some concerns about TURN's proposal and suggests that it be considered in a second phase of this proceeding. According to SCE, "[t]his will allow parties to consider lessons learned from the Risk Assessment Mitigation Phase (RAMP) applications, and the applicability of such an analysis to the MHP program."[101]

TURN states that more must be done by SED to ensure electric only sites are properly prioritized within the program.[102] TURN refers to OP 3 of D.14-03-021 that authorized SED to prioritize conversions of natural gas only systems or dual service systems (both natural gas and electricity); for the prioritization of electric only systems the utilities consult and coordinate with HCD or the local agency designee.[103]

SoCalGas/SDG&E, Southwest Gas, and WMA state that certain additional criteria or considerations should be added to the prioritization process.

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[100] SoCalGas/SDG&E Reply Comments at 4.

[101] SCE Reply Comments at 4.

[102] TURN November 16, 2018 Comments on Workshop 1 at 5.

[103] *See* D.14-03-021 OP 3 at 75.

SoCalGas/SDG&E recommend the Commission consider including a process to change priority if conditions at an MHP warrant doing so. Southwest Gas recommends conferring with the utilities to determine whether the information SED receives from the parks is consistent with any park information the utilities may have (*e.g.,* system pressure).[104]

WMA recommends that the prioritization process consider a MHP park's "readiness" to replace the master-metered utility systems with direct IOU service as a possible criteria.[105] It believes that "[i]f an owner is prepared to replace an aging system, not converting it now would be a lost opportunity to bring those customers into the utility system delaying conversation [*sic*] for decades."[106] It also believes information should be confidential.

According to SCE, "SED's criteria for MHP prioritization complies with D.14-03-021 and should be maintained."[107]

7.3. Discussion

Prioritization should continue to be based on safety, reliability, dual conversions, and capacity improvements consistent with D.14-03-021.

Based on lessons learned from the MHP Pilot and workshop discussions, additional prioritization criteria shall be included in an ongoing program:

1. Add criteria that considers whether an MHP has reported any gas incidents, as required by US DOT Title 49 CFR §191.3 and §191.5.
2. Add criteria that considers whether a park has experienced damage of their gas or electric infrastructure due to

[104] Southwest Gas Opening Comments at 8-9.

[105] WMA Opening Comments at 19.

[106] *Ibid.*

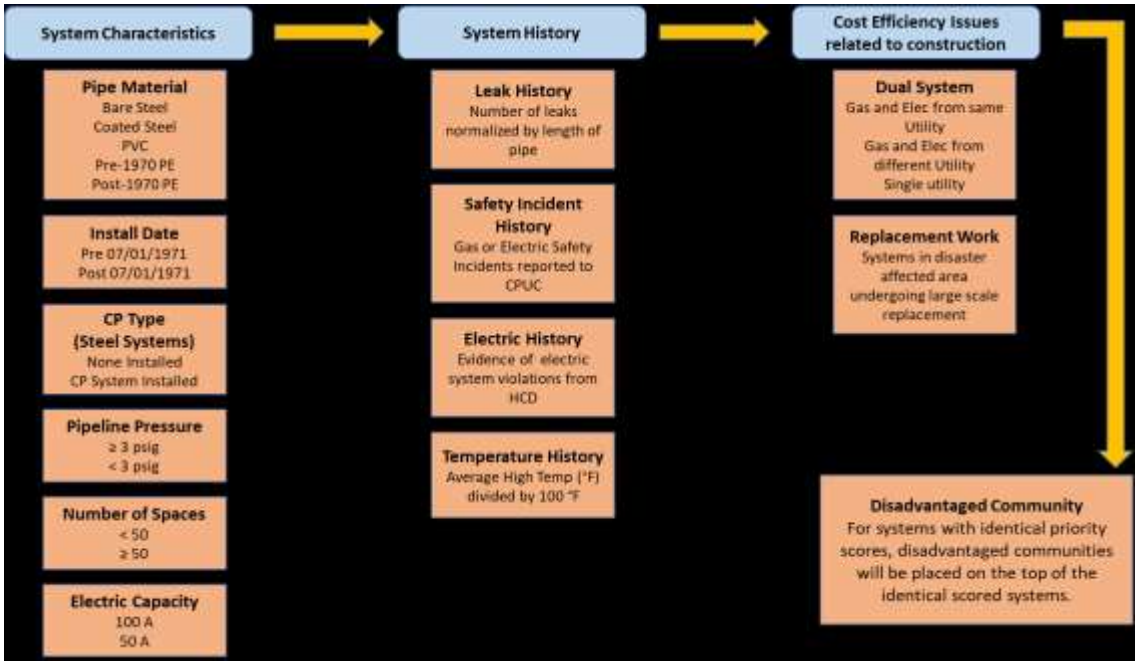
[107] SCE Opening Comments at 19.

wildfire, especially if they are already in the "queue" for conversions. (*See* Section 11 "Electrification" that identifies wildfire MHP "rebuild" exceptions.)

3. For parks with electric and gas master-meter systems, consult HCD to determine if a park has incurred any violations regarding their electrical infrastructure and add criteria in the prioritization process which considers this.
4. Include a "Disadvantaged Community" criterion that will serve as a tie-breaker if two MHPs have the same safety score. (*See* Section 7 "Prioritization.")

Graphical depiction of an enhanced prioritization process is as follows:

Figure 2: Enhanced Prioritization Process



As addressed in D.14-03-021, SED will prioritize the MHPs based on safety first and then on reliability and capacity improvements. We agree with parties that to the extent a natural gas only system presents a safety issue, it should have priority over a combined system. Once SED has a list of eligible MHPs prioritized by this risk profile, SED will rank the MHPs into three categories. Category 1 comprises 10 percent of the eligible MHP spaces in a utility's

territory, and represents the highest risk systems. Category 2 comprises an additional 10 percent of the eligible MHP spaces in a utility's territory and represents systems with less inherent risk than Category 1. Category 3 comprises the remaining 80 percent of eligible MHP spaces in a utility's territory. Each utility will schedule work to most efficiently to complete work for MHPs from the Category 1 list provided by SED. MHP owners also will have six months to have the necessary financing and permits ready once notified by the utility. The list would be supplemented by SED to address completions, and removals of MHPs from the MHP utility conversion program initiated by an MHP or SED. As such, the Category 1 list will be adjusted continuously to replace completed MHPs with MHPs from Category 2 or 3 and confirm an annual rate of planned work.

Utilities should send written requests to SED to modify priority lists and only may proceed with a conversion project in the order that the priority list is set after a written approval from SED. A list of MHPs in Category 1 completed in the reporting year shall be included in the Annual Report.[108] To the extent possible, any annual SED prioritization should not interfere with ongoing scheduling and continuity of the program. We do not support SoCalGas/SDG&E's recommendation that a re-prioritized list with a Category 1 be provided to the utilities only every four or five years, to coincide with the length of the application period. It is reasonable to re-evaluate the program every four years; however, there is merit to allowing SED to allow limited open enrollment and re-prioritization every year based on extenuating circumstances,

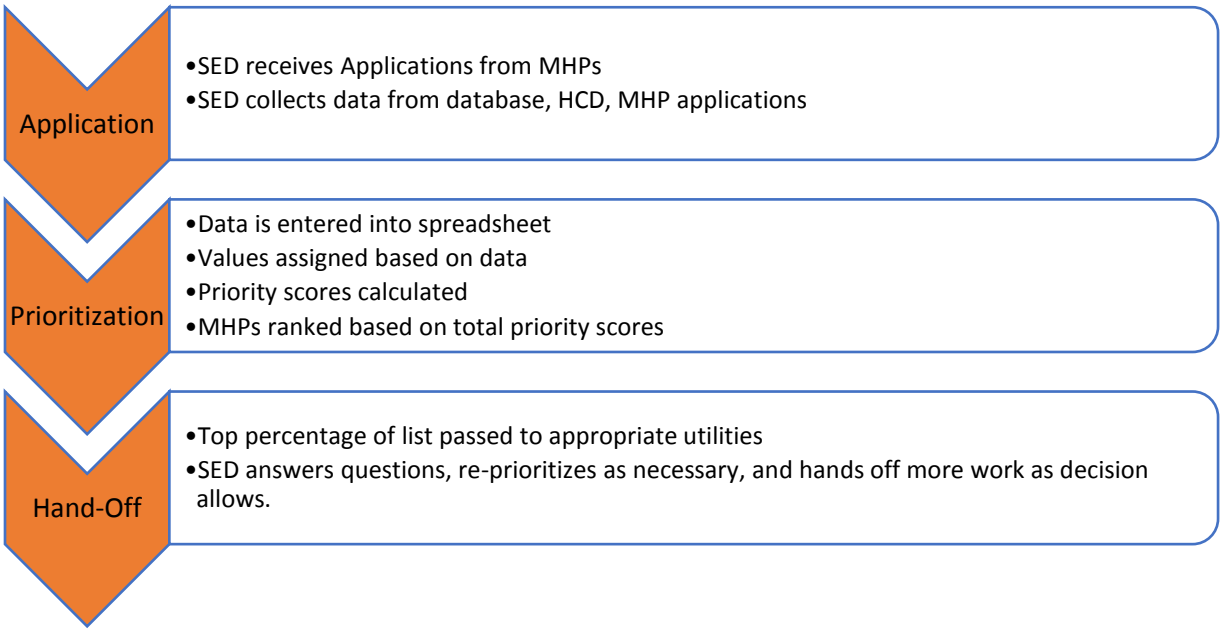
[108] Category 1 MHPs have the most safety and reliability concerns which require priority conversions.

such as emergency conditions that may arise in MHPs, such as wildfires, floods, and landslides, etc. In such instances, the goal is to limit re-prioritizing existing Category 1 prioritizations to a lower level within the same tier to no more than 3%. This limitation is designed to provide flexibility, sustain program momentum, and maintain MHP Owner and contractor confidence in the program moving forward. This annual re-prioritization could pertain to MHPs already listed in Category 2 or 3 of the Program or who have declined to participated in the past.

Each utility will manage and schedule its MHP utility conversion program in coordination with SED. Utilities maintain discretion to manage the work in a manner that provides best use of resources, internal and external to the utility, necessary for coordination between other utilities and/or HCD/local enforcement agencies, and provides overall cost efficiencies to the MHP utility conversion program. Beyond unforeseen circumstances that may result in deviations between completed work and a utility's respective program targets, utilities shall consult with SED for any planned deviations that become necessary based on a utility's operational needs to complete other, non-routine, work activities.

Following is a graphical depiction of the life cycle of a project (*See* Section 17 "Implementation and Ongoing Administration" regarding the timing of the application process.):

Figure 3: Application and Prioritization Process



We find TURN's recommendation to assess the safety status of all master-metered MHPs before prioritization process is finalized, to be conceptually appealing. However, there is no "quick fix" to implement this recommendation and it would likely forestall addressing safety risks at MHPs in need of conversion now. We believe that initiating this action may not be the best use of Commission resources as there is no evidence that MHP gas systems are inherently riskier than gas systems at large.

As D.14-03-021 observed, "a definitive count of the MHPs at issue, or the number of spaces in them, has continued to be elusive."[109] When the Commission opened the original rulemaking, it recognized that better data on the condition of MHP sub-meter systems would be useful. However, D.14-03-021 cited major difficulties in determining how to gather the data given

[109] D.14-03-021 at 12.

resource constraints, especially time and cost.[110] In response to a Commission directive to find out basis information about the size and conditions of MHPs, a working group was formed to develop an approach to solve this issue.[111] The working group devised a 20-question survey and a cover letter, which identified the sponsors as the Commission, each of the participating utilities, GSMOL, TURN, and WMA.[112]

Each utility mailed or otherwise provided the survey to its MHP master-metered accounts. Despite the mailing of 3000 to 4000 survey packages, only 680 responded—approximately 17 to 23 percent – which did not provide a sufficient response to determine the state of installed systems. Despite lack of response and defects in survey responses, the survey did corroborate some anecdotal findings that most MHPs represented "aging infrastructure," since they were built between 1950 and 1960. The survey also determined that electrical amperage systems lower than 100 amps appears to be quite common. Results of the survey also suggested that many MHP owners "want to get out of the utility business" but not all do.[113] If the Commission conducted a similar survey, there is no compelling reason to believe that the Commission would receive better and more complete data than what we have received before without "knocking on doors" of MHP owners to increase participation. On the other hand, MHP owners are more familiar with the program since it began in 2015, and may be more receptive to surveys.

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[110] D.14-03-021 at 18.

[111] *Ibid.* at 18-19.

[112] *Ibid.*

[113] D.14-03-021 at 19-20.

Further, the MHP utility conversion program is not a mandatory requirement for all master-meter operators, so there may be limited value to risk ranking master-meter systems that have not applied to the program. The prioritization scheme should be converting the riskiest sites first when compared to other sites within a utility territory, but our population should not include operators who have not chosen to convert.

The Commission already requires that non-compliant MHPs rectify safety violations through our master-meter inspection program. The goal of the MHP Pilot was not to convert MHPs because there were compliance issues making the systems unsafe, but rather because the majority of systems were installed before modern utility construction standards were in place, and were reaching the end of their useful life. R.11-02-018 states: "We have no evidence that existing MHP sub-metered service, taken as a whole, poses an imminent and serious safety risk," but "there may well be some MHP submeter systems where age or other factors raise the potential for safety problems that should be addressed before actual problems occur."[114]

For the MHPs that have a high safety risk ranking but have not applied to the program, "selective outreach" to specific MHPs could be accomplished through a letter and/or a personal visit from SED Staff to encourage MHP owners to apply to the program. In any event, they would be required to continue to comply with safety regulations as long as they own the system. For parks that are high on the risk ranking from the survey could also be flagged for more frequent inspections by GSRB and possibly HCD; the GSRB engineer could

[114] OIR 11-02-018 at 15.

inform the MHP owner about the program and the incumbent utility could be directed to do the same.

In this decision, we aim to more effectively leverage existing tools and program management "best practices" to ensure safety objectives. First, SED will continue its efforts to cite egregious violations through audits and inspections of jurisdictional MHPs and propane master tank systems. If the Commission undertakes inspections once every seven years for each jurisdictional MHP, we have an ongoing safety mechanism to enforce critical safety standards.

Second, by making use of the existing GSRB-maintained MHP database (and potentially HCD database) that keeps records on all known jurisdictional MHPs, we have a greater opportunity to know the safety-related status of the MHP population. The database is used to schedule periodic inspections, record the violations found, and track the owner's corrective actions taken. The database also includes basic system information related to safety including pipe material, date of installation, pipe footage, type of CP, history of violations found per inspection, leaks reported, dates of leak surveys and CP surveys, and number of spaces. While the GSRB data is not 100 percent complete or accurate, the data constitutes a better starting point for conducting a survey of safety risk for all MHPS. Much of this data is the same that is used in the MHP Pilot priority ranking scheme.

Assuming the Commission conducts a survey using the MHP database, Commission staff would then find where data on individual parks is missing and take steps to fill it in. For example, GSRB inspectors could be sent to the site in person, and/or call the park manager/owner to get the missing information. In the absence of data, assumptions based on risk assessment practice could be used. Missing data would indicate a higher risk.

As to TURN's recommendation to use the S-MAP type "Risk Spend Efficiency" or "RSE" to prioritize conversions, we support this idea in concept but consider it difficult to implement given the unique parameters of the MHP conversion program. Rather than adopting an outright model of RSE, the Commission's safety advisory staff should use the best available cost data and tailor a solution based on the unique parameters and features of the MHP Pilot that include voluntary participation by MHP owners and private ownership and maintenance of MHPs that are not currently recorded in utility Risk Registers. It is not practical for the utilities to be required to do risk assessments on candidate MHPs since they do not have the data nor own the assets. Nor is it practical for the MHP owners to do their own risk assessment.

As part of the 2025 Evaluation, it is reasonable to encourage SED staff to conduct a study that examines the feasibility of creating a more quantitative risk model or, "S-MAP-type" probabilistic assessment to aid decision making in the prioritization of potential MHP conversions. Using information from the MHP database, such an approach could provide weight to specific to the criteria (*e.g.*, safety, reliability, capacity, etc.) that would be used to derive final risk scores for individual MHPs. The risk score would be devised in real world terms, such as in the number of injuries predicted per year. The score would be compared to an acceptable risk threshold to qualify MHPs that would be upgraded. Initially, the risk threshold would apply to potential MHP conversion participants only and then could be expanded to the entire population of "non-conversion" MHPs, and then ultimately all residents of California within the impact zone of natural gas distribution facilities. Eventually, the baseline risk level for all neighborhoods would be ascertained and MHPs would be upgraded to that level so their risk is no worse than for non-MHP residents. Although safety and prioritization were

extensively litigated in D.14-03-021, there is room for improvement in the development of a more quantitative risk assessment methodology.

Once this Evaluation is accomplished, SED, in cooperation with ED, should incorporate recommendations into the 2025 Evaluation and/or issue a draft Resolution with an appropriate proposal to be considered by the full Commission.

As to TURN's observation that there can be more efficient implementation of OP 3 of D.14-03-021 as referred to above, we concur. During the MHP Pilot, approximately 10 percent of the applicants on priority lists requested "electric-only" but only two electric-only conversions occurred. More research is necessary to understand further the conditions underlying these electric-only proposed conversions (*e.g.*, low amperage or amperage that does not meet program standards; natural gas is supplied by a municipal utility; or propane is used as fuel gas in an area not served by natural gas.)

In this decision, we adjust D.14-03-021 OP 3 at 75 as reflected in OP 3 of this decision:

> The first priority of a permanent program... must be to maximize conversion of higher risk MHP master-meter/submeter systems that supply natural gas to mobilehome parks or manufactured housing communities and where possible, as further discussed in the body of this Order, dual conversions (natural gas and electric) are preferred. The Commission's Safety and Enforcement Division (SED) has authority and responsibility for prioritizing conversions of natural gas systems (both natural gas and electricity For prioritization of electric only systems, the utilities must consult and coordinate with SED, HCD or its delegee, and the county or city authorities with safety and reliability oversight for electric master-meter/submeter

> systems. Under certain extenuating circumstances,[115] SED is authorized to adjust the prioritization list on an annual basis not to exceed 3 percent of the Category 1 eligible MHPs and shall post this list on its website by April 1 of each year.

In order to maintain a robust and consistent system of prioritization throughout the entire MHP utility conversion program, and promote transparency, SED, in cooperation with stakeholders, should draft explicit written procedures for the priority process as described above and post the procedures on the Commission's website. Any document drafted should include procedures on receiving applications, processing applications, gathering the data needed for proper prioritization, applying the scoring criteria, properly prioritizing the applicants, and any other reporting requirements considered necessary as required by this decision.

8. Management Oversight, Staffing, and Coordination with HCD

These scoping memo questions explore what is the most appropriate administrative structure to ensure efficient and effective MHP utility conversion program administration, what level of staffing is appropriate to support an ongoing program inside and outside the Commission, and what activities need to be coordinated with HCD in order to manage a successful program.

8.1. Staff Proposal

As recommended by the Staff Proposal, the Commission should identify which entity is responsible for the selection and prioritization of MHPs (to make a priority list or order for implementation) for participation in a permanent

[115] Extenuating circumstances include wildfire (or other large scale fire incident), earthquake, destructive flooding, other natural disasters, public unrest or riot, and catastrophic damage from foreign objects (such as an aircraft crash or train derailment).

program. Parties considered two options for Commission consideration.[116] The first option specifies that SED should retain authority (similar to the MHP Pilot) to select and prioritize MHPs for the program based on safety, and will oversee the work and the resolution of any issues that arise. The second option specifies that Utilities will select and prioritize MHPs for the program based on determined risk criteria identified by SED and adopted by the Commission and the Commission would authorize SED to audit/change the utility-established prioritization lists as needed. In the Staff Proposal, Staff, did not take a position pertaining to these two options.

8.2. Parties' Comments

8.2.1. Oversight of a MHP Utility Conversion Program

During the workshop on October 17, 2018 and in subsequent comments, PG&E, SoCalGas/SDG&E, SCE, and Southwest Gas expressed support for the MHP Pilot prioritization process, and opined that SED should maintain control of the prioritization process in an ongoing program. The primary and most compelling reason is that SED has the most access to Commission and HCD safety data on which the prioritization is based and receives and processes ongoing applications for the program.

Southwest Gas documents significant practical issues that can arise if it were responsible for managing the program in partnership with three different electric utilities it worked with to convert parks during the MHP Pilot. "If Southwest Gas were responsible for prioritizing, it would need to consider not only the timing of conversions for MHPs within its own service territories, but the conversion schedules for projects its partner electric utilities are working on

[116] Staff Proposal at 5.

with other natural gas providers. Southwest Gas would likely need information from those utilities (some of it potentially confidential) in order to develop an appropriate plan."[117] It observes that if SED was able to obtain information from all three utilities, it could consider prioritization from a broader, program-level perspective.

According to WMA, it has "no opinion on the internal management structure of the program."[118]

8.2.2. Inter-Agency Staffing

Utilities and WMA share concerns that present agency staff may be inadequate to ensure success of the program over time. Based on its experience, PG&E believes that "[b]ased on experience from the Pilot, additional HCD resources are necessary to ensure the success of the program as many utilities have found the current level of HCD inspection staff are unable to meet the inspection requirements based on the level of conversions."[119] Southwest Gas agrees.[120]

With safety as a high priority of the MHP Program PG&E believes that "SED should maintain its current role in addressing various issues and prioritizing MHPs for conversion to ensure a successful program."[121] Both PG&E and WMA emphasize that dedicated SED Staff is necessary to manage the

[117] Southwest Gas Opening Comments on Staff Proposal at 8.

[118] WMA Opening Comments at 19.

[119] PG&E Opening Comments at 21.

[120] Southwest Gas Opening Comments at 11.

[121] PG&E Opening Comments at 22.

program and troubleshoot issues that may arise between utilities, the MHP owners and operators.[122]

SCE acknowledges the important roles that both SED and HCD staff have in the ongoing administration and safety aspects of the program but cannot speak to either SED's or HCD's staffing needs.[123]

8.3. Discussion

SED should continue to oversee the MHP prioritization list for each utility and work with utilities to make modifications to the list as it becomes necessary. Since the program commenced in 2015, most parties agree that the conversion process worked well and avoided conflicts. SED has access to Commission and HCD safety data on which the prioritization is based and receives and processes applications for the program and is therefore in the best position to oversee the program. In addition to jurisdictional responsibility over the MHPs, SED has a comprehensive database that can provide information about past issues, as well as the current status of MHP systems in relation to current and emerging federal and state safety requirements. Utilities do not own any of the MHP systems and therefore do not have the authority or the information to assess and prioritize those systems. If utilities were responsible for the program, they would not have access to confidential customer information for parks where gas and electric service is provided by different utilities. Requiring the utilities to perform this prioritization function would result in duplicative efforts, because SED is still required to oversee the MHP prioritization lists, and audit or change the lists as needed.

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[122] *Ibid.*; WMA Opening Comments at 24.

[123] SCE Opening Comments at 25.

In this decision, through the recently implemented January 2020 CPUC/HCD inter-agency Information Sharing Agreement or other means, we encourage enhanced collaboration with HCD to coordinate MHP "electric only" conversions, manage miscellaneous existing Commission MHP electrification pilots already underway or planned, conduct safety inspections, and ensure improved data collection, etc.

9. Coordination with Non-Energy Service Providers and Municipal Utilities

The related key scoping memo questions ask: a) what efforts and/or program requirements could bring other utility services into the MHPs during the conversion project (*e.g.,* broadband); and b) what efforts and/or program requirements could facilitate municipal utility participation during MHP conversion projects for those MHPs that receive municipal utility service.

9.1. Staff Proposal

As required by D.14-03-021, the Staff Proposal recommends that all utilities participating in the MHP program should continue to notify and coordinate with utilities who serve MHPs selected for utility conversion and who could participate in installing or upgrading their facilities in conjunction with MHP program work, in a manner which benefits Commission regulated gas and/or electric utility customers. Most telecommunication and municipal utilities have not participated during the three-year MHP Pilot; only the City of Long Beach showed interest in gas upgrade in one of the MHP utility upgrades with SCE.

9.2. Parties' Comments

Parties support different approaches to coordinate MHP conversions with non-energy service providers and municipal utilities.

PG&E said that they were uncertain about what efforts or program requirements would bring non-energy service providers into the MHP during a conversion project. Based on their outreach to these entities since the beginning of the MHP Pilot, it observes that "PG&E has learned that the MHP Program may not be perceived as a safety program by non-energy service providers and municipal utilities."[124] Further, some of these entities have informed PG&E that it may not be cost-effective to participate in joint trenching efforts based on their construction requirements. According to SoCalGas/SDG&E, "[t]hough these entities are not mandated to participate in this program, SoCalGas and SDG&E propose providing the non-energy service providers and municipal utilities with a prioritized list of participating MHPs as early as possible as a means to encourage participation."[125] SoCalGas/SDG&E observe that other non-energy service providers and municipal utilities prioritize their business separately from utilities and have different safety and business drivers. However, they will continue to reach out to them to identify opportunities to work together.

Southwest Gas does not propose any additional requirements beyond reaching out to these entities. If a Form of Intent is implemented, it could be modified to include information as to whether the MHP has broadband services.[126] It points out that Southwest Gas overlaps with only one electric municipal utility for an MHP that is currently being upgraded through the MHP Pilot. The municipality declined to participate."[127] SCE suggests that "the Commission should consider requesting additional information from other

[124] PG&E Opening Comments at 6.

[125] SoCalGas/SDG&E Opening Comments at 12.

[126] Southwest Gas Opening Comments at 3.

[127] *Ibid.* at 4.

utility services regarding specific barriers or desired participation in the program in order to determine if there is an opportunity to effectively include municipal utilities."[128]

WMA commends the utilities for reaching out to the other utility service providers to participate the process but believes that more can be done to enhance the program: It asserts:

> The Commission should require that relevant serving municipal utilities should be noticed when an MHP within a municipal utility's service area has been determined to be a participant in the program. The notice should include the contact information for both the serving electric and gas utilities and the MHP and the proposed schedule for transferring the system. The notice should also include whether other MHP utility systems such as water or sewer are currently master metered as well.[129]

9.3. Discussion

Communication providers and municipal utilities have expressed limited or no interest in the MHP Pilot. Staff has only limited data on the participation of communication providers and municipalities in the MHP Pilot. For this reason, the MHP Application should be expanded to seek additional information about what non-energy service and communication providers service the Applicants' MHP. In addition, once a MHP is selected for conversion, we agree with WMA that the Commission should require the participating utility contact all relevant serving municipal utilities and telecommunications utilities when an MHP within the utility's service area becomes a participant in the program. The notice should include the contact information for both the serving electric and

[128] SCE Opening Comments at 10.

[129] WMA Opening Comments at 5.

gas utilities and the MHP and the proposed schedule for transferring the system. The notice should also include whether other MHP utility systems such as water or sewer are currently master-metered.

In addition, during the planning phase or upon submission of the application, utilities conducting mobilehome work pursuant to this decision shall be required to notify the California Advanced Services Fund (CASF) regional broadband Consortia (contacts here: https://www.Commission.ca.gov/General.aspx?id=6442461039) and the primary jurisdiction (*e.g.* city or county). The notification should include the project location (street address and Geographic Information System coordinates if possible), timeline, utility contact, and other relevant information. Further, the California Advanced Services Fund Rulemaking (12-10-012) may consider ways to expedite combined mobilehome safety upgrade and broadband grants.

In the implementation of an ongoing program, utilities and municipal utilities shall more closely work together to achieve economies of scale and cost savings (*e.g.*, joint trenching). Therefore, utilities, in cooperation with SED Staff, should provide the non-energy service providers and municipal utilities with a prioritized list of participating MHPs as early as possible in program cycles as a means to encourage participation.

10. Disadvantaged Communities

The scoping memo asks what efforts and/or program requirements enable MHPs in the state's most disadvantaged communities (DACs) to have the opportunity to participate in the program?[130]

[130] We define a "disadvantaged community" for the purpose of the options adopted in this decision as a community that is identified, by using CalEnviroScreen 3.0, as among the top 25 percent of communities statewide. In addition, 22 census tracts in the highest 5 percent of

10.1. Staff Proposal

According to the Staff Proposal, Staff believes a MHP utility conversion program should continue to pursue, and use to prioritize MHPs for master-meter utility conversions, the goal of proactively improving gas pipeline safety and reliability. If the Commission wants to further inform the record of the proceeding with respect to how and whether the MHP utility conversion program should or could target or prioritize DACs, Staff recommends collecting data on the correlation of MHP communities and residents located within the defined geographic characteristics of DACs and populations. In response to the Staff's recommendation, Staff issued a data request and shared results at the March 20-21, 2019 workshop.

According to the criteria established in Senate Bill 535 (de Leon, Chapter 830, Stats. 2012), of California's total population of 40 million, 24 percent are considered "disadvantaged" equating to 9.35 million of California's population. Based on a review of the MHP Pilot to date, Staff determined that of the total MHP 25,021 spaces converted, 10,584 spaces or 44 percent of spaces converted were located in disadvantaged communities. Similarly, of the MHP 25,021 spaces converted, 10,669 or 44.4 percent were CARE/FERA customers.

10.2. Parties' Comments

PG&E, SoCalGas/SDG&E, Southwest Gas and WMA believe that education and outreach should be the main channel to encourage DAC participation but offer some specific advice. "PG&E believes safety should

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CalEnviroScreen's Pollution Burden, but that do not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data, are also designated as DACs. This is the method developed and used by CalEPA and CARB, the agencies with expertise in this area, and it is reasonable for the Commission to use this definition to identify DACs to be served with the programs developed pursuant to Section 2827.1(b)(1).

continue to be the primary factor for prioritizing MHPs in the next phase of the pilot program...in the situation where SED identified two projects that have similar safety risks, SED should prioritize the MHP in disadvantaged community."[131] SCE and TURN agree. SCE suggests that based on SED statistics, "MHP participation within DACs is already occurring at a reasonable level."[132] Keeping in mind safety and reliability as leading factors in the prioritization process, SCE "agrees to adding location in a DAC as a secondary factor within SED's prioritization process."[133] TURN emphasizes that safety risks should always be the first mechanism to prioritize participation but location in a DAC or low-income residents could be a "secondary prioritization" tool for MHPs that have the same or similar safety risks.[134]

SoCalGas/SDG&E believe that education and outreach efforts should encourage DACs to participate in the program and "sole responsibility for the determination of eligibility and prioritization should continue to remain with SED."[135] Southwest Gas states that there may be more opportunities to convert propane MHPs in DACs within the framework of the MHP Pilot. However, they caution that "there are a certain level of unknowns within a propane park that may increase costs in comparison to other park conversions (*i.e*. location of gas main, the required cost to retrofit the appliances, etc.)."[136]

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131 PG&E Opening Comments at 18.

132 SCE Opening Comments at 11.

133 *Ibid*.

134 TURN Opening Comments at 11.

135 SoCalGas/SDG&E Opening Comments at 13.

136 Southwest Gas Opening Comments at 4.

10.3. Discussion

The scoping memo raises questions concerning the eligibility, inclusion, and possible prioritization of parks within a DAC. The MHP Pilot included all MHPs which "receive master-metered natural gas or electric service, or both, from Commission-regulated utilities," and did not exclude any parks with DACs within those service territories. We believe prioritization of the MHPs should continue to be based on safety, reliability, dual conversions, and capacity improvements.

Based on a 44 percent level of DAC and CARE/FERA participation in the MHP Pilot, one could argue that a high number of DACs already participated in the MHP Pilot so a separate criterion for prioritization doesn't need to be established. We agree. However, if there is a "tie" between two MHP applicants in the prioritization queue after all other factors have been taken into account (including "safety" as the primary criterion), then SED Staff will utilize this factor to break the tie. (This topic is also covered in Section 7 "Prioritization.")

OP 4 of D. 14-03-021 requires "outreach and education" as part of the MHP upgrade program. Prior to any new application window, utilities should continue outreach to MHP owners to educate them about this program, and inform them how to apply. MHP demographics indicate that a large percentage of MHP residents are 65 years or older and have incomes lower than $50,000.[137] Therefore, outreach materials should keep this profile in mind when devising key messages to promote the program.

[137] March 18, 2019 Workshop, SoCalGas/SDG&E PowerPoint.

11. Electrification Options and Potential Pilot

The scoping memo asked whether the Commission should promote electrification as an option for MHPs participating in the program; what factors should the Commission evaluate when considering whether to promote electrification; and what criteria will help determine the reasonableness of converting an MHP with gas and electric (or gas-only) service to "electric-only" service?

In post March 2018 workshop comments, parties were also asked to comment on what policy, legal, technical, financial, and regulatory hurdles need to be addressed in order to develop a MHP electrification pilot, what are lessons learned from the existing MHP Pilot, and what procedural venue is best to implement a MHP electrification pilot within the context of other Commission building decarbonization initiatives already underway.

The Staff Proposal did not address this issue.

11.1. Background

As the WMA pointed out at the March 19-20, 2019 workshop, California has recently adopted several initiatives to develop a coherent and comprehensive set of rules, policies, and procedures to accelerate the reduction of greenhouse gas (GHG) emissions from buildings. AB 3232 (Friedman, Stats. 2018, Ch. 373) requires the California Energy Commission to assess the potential for the state to reduce the emissions of GHGs from California's building stock by 40 percent below 1990 levels by 2030. SB 1477 (Stern, Stats. 2018, Ch. 378) allocates $50 million/year, for four years, for the Commission to establish two programs - BUILD (Building Initiative for Low Emissions Development) and TECH (Technology and Equipment for Clean Heating) – focused on building

emissions reductions in alignment with the state's goals, with no less than 30 percent of total program funding reserved for low-income residential housing.

On a broader scale, SB 32 (Pavley, Stats. 2016, Ch. 49) set a target to reduce GHG emissions to 40 percent below 1990 levels by 2030. In 2018, former Governor Brown issued Executive Order B-55-18, which requires GHG emissions economy-wide to be reduced to net-zero by 2045. The Commission often sets the rules and guidelines for program implementation, including design, participant eligibility, incentive levels, and evaluation protocols.

In response to the passage of SB 1477, on February 8, 2019, the Commission issued R.19-01-011 to explore building decarbonization policy. According to the OIR, "[t]he initial scope of this proceeding is designed to be inclusive of any alternatives that could lead to the reduction of greenhouse gases (GHG) emissions associated with energy use in buildings."[138] In addition, the Commission will consider specific program policies, procedures, and rules to incent builders to choose Title 24 compliance pathways that maximize GHG reductions.[139]

As part of the Energy Efficiency Proceeding (R.13-11-005), the Commission has initiated multiple pilot programs via an Advice Letter (AL) approval process for post-wildfire rebuilds as all-electric homes. In April 2018, the Commission approved AL 3928-G/5219-E, a PG&E incentive program in Sonoma and Mendocino counties for all-electric rebuilds in fire ravaged areas, that was enhanced by a partnership with Sonoma Clean Power. In March 2019, the Commission approved AL 4068-G/5479-E, which extended funds to

[138] R.19-01-011 at 2.

[139] For a more complete background pertaining to building decarbonization initiatives, *see* R.19-01-011 at 3-7.

communities impacted by the 2018 wildfires (*e.g.*, the Camp and Carr fires) at the same level as those approved for Sonoma and Mendocino County's Advanced Energy Rebuild incentives. In August 2019, the Commission approved a similar program through AL 3993-E, an SCE request to use energy efficiency funds to support the launch of the Clean Energy and Resiliency (CLEAR) Rebuild program in communities impacted by wildfires in SCE's service territory. In Phase 2 of the Building Decarbonization proceeding, R.19-01-011, the Commission will consider a unified statewide approach for fire victims to rebuild their homes in a way that minimizes GHG emissions.

In December 2018, D.18-12-015 set aside $56 million for 12 pilot programs focused on bringing affordable energy options to 11 communities and 1,944 households in the San Joaquin Valley and Antelope Valley that are currently reliant on propane or wood burning appliances for space heating, water heating, and cooking. Of the 1,944 households included in the pilot, 1,667 are eligible for full electrification of their end use appliances, 53 are eligible for thermal solar, and 224 will have the natural gas infrastructure system extended to their homes.[140] These pilot programs will provide examples and lessons learned about the process of electrifying a range of residential homes, including an estimated mobilehomes, and may serve as a model for comparing the cost of building new natural gas lines vis-à-vis building electrification.

Additionally, as part of the Energy Efficiency proceeding (R.13-11-005), the Commission in August 2019 adopted D.19-08-009, modifying the rules related to fuel substitution between regulated fuel sources (*i.e.*, natural gas to electricity).

[140] Approximately 100 of the 1,944 households included in the SJV Pilot are mobilehomes, all of which are eligible for full electrification.

The new Fuel Substitution test allows for energy efficiency incentive dollars to be used on energy efficiency measures that "reduce the need for energy supply without degrading environmental quality."[141] Since the issuance of D.19-08-009 in August, the Commission has issued a Fuel Substitution technical guidance document and received work papers for six electrification measures that would fuel substitute from natural gas to electricity. Energy Division staff is currently reviewing these submitted work papers and anticipates that the measures will be available for implementation in mid-2020.

Finally, on January 16, 2020, the Commission approved D.20-01-021 revising the Self-Generation Incentive Program (SGIP). One of the program elements that was modified was the expansion of funding for heat pump water heater (HPWH) technology to 5 percent of total program funding from 2020 to 2024. This expansion of funding increased total funding available for this technology from $4 million to a total of approximately $44.6 million.

With the above context, we review how potential partial or full electrification of mobilehomes and MHPs with a variety of master metered configurations may aid in the multiple building decarbonization initiatives as described above. In comments, parties raise practical concerns and unique challenges (*e.g.,* feasibility), costs, timing (order of initiatives), resident support, BTM contractor participation, and special considerations. These must be taken into account before any such MHP full electrification pilot or program is initiated.

[141] D.19-08-009 at 41.

11.2. Parties' Comments

Most of the parties, including SoCalGas/SDG&E, Southwest Gas, WMA, and GSMOL, cite the impracticality of electrification of MHPs and high costs. PG&E cites these same problems but is willing to engage in a full electrification pilot if directed to do so. SCE does not support action on full electrification at this time but calls for a second phase of this proceeding during which a full electrification pilot would be considered. TURN, PacifiCorp, and Cal Advocates declined to comment on this issue.

11.2.1. Unique Technical Challenges

In comments, WMA highlights multiple technical reasons why mobilehome electrification might be challenging, including that most mobilehomes were originally constructed for 30 to 50 amp services, and rely upon natural gas appliances for water and space heating, clothes drying, and cooking to reduce electric load. Mobilehomes built before 1976, when National Electrical Code rules instituted pursuant to 24CFR 3280.801(e) went into effect, use lower-load aluminum wiring, lack attic space for access to replace wiring, and comprise approximately 35 percent of total mobilehomes in California. WMA further observes that many MHPs that replace their master-metered systems switch their residents to 100 amp panels. WMA concludes, "All rewired homes would require HCD inspection, which is already shorthanded."[142] SoCalGas/SDG&E agree with the issues that WMA raises, as does GSMOL: "Including full electrification within the parameters of a permanent program ignores many issues such as feasibility and high costs of remodeling and

[142] March 20-21, 2019 SoCalGas/SDG&E PowerPoint.

retrofitting the internal structures and wiring inside mobile homes, many of which are several decades old, to accommodate the increased electric load."[143]

11.2.2. Resident Support and BTM Participation

SoCalGas/SDG&E point to electrification challenges including resident support that challenge program viability. A few points that SoCalGas/SDG&E raise include:[144]

- Residents that object to electrifying their mobilehomes could hold up conversions indefinitely (*e.g.,* residents denying access, not reachable, etc.), increasing costs and making conversions unsuccessful.
- Homes that are rented would require the approval of the homeowner to make modifications or replacements to homes adding complications and delays.
- HCD is likely to require a separate permit and inspections for modifications to the mobilehome.
- Obtaining 100 percent agreement from all MHP residents to convert all gas appliances will be unlikely.
- Less than 100 percent participation from residents would require maintaining legacy sub-metered gas service to residents that declined to convert their mobilehomes.
- Maintaining aging legacy systems that would need to remain in service undermines the goals of the MHP program of removing the gas legacy system.

SoCalGas/SDG&E also point to BTM participation by contractors as a full electrification challenge to electrification viability. SoCalGas/SDG&E assert that "having the participation of broad range of qualified BTM contractors is a critical part of the success of the MHP program; changes that deter BTM participation

[143] SoCalGas/SDG&E Opening Comments at 13.

[144] March 20-21, 2019 SoCalGas/SDG&E PowerPoint; see SoCalGas/SDG&E Opening Comments at 13-14.

will impact the success and costs of the Program."[145] SoCalGas/SDG&E observe that "BTM contractors have expressed reluctance to perform the extensive remodeling and rewiring work inside the home that would be required by replacing gas appliances with electric."[146]

According to WMA, "[t]he single most important [consideration] is that in most cases the mobile homes are owned by the individual tenants within the MHP, not the MHP owner. Those many owners would need to have a separate set of mandates or incentives to [*sic*] would lead 100% of them in a single park to agree to electrification."[147] WMA believes that another proceeding or possibly legislation is necessary to address these challenges.[148]

SoCalGas/SDG&E believe that community outreach and workshops are key to identify and address resident concerns. In the SJV Pilot, examples of residents' concerns are electric reliability (power outages), the potential for high electric bills, and tenant/owner incentive issues.

11.2.3. Costs

WMA warns that the infrastructure and appliances required to fully electrify MHPs could be costly. In comments, WMA estimates that fully electrifying a HUD-compliant mobilehome would cost up to $28,000 and notes that all mobilehomes built before 1976 HUD regulations would have to be fully replaced at an estimated costs of $60,000 for a single-wide, and $110,000 for

[145] March 20-21, 2019 SoCalGas/SDG&E Workshop PowerPoint Presentation.

[146] *Ibid.*

[147] WMA Opening Comments at 7.

[148] *Ibid*.

double wide. Cost for conversion of the known housing stock in this category totals in the $10 to $15 billion range.[149]

WMA concludes that "Homeowners composed of lower-income households cannot afford these expenses without full subsidies."[150] SoCalGas/SDG&E agree. They contend that owners of mobilehomes are already concerned about the affordability of their utility bills: "Electrification would likely result in a bill increase, potentially effecting reduced participation in the MHP program, and a possible negative or neutral or negative impact on achieving the CPUC's objective of enhancing safety and reliability in MHP communities."[151] SoCalGas/SDG&E are particularly concerned with impacts of out-of-pocket costs for the customer.

In response to WMA's presentation at the March 2019 workshop, SoCalGas/SDG&E point to demographic data that indicates a high percentage of mobile home residents over the age of 65. They argue that "[t]hese MHP customers can least afford the additional costs of full electrification."[152]

11.2.4. Lessons Learned from the San Joaquin Valley Pilot

SoCalGas/SDG&E question whether there are critical lessons learned from the SJV Pilot Project that would apply to a MHP Electrification Pilot. They assert that "[u]nlike SJV residents, MHP residents currently have natural gas;

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[149] The HUD-compliant mobilehome estimated electrification costs include $1,500 to $3,000 to add a 200 amp electrical panel, $12,000 to rewire the mobilehome to be compatible with the 200 amp service, $1,000 to $1,500 to install an induction stovetop and convection oven for cooking, $2,000 to $3,000 to install a heat pump water heater, and $5,000 to $8,000 to install a heat pump HVAC unit. *See* WMA Opening Comments at 9-10.

[150] WMA Opening Comments at 10.

[151] SoCalGas/SDG&E Opening Comments at 13-14.

[152] SoCalGas/SDG&E Opening Comments at 14.

electrification would be taking away an energy source they currently use and may value. Second, mobile homes are different than fixed structures and appliance changeouts can be more challenging and costly."[153] However, they concede that a "similar challenge as SJV would exist such as unknown conditions inside each mobile home."[154]

As to bill impacts, SoCalGas/SDG&E believe that bill impact is difficult to estimate in propane to gas/electric conversions. The final SJV decision (D.18-12-015) allowed $500/household subsidy over three years;[155] however, SoCalGas/SDG&E believe that parties and residents are concerned that this is not enough bill protection for residents. SoCalGas/SDG&E also point out that the SJV pilot construction has not yet begun and that lessons learned are based on planning analysis only. Retrofit viability of homes is still an issue with perceived risks associated with potential cost overruns or liability issues pertaining to potential code violations. Actual bill impact is not known. Consumer acceptance of electric versus gas appliances is also unknown.

SCE opines that there are two lessons learned from the SJV Affordable Energy proceeding that can be applied to the Pilot.[156] First, in order to establish a successful pilot it is important to proactively engage the community early in the process to educate them on the objectives of the pilot, receive customer feedback on pilot design and preferences, and identify potential concerns. Second, selection of electrical appliances must consider space and technology limitations specific to mobilehome coaches, as certain electrical appliances may not be suited

[153] March 20-21, 2019 Workshop SoCalGas/SDG&E PowerPoint.

[154] *Ibid.*

[155] D.18-12-015 at 4.

[156] SCE Opening Comments at 12-13.

for installation in a mobilehome. Design and technology elements should be considered in the identification of appliances appropriate for an MHP electrification pilot.

WMA observes that the SJV pilot program presents a prudent approach to a "proof of concept" pilot but is "unaware of any data that has been shared resulting from the San Joaquin Valley Affordable Energy proceeding that allows for assessment of the relative success of the new pilot program adopted in Fall of 2018."[157]

11.2.5. Procedural Venues to Consider Electrification

WMA opines that the Commission "cannot require immediate electrification for existing customers without supplemental funding and viable technical solutions."[158]

WMA believes that a special order of initiatives should precede any MHP electrification effort. WMA argues that the best place to begin is all electric requirements for new buildings. This may require more on-site energy generation and storage. It is important to adopt retrofit requirements for existing building and certain commercial applications but outside funding sources will likely be required. Decommissioning the existing fossil-fuel infrastructure may be necessary, but may require compensation of lost investment by current shareholders. Southwest Gas supports WMA's point of view that electrification options are better placed in the Building Decarbonization proceeding.[159]

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[157] WMA Opening Comments at 8.

[158] March 19-20, 2019 Workshop SoCalGas/SDG&E PowerPoint.

[159] Southwest Gas Opening Comments at 4.

"PG&E does not have sufficient data and experience to support electrification in the final decision at this time. As a result, the MHP electrification pilot idea should be better leveraged or resolved in a separate OIR."[160] It believes that the Commission should reach out to potential MHP owners to determine interest in such a program.[161]

SoCalGas/SDG&E point out that the benefits and risks of electrification are still being explored through Commission proceedings including, but not limited to the Rulemaking on Integrated Resource Planning (R.16-02-007); Rulemaking on Affordable Energy in the San Joaquin Valley (R.15-03-010); and Rulemaking on Building Decarbonization (R.19-01-011).[162] They conclude that "given the uncertainties, and that MHP residents include some of our most vulnerable customers, it may be premature to add this component to the MHP safety enhancement program."[163] They also observe that electrification is not the only pathway to building decarbonization. They contend that it is not yet fully known to what extent the potential for renewable gas plays a role in building decarbonization.

"For the reasons set forth in the presentation of WMA at Workshop #2, Southwest Gas is opposed to promoting electrification in the instant proceeding. Should the Commission choose to explore electrification, the Company believes such explanation [*sic*] is better placed in the Building Decarbonization proceeding."[164]

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[160] PG&E Opening Comments at 11.

[161] *Ibid*. at 9.

[162] SoCalGas/SDG&E Opening Comments at 14.

[163] *Ibid.*

[164] Southwest Gas Opening Comments at 4.

"SCE agrees that it is premature to adopt an electrification option for MHPs now, but recommends the Commission consider the challenges and potential benefits of an electrification option in a second phase of the proceeding."[165] This will give the Commission further time to explore various concerns, including cost impacts, need for 100 percent support of conversion by residents, and impacts on HCD.

11.2.6. Special Considerations

WMA contends that special considerations need to be evaluated for electrification options. For example, it believes solar panels are likely needed to supplement power production. It argues that standard mobilehome roof construction cannot hold weights of panels, so this becomes an added cost for reinforcement. Many spaces are tree shaded, and community solar power is inhibited by current Commission regulations, especially projects less than 500 MW. WMA concludes that "[e]xisting community electric grids will have to be upgraded, but the master-meter discount does not clearly provide for recovery of this investment to MHP owners."[166]

WMA also cites additional "legal concerns" that were raised in the proceeding that need to be addressed. It points out concerns raised by GSMOL on behalf of MHP residents: "[C]onversion of gas served MHPs to electric-only communities would implicate imposition of new permitting and inspection responsibilities on HCD, the agency with jurisdiction over electric safety in MHPs. Currently, HCD is mandated to annually inspect 5 percent of existing

[165] SCE Opening Comments at 11.

[166] March 20-21, 2019 Workshop WMA PowerPoint.

facilities with a total statewide staff of approximately 50 inspectors."[167] (*See* Section 17, "Implementation and Ongoing Administration" pertaining to concerns about current HCD staffing resources.)

11.2.7. Criteria to Consider Best Target MHP Community

WMA states that "[k]ey factors related to the feasibility of implementation that the Commission should consider are the ability of MHP industry to provide all electric MHs [mobilehomes] or conversions of existing residences, customer acceptance of the program, costs to the end-use customer, cost of conversion of existing or new MHP systems to all-electric and the cost/resource requirements of safety oversight by the Department of Housing and Community Development (HCD)."[168] It questions whether the Commission has jurisdiction "due to the separate ownership of the MHs [mobilehomes] from the MHP utility system."[169]

For the electrification pilot option, SoCalGas/SDG&E state that a more sophisticated set of criteria needs to be developed to consider the MHP electrification option. Such criteria include a long list of issues: consumer preference; out-of-pocket costs for the consumer and MHP owner; feasibility of entering homes to complete work (residents denying access, not reachable, etc.); potential for 100 percent resident participation in electrification; retrofit viability, costs, and who will pay for the retrofits; rate and bill impacts; effect on participation in the MHP program; impact on achieving the Commission's objective of enhancing safety and reliability at the MHP communities.[170]

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[167] WMA Opening Comments at 10.

[168] WMA Opening Comments at 7.

[169] *Ibid.*

[170] March 20-21, 2019 Workshop SoCalGas/SDG&E PowerPoint.

According to SoCalGas/SDG&E, given the uncertainties with electrification, rolling it out to the most vulnerable customers may be risky.

SCE agrees with the factors that SoCalGas/SDG&E shared in the workshop. It is concerned about the cost of updating wiring and appliances within individual mobilehomes, and whether these costs can reasonably be assumed by the park owner or resident. It does not believe that utility ratepayers should cover costs associated with rewiring or appliance replacement as part of the conversion process, since this is out-of-scope of the existing conversion program.[171] SCE believes that it would be helpful to gain additional information regarding costs and survey resident interest to assess the potential for an electrification pilot moving forward.

PG&E asserts that there are two sub-populations that can benefit from an electrification pilot, including MHPs that are served from an electric master meter with propane and second, MHPs that are served from an electric master meter.[172] In both cases, PG&E observes that "the MHP Owner would own all of the structures on site (the residents do not own any of the structures.)"[173] PG&E identifies an MHP located in Paradise directly served by PG&E that the Commission could consider for an electrification pilot but observes that it may not qualify for the program and may be a better candidate as part of the "Paradise rebuild effort."

If an electrification program were implemented, then Southwest Gas believes that "the best place to start is in new areas like Paradise where there are

[171] SCE Opening Comments at 12.

[172] PG&E Opening Comments at 10.

[173] *Ibid.*

not already existing structures in place that support use of gas and conversion of beyond the meter facilities and appliances is unnecessary."[174] SCE believes that this issue should be further explored in a second phase of the proceeding.

WMA agrees that MHPs destroyed by wildfires may be the best candidates. However, it contends that "these pilots should be undertaken as part of the wildfire mitigation investigation that is underway."[175] Pilot focus should be on the proper combination of "electrification" and "resilience," that this current proceeding is not equipped to address through needed studies on these aspects.[176]

11.3. Discussion

This decision takes incremental steps towards electrification at MHPs while moving forward with a MHP Utility Conversion Program that focuses on the conversion of master-metered natural gas MHP spaces to direct utility services with a focus on safety, reliability and capacity improvements. We acknowledge that parties in comments and workshops have identified a long list of barriers to achieve full electrification in master metered MHPs served by natural gas, and propane, including technical feasibility, high costs associated with remodeling, retrofitting or even replacing of decades old mobilehome coaches; the perceived lack of compatibility of currently available electrification appliances, such as heat pump water heaters; legal and policy considerations, stakeholder support from mobilehome owners and BTM contractors, etc. And as parties have pointed out numerous times, delaying the proceeding would

[174] Southwest Gas Opening Comments at 5.

[175] WMA Opening Comments at 12 referring to Investigation 15-08-019.

[176] WMA Opening Comments at 12.

disrupt current work, and slow future program applications to the point where the contractors performing the work could be redeployed to other work. Therefore, we find it prudent to continue with a MHP Utility Conversion Program as initially designed in the MHP Pilot and modified in this decision.

At the same time, we acknowledge that California has established aggressive economy-wide GHG goals for the state, the Commission has approved funding to launch multiple building electrification programs, initiated a mobilehome electrification component of the SJV Affordable Clean Energy Pilot, and the California Energy Commission has completed studies analyzing and identifying building electrification as one of the most cost-effective strategies to achieve the state's GHG goals.[177] Also, the current MHP Pilot has only tapped 6.6 percent of existing MHPs (9 percent of eligible natural gas master metered systems) during 2015-2018, so there is potential to consider either partial or full electrification options for the remaining populations of mobilehomes, while the current MHP Utility Conversion Program continues. We must assure that MHPs, whose residents are predominately low income and over the age of 65, are not "left behind" in the development of electrification policy proposals and that proper research and program development position this sector to succeed. As noted in the background of this section, the Commission has approved numerous programs that focus on the electrification of the state's building stock, many of which become available to mobilehome homeowners upon completion of the conversion from master metered configuration to utility metering. These programs provide the opportunity for partial electrification measures to be

[177] In June 2019, the California Energy Commission adopted through the Integrated Energy Policy Report process the Deep Carbonization in a High Renewables Future Report completed by E3 showing that building decarbonization is one of the lower cost GHG mitigation strategies.

installed in mobilehomes, further improving safety, health, comfort and lowering utility bills, while the topic of full electrification of mobilehomes is further explored. As such, we believe that over the next five years, if electrification enabling actions are implemented as part of the MHP Utility Conversion Program, there will be some examples of successful mobilehome electrification projects. These projects whether partial or full electrification, contribute to the building sector's long term decarbonization policy goals, market development and will help inform future programs.

To enable electrification in mobilehomes, the first technical barrier to overcome is the often undersized existing electrical service capacity of both the MHPs and individual mobilehomes. As WMA notes in the comments "Most mobile homes were originally constructed for 30 to 50 AMP service. Currently, converted MHPs use 100 AMP service and many master-metered MHPs that replaced systems also use 100 AMP service."[178] Through the MHP Pilot, the Commission has recognized the benefits of increasing electrical service to 100 amps, including the ability to provide air conditioning in hot climates and EV charging. Unfortunately, 100 amp service upgrades will not enable the full electrification of mobile homes, and the additional benefits accessed by doing so. To achieve full electrification WMA believes that 200 amp panel upgrades would be required at an additional cost to mobile home owners between "$1,500 to $3,000/per panel." We find it to be premature to programmatically mandate 200 amp panels as part of the MHP Utility Conversion Program. Electrical panel upgrades occur beyond the point of service connection at the mobilehome where the "beyond the meter" work as defined in the D.14-03-012 terminates. There is

[178] WMA Opening Comments at 9.

insufficient evidence in the record to justify both these additional expenses, and a programmatic expansion of the MHP Utility Conversion Program beyond the point of service connection into the mobilehome itself. However, from a policy standpoint, we do find it to be a "no-regrets solution" to require utilities to install all the necessary infrastructure and substructures to provide a 200 amp electric service system "to the meter," and potentially "beyond the meter" up to the point of service connection. These potential actions would enable existing mobilehomes and future MHP space occupants to upgrade to a 200 amp panel and participate in electrification measures as they deem appropriate, and as funding becomes available. As such, we shall keep this proceeding open to explore the narrow issue of standardizing MHP 200 amp electric service system upgrades "to the meter," and potentially "beyond the meter" from a cost, technical, and legal, and public policy perspective.

To address parties' concerns about the costs of making full or partial, electrification improvements to existing mobilehomes, the Commission has made multiple sources of funding available to subsidize many of the infrastructure improvements and appliance purchases that would be necessary to achieve full electrification. Under the Building Decarbonization proceeding BUILD and TECH programs, $200 million in total funding is available to incentivize full electrification of new construction including mobilehomes and subsidize the cost of low-emission space and water heating technologies through upstream and midstream incentives. Under the SGIP 2020 to 2024 program, $44.6 million is available to incentivize the installation of HPWHs as thermal batteries. If a MHP qualifies for the equity budget under the SGIP, the mobilehome electrical panel and wiring upgrades required to install the HPWH may be covered by the

program.[179] Under the Energy Efficiency $1 billion annual budget, measures that pass the Fuel Substitution test could fund a range of electrification technologies and infrastructure upgrades as needed. And while the SJV Pilots are still in various phases of planning, customer outreach, eligibility determination, enrollment, and appliance installations, the pilots will provide valuable information on the actual costs of electrifying mobilehomes. Given the range of planned and potential future funding, we do not find a lack of funding to be a barrier to electrification in applicable mobilehomes and encourage their adoption where appropriate.

As to the issue of full electrification of mobilehomes found in electric-only, or electric/propane master-metered MHPs, we agree with PG&E that these two types of MHP communities may benefit the quickest and most from further exploration of full electrification. These MHP communities were served by the MHP Pilot and will continue to be served under the MHP Utility Conversion Program moving forward. However, according to the SED MHP Database, master metered propane MHPs tend to be located in the same terrains that have a high wildfire risk.[180] If precautionary shutoffs continue to be used to mitigate the risk associated with wildfires, it may be challenging to convince MHP owners and residents that they should entirely depend on electricity. In the

[179] D.19-09-027 at 38 discusses the ability for the SGIP equity budget to cover electrical wiring and panel upgrades. Rules directly related to SGIP funded HPWHs will be covered at an upcoming Energy Division staff workshop on March 19, 2020 and addressed in a future staff proposal or Ruling.

[180] 498 of the 661 jurisdictional propane systems (75 percent) are in areas that are not likely served by natural gas (they are in known as non-service areas, or they are more than 20 miles from the closest transmission line), and would have no other energy system in the event of an electrical outage. 349 of the systems (52 percent) in non-service for natural gas are also in areas that Cal Fire or the National Forest service has deemed high fire risk areas.

meantime, based on the MHP Pilot experience, at the discretion of SED, and in consultation with HCD, it is reasonable for the MHP Program to consider MHPs that use propane for natural gas and electric upgrades, or electric-only upgrades where other options are not cost-effective or feasible (*e.g.*, rural MHPs where gas infrastructure is inaccessible). When one of these MHP owners becomes interested in the MHP Utility Conversion program and qualifies for participation through SED's prioritization methodology, we encourage the implementing electric utility to engage early about the potential to achieve full electrification of the park. As is noted by SCE, one of the lessons learned from the SJV Pilot is the importance to "proactively engage the community early in the process to educate them on the objectives of the pilot, receive customer feedback on pilot design and preferences, and identify potential concerns."[181] We are interested in learning more about how these two types of MHP communities have and will in the future benefit from electrification upgrades, at what costs these barriers could be reduced, and how both technical and societal obstacles, such as residency approval, are overcome.

As to comments about focusing efforts on wildfire prone areas, the primary foundation of our MHP upgrade program is to improve the safety for residents of existing MHPs with aging infrastructure that has not been maintained by a professional natural gas or propane organization, where our ranking system indicates there is a higher level of risk. In the case of wildfire victims in Paradise or other fire ravaged areas, the infrastructure is destroyed, so complete replacement of any infrastructure is already necessary. The presence of damaged infrastructure makes prior safety risks no longer applicable and

[181] SCE Opening Comments at 12-13.

technically disqualifies the MHP from the MHP Utility Conversion Program. Due to these differences from the existing program, and to expedite the rebuild in Paradise, on July 2, 2019, PG&E filed Advice Letter 4116-G/5581-E requesting Commission approval to establish a Butte County Mobile Home Park Rebuild Program. Given the higher risk of wildfires in California, there may be other projects like the Butte County Mobile Home Park Rebuild Program in the future where a utility seeks funding from ratepayers to pay for construction of new, safe, pipeline systems for fire-damaged MHPs. In these instances, since the unique circumstances and portfolio of proposed costs to be assumed by ratepayers encompass "new" buildings or structures, a separate proceeding to establish a program for these individuals or potential consolidated cases may be warranted. The Building Decarbonization proceeding (R.19-01-011) is also considering possible programs to address new construction in areas damaged by wildfires, which may include mobilehomes.[182] The existing MHP Pilot and MHP Program do not provide the best procedural venue to consider the unique challenges of wildfire mitigation efforts.

On the topic of legal considerations raised by parties relating to full electrification of existing MHPs with natural gas, we acknowledge both the concerns and the complexity of issues raised. In comments, WMA cites GSMOL representing MHP residents stating that the: "[C]onversion of gas served MHPs to electric-only communities would implicate imposition of new permitting and inspection responsibilities on HCD, the agency with jurisdiction over electric safety in MHPs."[183] This legal barrier to electrification is just one of the many

[182] R.19-01-011 at 9.

[183] WMA Opening Comments at 10.

considerations that must be addressed concerning the topic of building electrification. Fortunately, the Commission has created two procedural venues in which these topics will be explored further. Phase 4 of the Building Decarbonization Proceeding (R.19-01-011) will develop a long term building decarbonization policy.[185] Track 2 of the Long-Term Natural Gas Planning and Policy proceeding (R.20-01-007) will develop Long-Term Natural Gas system policies given anticipated decreases in demand for natural gas.[184] Both of these proceedings are better procedural venues to address the various legal concerns raised by parties. For legal considerations that impact HCD in the context of the MHP Utility Conversion Program, the Commission will continue to work collaboratively to find resolutions to concerns as they emerge.

In closing, if over the next five year Commission staff and parties believe enough of the identified barriers have been researched, and electrification funding remains available, we may find it appropriate to include a full electrification option in the MHP Utility Conversion Program at the 2025 Evaluation. Unlike the current MHP Pilot which emphasizes gas safety, capacity, and reliability goals, the MHP Utility Conversion Program has a broad scope and complexity of issues that require cooperation with many stakeholders and state agencies such as HCD. A full electrification program from natural gas to electricity of existing mobilehomes in the ongoing program as WMA and SoCalGas/SDG&E point out requires further evaluation of more sophisticated criteria including the ability of the MHP industry to provide all-electric mobile homes or conversions of existing residences; customer acceptance of the program; consumer preferences; feasibility of entering homes to complete work

[184] R.20-01-007 at 16.

(residents denying access, not reachable, etc.); potential for 100 percent participation in electrification; retrofit viability; cost to the end-use customer and MHP owner; cost of conversion of existing or new MHP systems to all-electric; the cost/resource requirements of safety oversight by the HCD; rate and bill impacts; effect on participation in the MHP program; and impact on achieving the Commission's objective of enhancing safety and reliability at MHP communities. Until we understand better the criteria necessary to adopt a successful full electrification program, it is premature to implement one in the MHP Utility Conversion Program. To SCE's request that a full electrification pilot be explored in a separate phase of this proceeding, we find it not consistent with the original objectives of the MHP Pilot. A separate phase may be perceived as being contradictory to the record, program development, and could confuse stakeholders, especially MHP owners and contractors. As the original OIR in this proceeding stated, the goals of this proceeding were intended to be narrow and limited in scope.[185]

While we are not implementing a full electrification program in the MHP Utility Conversion Upgrade Program or exploring a pilot in a second phase, we are committed to further understanding the legal issues and technical barriers of achieving full electrification in the mobilehome building sector. Additionally, given the absence of a study that documents and provides citations for the technical facts, estimated capital costs, potential utility bill impacts, potential GHG reductions, on the topic of mobilehome electrification we direct the Commission's ED, in cooperation with SED, HCD, utilities and industry stakeholders, to convene a workshop within 180 days of the issuance of this

[185] R.18-04-018 at 12.

decision to further explore these topics. The workshop should address any early lessons learned from the SJV pilot and the multiple electrification programs referenced in this section, among other topics staff determine most productive. The workshop shall be noticed, at a minimum, to the service lists of this proceeding (R.18-04-018), San Joaquin Valley Affordable Energy proceeding (R.15-03-010), the Building Decarbonization proceeding (R.19-01-011), the Energy Efficiency proceeding (R.13-11-005), and the Self Generation Incentive Program proceeding (R.12-11-005). With the exception of R.19-04-018, all these proceedings have electrification funding approved that could be applicable to mobilehome electrification. Further exploration of mobilehome electrification barriers and opportunities signals the Commission's interest in understanding holistically the costs and associated benefits that electrification can provide this sector.

12. Consumer Protection

The scoping memo question asks what consumer protection issues may arise during the program and what consumer protection measures should be considered to ensure ratepayer interests are met.

12.1. Parties' Comments

"PG&E believes that ongoing efforts to minimize cost that PG&E outlined in Section H of PG&E's GRC Chapter 13 are the appropriate actions to minimize consumer protection measures issues in the program."[186] According to Southwest Gas, it is "unaware of any consumer protection issues at this time."[187] SCE is also unaware of any consumer issues "aside from the potential for an

[186] PG&E Opening Comments at 19.

[187] Southwest Gas Opening Comments at 10.

MHP owner to be dissatisfied or have a dispute with the BTM contractor over the services rendered."[188] SCE emphasizes that "the utility and ratepayers should not be responsible for the services provided by the BTM contractor, as the BTM contractor is hired by the park owner to perform the work on the park property."[189] TURN points out that "a serious unintended consequence of the program could be significant rent increases for MHP spaces post-conversion, and the Commission should consider requiring assurances from park owners regarding near-term rent increases as a condition of participation."[190]

In comments on the proposed decision, parties support consumer protection efforts to limit unreasonable increases in rents. However, utilities, WMA and TURN strongly object to the use of utility-led surveys of MHP owners to detect potential abuses for various reasons. PG&E believes that "[g]iven that rents are transactions between owners and their tenants, without involvement by utilities, PG&E believes that utilities are not the appropriate party to survey MHP Owners for rent data."[191] SoCalGas/SDG&E assert that "requiring utilities to survey MHP Owners for this type of information is not likely to result in meaningful data that can form the basis for action. Owners operators have no obligation (or incentive) to respond to the survey, much less respond with data points that could be useful to determine were the case for 'significant' increases in rents."[192] SCE agrees and states that a "survey to MHP owners may not be an

[188] SCE Opening Comments at 23.

[189] *Ibid*.

[190] TURN Opening Comments at 12 referring to D.18-12-015 at 86 and OP 12 at 164.

[191] PG&E Opening Comments on PD at 2.

[192] SoCalGas/SDG&E Opening Comments on PD at 5.

effective way to collect this information."[193] It also points out that MHP Owners may not respond to the survey nor would they likely to volunteer information about rent increases as a result of MHP conversions. Southwest Gas agrees and emphasizes that the Commission needs further information about other factors that could contribute to rent increases and states that it is unknown whether MHP Owners can charge the same rent for all spaces within an MHP.[194] Thus, they believe that more analysis and information gathering is necessary that lies outside of the purview of utilities.[195] WMA opines that "[g]iven lack of a clear path forward for implementing such a survey and a question as to whether a survey would be useful given the lack of as stated purpose, WMA opposes the proposal for a survey."[196] It further observes that "[t]he Commission will be treading deep into an expensive, burdensome data morass if it intends to monitor rents at all of the participating MHPs rather than leaving this task to the localities that already impose rent controls."[197] TURN also appreciates the proposed decision's attention to this matter. However, it agrees with utilities and WMA when they state that "expecting MHP owners to voluntarily report rent increases is not a practical solution."[198]

In comments on the proposed decision, parties offer a variety of solutions to address issues associated with rent increases. While parties don't support the use of utility-led surveys, they suggest implementing other ideas including: 1) a

[193] SCE Opening Comments on PD at 4.

[194] Southwest Opening Comments on PD at 3-4.

[195] *Ibid.* at 4.

[196] WMA Reply Comments on PD at 2.

[197] *Ibid*. at 4.

[198] TURN Opening Comments on PD at 12.

workshop to explore alternatives (SCE, SoCalGas/SDG&E); 2) development of HCD-led surveys to MHP Owners and central HCD database to house MHP rent increase information (Southwest Gas); 3) "affidavit model" similar to the one adopted for the SJV Pilot in D.18-12-01 (TURN); and 4) revision of the MHP Owner Agreement to include mandatory reporting of per space rents charged prior to conversion and annually for five years aft the conversion (TURN). Rather than decide this issue now, SCE believes that this issue can be decided in Phase Two of this proceeding.

In its reply comments, WMA disagrees with Southwest Gas' idea for HCD to collect and house rent control data even though HCD's stated mission involves oversight of MHP affordability issues. "WMA is concerned that HCD likely does not have staff to conduct the rent survey given the limitation on HCD's staffing resources discussed during workshops."[199]

SCE points out that the affidavit approach is untested. WMA concurs and argues that the reasoning that TURN uses to support the affidavit approach does not support such a procedure:

> First, the San Joaquin Pilot installed a very limited set of improvements directly on tenants' homes and not on the infrastructure owned by the MHP owner. Therefore, under the MHP Utility Conversion Program the ownership of the improvements differ substantially. Second, the participating owners in the Pilot Program examined in the Rulemaking often used the conversion program as an opportunity to spend money upgrading other utilities such as water, sewer, and telecommunications at the same time. In fact, the Commission encouraged this practice. MHP owners are entitled to recover these expenses through rent. In addition, the CPUC has no legal oversight whatsoever over rent charges covering those expenses, except in rare cases where

[199] WMA Reply Comments on PD at 2.

> investor-owned water utilities serve the master metered MHP. Finally, MHPs in the MHP Pilots examined in this Rulemaking often had additional expenses such as road resurfacing and permitting costs that owners in the San Joaquin Pilot did not incur.[200]

WMA agrees with utilities that rents increase for a number of reasons and that the Commission may not be best equipped to handle this issue. It emphasizes, "[i]n addition, Civil Code 798.30 requires mobilehome park owners to give a 90-day written notice of a rent increase."[201] It reiterates that the State of California has emergency orders in effect for rent gouging.

12.2. Discussion

On October 8, 2019, Governor Newsom signed AB 1482, (Chiu, Stats. 2019, Ch. 597), which limits rent increases to 5 percent each year plus inflation until January. 1, 2030. It bans landlords from evicting tenants for no reason, meaning they cannot evict tenants to raise the rent for a new tenant. The law took effect January 2020, and applies to rent increases on or after March 15, 2019, to prevent landlords from raising rents just before the caps go into place.

We are sympathetic to TURN's comments that undesired rent increases could impact MHP tenants, who represent our most vulnerable populations, post-MHP upgrade. Of the 25,000 MHP space conversions in California within the utilities' jurisdiction that have occurred to date, most mobilehomes are occupied by their owners, who pay rent for the space to the park owner. Consistent with directives in the SJV Pilot and recent California legislation, we support "the terms, application and enrollment process should also include

[200] *Ibid.* at 3-4.

[201] *Ibid.* at 2.

language restricting rent increases post property upgrades due to pilot activities."[202]

AB 1482 does not appear to apply to mobilehomes due to how mobile homes are defined. For example, most mobilehome owners own their home but pay rent to the mobilehome park owner for use of the space. In the subject legislation, the "owner" does not include the owner or operator of a mobilehome park, or the owner of a mobilehome or his or her agent.[203] We are hopeful that state legislation and local ordinances will rectify this issue so that mobilehomes and MHPs are not left behind.

Based on comments on the proposed decision discussed above, we agree with parties that utility-led surveys may not provide the best means to address MHP rent increase issues. For example, utilities state they do not have authority over MHP owners who voluntarily engage in the MHP Program. Expecting MHP Owners to voluntarily report rent increases may not be a practical solution. As parties point out, there may be other market factors that contribute to rent increases other than MHP upgrades. We note WMA's comments that application of the SJV Pilot affidavit approach may not be appropriate primarily because the SJV Pilot involves a limited set of improvements to the tenant's home and not the infrastructure. Therefore, ownership of improvements vary substantially. More consideration is needed in collaboration with utilities, consumer advocates, WMA, GSMOL, HCD, MHP Owners, residents, local enforcement agencies, and other stakeholders.

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[202] D.18-12-015 at 86.

[203] CHAPTER 2.7. Residential Rent Control §1954.51(b).

During Phase Two of this proceeding, it is reasonable to develop a more robust record on this topic and explore a variety of solutions that parties propose to limit unreasonable MHP rent increases as discussed in Section 12.1 above. In view of acknowledged problems with utility-led surveys in this context, the Commission could consider a potential *independent* survey of MHP owners and residents to learn about the rents charged post-conversion, their ease of access to utility savings programs, and other lessons learned from the resident's perspective. (The split incentives agreement being implemented in the SJV Pilot may provide a useful resource for how consumer protection concerns may be addressed, but so far this concept as it applies to the MHP Program is untested.)[204] A subsequent Commissioner/ALJ Ruling will solicit input from parties about the potential development and implementation of surveys, best public forums to engage key stakeholders to accomplish second phase objectives (e.g., workshops), modifications to the program's MHP Owner Agreement, or other measures, including prohibition from participating in the program if found to unreasonably increase rents after a conversion.

As parties observe, many issues need to be overcome before such an initiative will be successful, such as developing a process for collecting data that will provide meaningful results, considering other factors that may be influencing rents, establishing a method to validate the data, and ensuring that there is sufficient staff to lead such an effort. If we find consistent evidence that

[204] *See* proposed Resolution E-5043 that will be considered at the April 16, 2020 Commission meeting. According to the proposed Resolution at 3: According to the Proposed Resolution at 3: "During the proceeding, parties identified 'split incentives' for tenants and property owners to participate in the pilots, with tenants experiencing lower energy bills and property owners receiving home improvements. As a result, there was concern that tenants may be displaced or have their rents raised due to an increase in property values."

property owners are using the conversions as a basis for significantly increasing rents, we may reevaluate the design of the program.

13. Cost Caps and Related Issues

The scoping memo primarily deals with what cost containment mechanisms the Commission should consider and whether the Commission should adopt a cost cap for each utility under which costs are to be considered reasonable. Additional scoping memo questions address what minimum requirements should be established for competitive bidding including but not limited to BTM upgrades and whether utilities should provide "a "hard" or "soft" target now or sometime in the future.

13.1. D.14-03-021 Requirements and Staff Proposal

D.14-03-021 supports a process in which the utilities would be able to recover MHP conversion costs, both TTM and BTM that are reasonably incurred. The decision determined that review for reasonableness would occur in the GRC, "thus both the timing of each conversion cut over and the schedule for each utility's GRC cycle would affect the timing of that review and the possibility of any disallowance of previously-recorded rates."[205]

The Staff Proposal supports the D.14-03-021 requirement and maintains that the utilities should remain responsible for ensuring that the overall project for any selected MHP is performed efficiently and cost effectively for ratepayers. The Staff Proposal indicated that more data is needed to support cost containment measures such as average cost cap per space and adoption of cost caps.

[205] D.14-03-021 at 50.

Staff also recommends that the utilities should be directed to require MHP owners/operators to submit multiple bids (at least three) from contractors for proposed beyond-the-meter work during the time frames specified by the utility tariffs. Of the three bids, the utilities should select the contractor that would provide the best value for the work to be performed in the selected MHP. Moreover, the Commission needs to affirm utilities' obligation to confirm reasonableness of BTM bids and be able to reject any bids. SED should be provided the ability to review and remediate any issues with the three-bid process, on a case-by-case basis.

In this section we do not address cost containment measures recommended in the Staff Proposal unless we address them here as exceptions to already existing requirements in D.14-03-021.

13.2. Parties' Comments

13.2.1. Cost Containment and Cost Caps

PG&E believes that the existing reasonableness review process, as described above, serves as a cost containment mechanism. "Costs reasonably incurred would be recoverable in rates while costs incurred as the result of malfeasance or non-feasance were subject to disallowance."[206] PG&E believes that the reasonableness review should occur in the GRC where those costs are put into rate base and refers to Chapter 13, Exhibit 12 of PG&E's most recent GRC.[207] PG&E does not support cost caps. "To impose a cost cap, will direct the focus of the work to the easiest and/or lowest cost MHPs to convert, which may not be necessarily by those with the greatest public safety risk."[208]

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[206] PG&E Opening Comments at 4.

[207] *Ibid*.

[208] *Ibid.*

SoCalGas/SDG&E opine that "a per space and/or programmatic cost cap should not be adopted for many reasons..."[209] Among the reasons, it refers to a fact articulated in D.14-03-021: "The physical conditions at MHP master-meter/submeter systems will vary greatly, depending upon age, type of materials used in prior construction, existing MHP design, and other factors."[210] For TTM costs, among other things, SoCalGas/SDG&E believe that various cost containment measures should include the following: "competitive bidding process pursuant to each utility's procurement policy; design-related cost efficiencies, such as prioritizing joint trenching, including review of contractor scope versus cost, inspections, change order and invoice validation, and reconciliation."[211] WMA also agrees with the cost containment measures that SoCalGas/SDG&E shared at the March 2019 workshops.[212]

SoCalGas/SDG&E recommend against a cost cap because "costs vary across MHPs due to many factors."[213] They point out that D.14-03-021 recognized this from the beginning:

> The parties all agree that the physical conditions at MHP master-meter/sub-meter systems will vary greatly, depending upon age, type of materials use in prior construction, existing MHP design, terrain, and other factors.[214]

Southwest Gas suggests a variety of cost containment measures including the implementation of a permanent program that will lend a more consistent

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[209] SoCalGas/SDG&E Opening Comments at 3.

[210] SoCalGas/SDG&E Reply Comments at 3.

[211] SoCalGas/SDG&E Opening Comments at 5.

[212] WMA Opening Comments at 1, 3.

[213] SoCalGas/SDG&E Opening Comments at 7.

[214] *Ibid.* quoting D.14-03-021 at 49.

workload and economic staffing for contractors, using the same contractor for TTM and BTW work, performing joint trenching when possible, and for BTM work, having the MHP owner/operator provide multiple bids.[215] Southwest Gas does not recommend a cost cap. Southwest Gas expresses some concerns about implementing a cost cap since "some of the factors that lead to cost estimates are likely to make setting an appropriate cost cap across multiple utilities very difficult."[216] Southwest Gas supports SoCalGas/SDG&E's list of issues shared in a March 20-21, 2019 workshop why a cost cap should not be adopted: "unknown underground conditions (*e.g.,* substructures, soil, rock); MHP layout variation (*e.g.,* access, street control); contractor resource availability and logistics; variations across IOUs (*e.g.,* construction standards); municipal code variations; variations in mobilehome structures; and changing and unpredictable market conditions (*e.g.,* materials, inflation)."[217]

SCE recommends the following cost containment measures to limit costs: "1) well defined scopes, 2) unit pricing, 3) competitive bidding, 4) park owners to obtain multiple bids for BTM costs, and 5) allowing utilities to review and reject BTM bids that are unreasonable or that lack documentation to support reasonableness."[218] It believes that consideration of each utility's costs (including cost-per-space) proposal is "out-of-scope of this proceeding" since each utility's cost should be determined within the respective utility's GRC.[219]

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[215] Southwest Gas Opening Comments at 1.

[216] Southwest Gas July 18, 2018 Comments on Staff Proposal at 10.

[217] Southwest Gas Opening Comments at 2.

[218] SCE Opening Comments at 6.

[219] *Ibid.*

SCE opposes cost caps for two reasons. It contends that "they are contrary to conclusions in D.14-03-021 and may distort the MHP contracting market by signaling to vendors that the utilities can pay up to the cost cap, even for projects that can be performed more cost-effectively."[220] Second, "cost caps may have the unintended consequence of excluding difficult or high-cost MHPs from the program, some of which may have substantial safety issues."[221]

PacifiCorp urges that the Commission rely on existing processes (*e.g.,* existing rate cases) rather than adopting a cost cap approach to cost containment.[222] It agrees with other utilities that costs vary significantly in various regions of the state and many cost fluctuations are beyond the control of the utility. It observes that "[t]he Commission does not set a cost cap on reliability or safety programs in other settings, and this program deserves commensurate treatment."[223]

WMA shares the views of SoCalGas/SDG&E and other utilities about cost caps. They agree that "[g]iven the variability in MHP system conditions and situation, it is not possible to set cost caps at either the individual or overall program level."[224] WMA has practical concerns pertaining to the negative impact a cap could have on employing contractors who may not want to risk such constraints. Further, a contractor may not have the ability to complete a scope of work as detailed in a contract.

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[220] *Ibid.* at 7.

[221] *Ibid.*

[222] PacifiCorp Opening Comments at 2.

[223] WMA Opening Comments at 3.

[224] *Ibid.*

Cal Advocates recommends that "the Commission set an annual cap of one MHP conversion per year for each small utility."[225] Southwest Gas contends that this proposal should not apply to Southwest Gas, lest "its conversion pace would significantly slow causing trained and contracted resources to be deployed to other projects whereby the resources may not be available when conversion begins the following year, thereby eliminating any potential cost savings and efficiencies associated with unimpeded workflow."[226] Southwest Gas also points out that it has two distinct service territories—one in northern California and the other in southern California—and the current proposal for small utilities does not take this into account that could result in dragging out the Company's program for several years, diminishing economies of scale achieved when converting multiple parks at one time.

TURN is concerned that the current conversion rates of 3.33 percent, per the most current Resolution E-4958, results in costs for PG&E's ratepayers of close to $100 million per year and believes that a lower annual conversion rate of 2.5 percent of all MHP spaces in each large utility's service territory, is a reasonable pace for the large utilities. This translates to a target of approximately $65 million based on costs of conversions done by utilities to date.[227] To justify this cap for PG&E, it states "[a]t a time of constrained capital on the part of PG&E due to bankruptcy, potential pending wildfire liability, and additional affordability and capital pressures for the utility, this level of spending is not

[225] Cal Advocates Opening Comments at 2.

[226] Southwest Gas Reply Comments at 3.

[227] TURN Opening Comments at 4.

sustainable and may simply represent a lack of cost discipline by the utility."[228] It believes that the Commission should have a better idea regarding why PG&E conversion costs are more expensive than other conversion costs for other utilities. Cal Advocates also supports an annual conversion target of 2.5 percent of MHP spaces in each large utility's respective service territory.[229]

In response to the cost containment measures that the utilities are currently implementing or plan to implement, TURN complains that "the utilities also attempt to window dress basic program management activities as 'cost containment' measures."[230] It contends that PG&E's "referenced GRC chapter discusses several measures including competitive bidding, project management, cost tracking and 'communication'."[231] TURN further contends, "[w]hile certainly important, these measures are part of basic project management functions it describes, they do not constitute genuine cost containment measures as recommended by TURN."[232] It concludes that "cost containment," including annual cost caps and forecast ratemaking should not be conflated with prudent project management, including receipt of multiple bids from vendors to ensure competitive pricing."[233]

13.2.2. Utility Cost Proposals

PG&E believes that each utility's cost (including cost-per-space) proposal for conversion should be subject to evaluation on a project-by-project basis. The

[228] *Ibid*.

[229] Cal Advocates Opening Comments at 2.

[230] TURN Reply Comments at 3.

[231] *Ibid*. quoting PG&E GRC (A.18-12-009), Ex. PGE-12, at 13-9 to 13-11.

[232] TURN Reply Comments at 3.

[233] *Ibid*.

reason is that "benefits resulting from the conversion may not be easily quantifiable and each project is unique due to differences in scope and other factors whereby the per space cost can range significantly."[234] "PG&E believes that only the construction portion of projects that are physically consistent across the utilities should be used for cost comparisons."[235] To support this point of view, PG&E points to unique project scopes and challenges associated with projects in unique geographic terrain such as hilly areas, high vegetation areas, rocky terrain (*e.g.*, large volume of granite rock) that can lead to significant per space cost differentials.[236]

Similarly, SoCalGas/SDG&E observe that various utilities employ varying cost containment measures in order to reduce or contain program costs, but "caution against making per-space cost comparisons across utilities due to organic cost variations based on geographical location factors, varying market conditions, and different business models."[237]

Southwest Gas cautions against using common assumptions for costs across utilities since no utilities are alike.[238] For example, they believe that various utilities purchase different density pipe in their respective service territories and trenching costs can vary based on labor, ground density, etc. It concludes that "[a]s such, cost comparisons may not be useful."[239]

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[234] PG&E Opening Comments at 2.

[235] *Ibid.* at 4.

[236] *Ibid*. at 3.

[237] SoCalGas/SDG&E Opening Comments at 7.

[238] Southwest Gas Opening Comments at 1.

[239] *Ibid*.

SCE urges the Commission to consider using the same cost assumptions in the Annual Report Template, which the utilities used to submit their annual report on February 1, 2019. SCE observes that "SED led an effort with parties to revise the MHP annual report template to reflect a standardized approach and categories for the reporting of program costs."[240] SCE believe this approach should be used to ensure comparability of costs across utilities.

To ensure comparability of costs across utilities, WMA believes that two principles should be adhered to:[241]

> First, program administration costs should be allocated or segmented in the same manner for each utility. The method used should be sufficiently transparent that outside parties can understand the general principles applied. And second, the boundaries to the utility system should be defined in the same manner. This should rely on reconciling the definitions used in the line extension rules of each utility.

13.2.3. Competitive Bidding

Of the cost efficiencies that PG&E has sought, it believes that competitive bidding of the TTM work is a "significant component of PG&E's strategy to drive cost efficiencies and program improvements."[242] As to minimum requirements for a competitive bidding program, PG&E believes the information contained in "Contract Resources and Continuous Improvement in Section H of PG&E's GRC Chapter 13" should be considered.[243]

Pertaining to BTM cost containment, SoCalGas/SDG&E "recommend that use of a standardized bid template with requisite cost breakdowns, as well as use

[240] SCE Opening Comments at 6.

[241] WMA Opening Comments at 2.

[242] PG&E Opening Comments at 4.

[243] *Ibid.*

of the requirement for MHP owner/operators to submit three bids of contractors to perform acceptable BTM work."[244] The lowest ratepayer costs should be the most important goal to be met unless there are "special circumstances" that render doing so impractical or infeasible.[245] The MHP Owner/Operator should provide a justification to the utility.

SoCalGas/SDG&E disagree with the Staff Proposal recommendation that the Utilities should select the BTM contractor "based on the facts that the utility does not contract directly with the BTM contractor and will not have a direct relationship with the BTM contractor."[246] "SoCalGas and SDG&E recommend that the selection continue to be made and justified by the MHP Owner/Operator, pursuant to Commission guidelines and regulations with agreement from the utilities."[247]

For BTM work, Southwest Gas supports the approach of having the MHP Owner provide multiple bids; if the owner doesn't provide multiple bids, then the MHP owner must provide justification for soliciting or receiving only one bid.[248]

SCE also supports minimum requirements for competitive bidding including: "1) well defined work scopes, 2) requiring park owners to obtain multiple bids for BTM costs, and 3) allowing utilities to review and reject BTM

[244] SoCalGas/SDG&E Opening Comments at 6.

[245] *Ibid.*

[246] *Ibid.*

[247] *Ibid.*

[248] Southwest Gas Opening Comments at 1.

bids that are unreasonable or that lack documentation to support reasonableness."[249]

PacifiCorp recommends that minimum requirements for competitive bidding should be flexible based on resources available in a utility's service territory.[250] PacifiCorp points to a situation in which it could find only one licensed and qualified electrician who was willing to perform a scope of work. For this reason, "requiring multiple bids would hinder the successful implementation of the MHP Program in PacifiCorp's service territory."[251]

13.2.4. "Hard" versus "Soft" Cost Targets

PG&E states that "[o]utside of an annual budget range ($80M to $100M), any type of 'hard' or 'soft' cost 'target' may frustrate the goal of safety for PG&E's portfolio as stated in comments."[252] It observes that its own cost effective resources can support roughly up to $100 million in construction work before PG&E has to engage higher cost resources to meet the 10 percent conversion goal. SoCalGas/SDG&E is opposed to a total program cost cap. But if one were selected as contemplated by the prior MHP decision, "a total cost cap necessarily would have to be a soft target that is regularly adjusted to account for market conditions, inflation, regulations, and other factors that drive costs."[253] However, they believe that any total cost cap should be accompanied by a two-way balancing account or memorandum account where costs that exceed the

[249] SCE Opening Comments at 7.

[250] PacifiCorp Opening Comments at 3.

[251] *Ibid.*

[252] PG&E Opening Comments at 5.

[253] SoCalGas/SDG&E Opening Comments at 8.

cap, if any, should be tracked for subsequent review for reasonableness in a utility's general rate case.

Southwest Gas said that it "would be willing to propose a cost target at the program level with a 20 percent contingency, over a set number of years."[254] If the target is exceeded, then Southwest Gas would have to request additional funding from the Commission.

SCE supports the use of a "soft" program efficiency target to help determine program success.[255] However, SCE does not believe that soft targets should be used to evaluate cost reasonableness. Nor does it believe that the program should expect annual efficiency improvements. It contends that any targets should be set at the program level because "[c]osts may vary year to year due to multiple factors, such as availability of contractors, geographical location, MHP layout, increases in material costs and other conditions."[256]

13.3. Discussion

In this decision, we retain the D.14-03-021's adopted process in which the utilities are able to recover MHP conversion costs, both TTM and BTM that are reasonably incurred with review for reasonableness in the GRC.[257] We do not adopt a cost per space or cost cap for several reasons that parties point out. As we found in D.14-03-021: "The physical conditions at MHP master-meter/submeter systems will vary greatly, depending upon age, type of materials used in prior construction, existing MHP design, and other factors."[258]

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[254] Southwest Gas Opening Comments at 2.

[255] SCE Opening Comments at 8.

[256] *Ibid.*

[257] D.14-03-021 at 50.

[258] SoCalGas/SDG&E Reply Comments at 3.

Further, cost per space or cost cap limitations may encourage focus on the lowest cost solutions that may lessen the importance of safety considerations that are the driver of this program. An overemphasis on costs can give market signals to contractors that they can pay up to the cap even if the projects can be performed more cost effectively. Similarly, contractors may be unable to provide a detailed scope of work or complete a scope of work if they must comply with cost constraints that they believe are unreasonable under the specific MHP circumstances. As demonstrated by its modest conversion numbers over the past six years, there is no compelling reason to implement arbitrary costs per space or annual caps at this still nascent stage of the program in which only 6.6 percent of existing MHPs (9 percent of eligible natural gas MHPs) have participated.

The current space conversion annual allowable conversion percentages for large utilities (3.33 percent for SCE, SDG&E and SoCalGas, and 2.5 percent for PG&E) as approved in this decision for an ongoing program serve as an effective soft cap that can be used to both track and manage costs in both the short- and long-term. Using average current costs of conversions by utility one can easily translate the financial exposure of the space conversion allowable percentages to $46 million per year for SoCalGas, $34 million per year for SDG&E, $53 million per year for SCE, and $99 million per year for PG&E. This equates to an annual soft target of $202 million for large utilities and $4.3 million for small utilities. Rates for smaller utilities are computed according to a nominal 100 spaces converted per year (average MHP size) but no less than one park per year. (*See* chart below.)

However, TURN's concerns with PG&E's average costs/space amount and the resulting annual soft cost target of $99 million is valid as it far exceeds the

other utilities, and for which PG&E has not explained sufficiently well. Staff's evaluation of the MHP Pilot notes their expectation that PG&E will find cost efficiencies; this decision goes further to make very clear that PG&E must reduce its program costs.

We retain PG&E's annual conversion rate of 2.5% per year and adopt an $80 million soft cost target. This target amount is within the range that PG&E states is "effective portfolio size to execute the MHP Program with available and cost-effective resources."[259] While $80 million represents an approximate 20% reduction in PG&E's costs/space, it nevertheless translates into cost/space figure that is higher than the next highest utilities' cost/space figure so this should be a reasonable cost target. PG&E's cost target is designed to ensure continuity of work and accomplishment of safety objectives, while taking into account PG&E's current resource constraints and affordability pressure faced by its customers.

With PG&E's adjusted annual soft cost target, the annual soft target for large utilities is $183 million. (*See* Table 3 below.)

Table 3: Ongoing Program Annual Utility Space Conversion Rates and Annual $ Soft Cost Targets

Utility	Annual Conversion Rate	Total MHP Spaces in Territory, 2015 Baseline[260]	MHP Pilot Cost/Space	Annual "Soft" Cost Target
SDG&E	3.33%	34,597	$ 29,426	$34 Million
SoCalGas	3.33%	129,231	$ 9,712	$42 Million
SCE	3.33%	106,768	$ 14,879	$53 Million
PG&E	2.50%	105,318	Less Than (<) $ 37,497	*$80 Million*

[259] PG&E Reply Comments on PD at 2.

[260] Baseline includes all HCD-permitted MHP spaces at the start of 2015 in IOU service territories, some of which may not be master meter spaces.

Southwest Gas	450 Spaces	2350	$ 11,530	$5.2 Million
PacifiCorp	100 Spaces*	507	$ 8,215	$0.8 Million
Liberty	100 Spaces*	633	$ 13,704	$1.4 Million
Bear Valley	100 Spaces*	608	$ 21,325	$2.1 Million

*100 spaces represent target of 1 MHP converted annually, number may vary.

As to "hard" or "soft" cost targets, we support SCE's proposed approach that supports a "soft" program efficiency target can help determine program success over time. Soft targets should not be used to evaluate cost reasonableness which will be determined in each utility's respective GRC. Program targets should be set at the program level because costs may vary year to year due to multiple factors, such as availability of contractors, geographical location, MHP layout, increases in material costs and other conditions.

We agree that cost containment measures, such as the current space conversion allowable percentages or spaces should not be conflated with prudent project management, including receipt of multiple bids from vendors to ensure competitive pricing. Other prudent project management measures, include design related cost efficiencies, joint trenching in cooperation with communication providers, review of contractor scope, inspections, effective contract management, better cost tracking, and communication. Since we assume that utilities are already employing these "best practices," we do not find it necessary to formally direct them here, with the exception of competitive bidding as discussed below. As Southwest Gas states, as the permanent program gathers more momentum, we can expect a more consistent workload across utilities, and using the same contractors for TTM and BTM, that may result in economies of scale.

Pertaining to BTM cost containment, we agree with utilities that use of a standardized bid template with requisite cost breakdowns, as well as use of the

requirement for MHP owner/operators to submit three bids of contractors to perform acceptable BTM work. The lowest ratepayer costs should be the most important goal to be met unless there are "special circumstances" that make doing so impractical or infeasible. In this case, the MHP would be required to provide a justification to the utilities. In addition, PacifiCorp and Southwest Gas point out that three bids may not be possible in specific areas where only one or two licensed contractors may be available. In this case, the MHP Owner should provide an appropriate justification to the utility that may allow the utility to take exception to the rules.

We do not find that the current competitive bidding process in place should be managed by the utilities instead of the MHP Owner. The Commission has determined that BTM assets are regulatory assets that the MHP owner and individual residents own rather than the utilities. Further, as SoCalGas/SDG&E point out, the utility does not contract directly with the BTM contractor and will not have a direct relationship with the BTM contractor so the utility is not in the best position to manage bids and negotiate a contract. Further, BTM work is not governed by Commission General Orders 95, 112-E, and 128 with which utilities are familiar. Like other work within the MHP, and other individual resident mobilehomes, the work is subject to Title 25 of the California Code of Regulations. However, if issues arise, the utilities should have the authority to reject BTM bids that they do not believe are reasonable or which do not have sufficient documentation.

We agree with SCE that the best tool to evaluate cost assumptions (*e.g.*, cost per space, annual conversion dollar targets versus actuals) is via use of the Annual Report Template, which the utilities used to submit their annual report on February 1, 2019. SED led a successful effort with parties to revise the

template to reflect a standardized approach and categories for the reporting of program costs. The Annual Report Template has been an effective tool to ensure comparability of costs across utilities utilizing the same assumptions when possible. If Utilities do not expect to meet the above 2021 annual soft targets, they should justify in their annual reports beginning in February 2022.

14. Cost Recovery

A key issue in this proceeding is whether the Commission should consider a different cost recovery method than the one the Commission adopted for the MHP Pilot. This requires assessing two issues, namely forecast ratemaking vs. reasonableness review, and capitalized vs. expensed TTM and BTM construction costs to determine whether, MHP Pilot cost and safety data for years 2015 through 2018, the Commission should change its approach. Although this issue was extensively litigated in the previous OIR, due to lack of cost and safety data, the scoping memo allowed another look.

14.1. D.14-03-021 Requirements and Staff Proposal

During the MHP Pilot, D.14-03-021 did not require forecast ratemaking. D.14-03-021 concluded: "Given the numerous uncertainties that underlie the parties' construction estimates and the lack of record-based specificity on the administrative functions and associated costs necessary to implement a MHP conversion program, we are not persuaded that forecast ratemaking is appropriate over the course of the three-year period."[261] (D.14-03-021 FOF 35 at 69.)

D.14-03-021 further concluded that these uncertainties make forecast ratemaking highly "speculative" and that "utilities should recover actual,

[261] S*ee* D.14-03-021 at 49.

reasonably incurred costs for new MHP Distribution Systems." [262] In addition, reasonable incremental expenses for program development and administration, not otherwise included in rates, were to be entered as they were incurred for annual recovery in the utility's pilot program balancing account. Reasonable construction costs were also to be entered as incurred and recovered in the year following cut over to direct utility service.

The Staff Proposal stated that cost reasonableness and recovery should continue to occur in GRCs where MHP upgrade budgets could be specified and justified. It recommends that cost recovery should continue the use of MHP program balancing accounts.

D.14-03-021 also prescribed that "all reasonable, actual construction costs, both 'to the meter' and 'beyond the meter,' should be capitalized."[263] It concluded that because TTM will result in used and useful additions to utility plant, recovery should be authorized on the basis of the then-current, full cost of service of each base rate addition (return on investment, taxes and depreciation) should be authorized and reasonableness review should occur in the GRC. Furthermore, "[b]ecause the 'beyond the meter' construction is necessary for the entire, new distribution system to function and provide ratepayer value, it will create a regulatory asset, and the associated, reasonably incurred construction costs should be amortized over ten years at the rate equivalent to the utility's then-current authorized return on rate base."[264]

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[262] D.14-03-021 FOF 35 at 69 and 49.

[263] D.14-03-021 FOF 36 at 71.

[264] D.14-03-021 FOF 36 at 71.

14.2. Parties' Comments

PG&E, SoCalGas/SDG&E, Southwest Gas, SCE, and PacifiCorp, and WMA believe that the current cost recovery method adopted for the MHP Pilot is appropriate for the next phase of the program. They argue that this issue was already extensively litigated and resolved in R.11-02-016 and D.14-03-021 and that review of newly acquired 2015-2018 safety and cost data does not change their views. Due to the diversity of costs associated with various MHPs, utilities opine that it is difficult to forecast costs due to many factors, especially for those that pertain to BTM, which utilities do not control.

According to PG&E, "[w]ith the analysis of more complete MHP Pilot cost and safety data for years 2015 through 2018, PG&E's view have not changed about questions related to cost recovery."[265] The analysis from the completed MHP Pilot projects concludes that "the diversity between MHPs is so significant, that the current cost recovery method is appropriate for the next phase of the program to avoid unintentional consequences as outlined in PG&E's previous comments."[266] "SoCalGas/SDG&E support the Staff's recommendation that the utilities continue to recover their actual reasonable costs of implementing the program via their MHP program balancing account, with reasonableness review occurring in each utility's general rate cases."[267] They emphasize that this issue was extensively considered in the previous OIR and that "[n]o new material facts or arguments have been introduced for consideration in this proceeding that would require revisiting this issue."[268] They agree that providing cost forecasts

[265] PG&E Opening Comments at 5.

[266] Ibid. referring to its Comments on Joint Staff Proposal at 7.

[267] SoCalGas/SDG&E Opening comments at 8.

[268] *Ibid.* at 8-9.

may be useful in estimating costs but "there are a number of cost drivers that are outside of the control of SDG&E such as prevailing market conditions impacting contractor bids, material costs, contractor availability, permit costs, and installation complexity."[269]

Southwest Gas agrees with PG&E that "[g]iven cost and safety data for years 2015 through 2018, the Company's views have not changed about questions related to cost recovery."[270] SCE supports the views of other utilities and points to D.14-03-021's observation that "recovery of reasonably incurred, actual costs would be clearer and cleaner from a ratemaking standpoint and would make much better sense."[271] WMA and PacifiCorp agree with this direction.

In contrast, TURN believes that MHP conversion can be forecast. In a workshop on March 20-21, 2019, TURN made a case that "the costs of MHP conversion can be forecast due to the very high correlation between trenching feet, spaces (gas or electric) and to the total cost of a given site."[272] It further opines that "data from PG&E demonstrates that over 97 percent of the variation in actual site costs...were explained with a linear trend between trenching feet and site costs or the number of gas spaces and gas site costs."[273] In addition to an annual conversion cap, TURN suggests that "forecast ratemaking provides some

[269] *Ibid.* at 22.

[270] Southwest Gas Opening Comments at 3.

[271] SCE Opening Comments at 8.

[272] TURN Opening Comments at 2.

[273] *Ibid.*

protections to ratepayers by limiting utility spending and requiring additional cost scrutiny for the utilities and the Commission."[274]

In response to TURN, "PG&E believes that TURN's argument is flawed."[275] It observes that "cost parameters, such as forecast ratemaking and conversion rate caps, suggest that parameters are to be set prior to identifying Mobile Home Parks (MHPs) to be converted in the program and without considering factors associated with individual MHPs."[276] PG&E provides examples why it cannot easily forecast costs due to MHP-owner caused delays and unanticipated requests for extensions that may impact the execution of PG&E's tasks. It emphasizes inputs such as trench feet, spaces, and total costs are the results of post conversion activities and are not easily determined without performing some level of engineering tasks such as performing necessary rerouting, resolving MHP and SED accounts of number of spaces, and taking into account the unique configurations of each MHP. PG&E points out that information provided by MHP owners (trench length, legacy system physical configuration and adherence to standards, number of gas and electric meters, inefficient MHP layouts) may be either non-existent or require further field verification.[277]

Similarly SoCalGas/SDG&E do not believe that forecast ratemaking is appropriate since "per-space cost comparisons across the utilities cannot be made meaningfully due to organic cost variations based on geographical location

[274] TURN Opening Comments at 12.

[275] PG&E Reply Comments at 1.

[276] *Ibid.* at 1-2.

[277] Ibid. at 2-3.

factors, varying market conditions and variations in business models."[278] SoCalGas/SDG&E believe that TURN utilizes an "overly simplistic regression methodology" and "do not take into account varying cost factors nor the existence of high-cost, high risk MHPs."[279] SoCalGas/SDG&E is concerned that placing a cost cap undermines the program by focusing on costs rather than safety to propel the program forward. Currently, participating utilities are required to convert MHPs selected by SED from MHPs whose owners agreed to participate in the program, regardless of cost estimates. They contend that SED's current prioritization methodology would be "upended" if cost caps were implemented.[280]

TURN believes that the utilities' arguments that because costs vary for different projects it is difficult to forecast costs are incorrect since utilities forecast costs for "virtually all work" that are considered in GRCs every three years.[281] Second, TURN repeats its earlier comments that MHP Pilot sites' costs are highly correlated with specific variables such as trenching feet and number of spaces, and unit costs, etc. TURN supports prudent project management that would implement such measures as competitive bidding, project management, cost tracking, and communication. But it believes these measures "do not constitute genuine cost containment measures as recommended by TURN. It opines that "cost containment, including annual cost caps and forecast ratemaking, should

[278] SoCalGas/SDG&E Reply Comments at 2.

[279] Ibid.

[280] Ibid.

[281] TURN Reply Comments at 3.

not be conflated with prudent cost management, including receipt of multiple bids from vendors to ensure competitive bidding."[282]

D.14-03-21 references the PG&E proposal for the MHP Pilot, in which utilities would act as the pass-through for BTM construction funds, as provided in PG&E's conversion agreement with the MHP owner. Although D.14-03-021 OP 8 concludes that these BTM costs must be capitalized and "…..consistent with their status as a regulatory asset, these costs must be amortized over ten years at a rate equivalent to the utility's then-current authorized return on rate base." TURN does not support allowing the utilities to capitalize all beyond-the meter costs as "regulatory assets" for the MHP Pilot. TURN believes this imposes a burdensome cost on ratepayers and instead recommends that the costs continue to be subsidized by ratepayers but expensed, which reduces long-term ratepayer costs. (However, TURN does not present an analysis of predicted future costs to ratepayers, comparing the aggregate incurred under the regulatory asset treatment with those incurred under expensing. For example, these could be compared with a net present value analysis of the two treatments.) TURN also contends that the expensing treatment would not lead to rate shock, although without providing any computations in support for its conclusion.[283] Southwest Gas counters this position and argues that utilities would be converting multiple MHPs over several years, and in the aggregate, expensing would result in rate shock for ratepayers.[284] However, this assertion, too, is not supported with any empirical analysis leading to an estimated value

[282] *Ibid*.

[283] TURN Opening Comments at 5.

[284] Southwest Gas Reply Comments at 2.

or range of how much that rate shock might be. Along with Southwest Gas, SoCalGas/SDG&E stated that ratemaking treatment of BTM costs should not be relitigated. Cal Advocates believes that "the Commission [should] mitigate ratepayers' share of beyond-the-meter financing costs to alternative lower-cost financing, such as ten-year debt instruments."[285]

In Opening Comments on the Proposed Decision (PD), TURN referenced that in D.18-05-040, in the context of electric vehicle (EV) charging stations, the Commission opted for expensing of costs related to EV customer rebates and other BTM infrastructure, and that these are analogous to the BTM costs herein.[286] In the MHP context, the costs incurred are for the construction of necessary infrastructure, not incentive rebates.

In its Reply Comments on the PD, SCE contends that the increase in costs with the regulatory asset treatment would not be a doubling but would more likely be about 50% higher.[287] SCE argues further that a present value assessment of revenue requirement would show a smaller gap between the costs via expensing compared to the regulatory asset treatment.

14.3. Discussion

This decision retains the current cost recovery method adopted for the MHP Pilot in D.14-03-021 for the next phase of the program. While we have several years of data and experience with the MHP Pilot, we are not persuaded that a change in policy is warranted at this time. However, staff are authorized to recommend a different approach as part of their program review in 2025

[285] Cal Advocates Opening Comments at 2.

[286] TURN Opening Comments on PD at 10.

[287] SCE Reply Comments on PD at 3.

established in this decision. This decision's handling of BTM costs shall not be precedential.

We also support continuing the use of MHP program balancing accounts. Although we have newly acquired 2015-2018 MHP Pilot cost data, this has not provided enough compelling evidence to change the existing approach. Due to the diversity of costs associated with various MHPs, it remains difficult to forecast costs due to many varying factors, such as varying geographical terrain; business models; MHP technical configurations; market conditions, such as the terms of contractor bids, material costs, contractor availability, permit costs, and installation complexity; and especially assumptions that pertain to BTM, which utilities do not control.

According to the updated January 2020 Staff Evaluation, the utilities' individual actual conversion cost/space continue to vary considerably, at the low end of $11,530 per space (a gas only actual, from Southwest Gas) and at the high end of $37,497 per space (a gas and electric actual, from PG&E) followed by $29,426 per space (a gas and electric actual from SDG&E). For utilities that do not have gas in their portfolios, individual actual conversion cost/space vary less, at the low end of $8,215 per space (an electricity only actual, from PacifiCorp) and at the high end of $21,325 per space (an electricity only actual, BVES). The utilities that reside in the middle of the low and high range include SCE at $14,879 (an electricity only actual) and Liberty Utilities at $13,704 per space (an electricity only actual). For years 2015-2018, the percentage actual total electricity and gas costs versus projected costs ranges from a negative 33.3 percent (SCE) to a positive 463 percent (Southwest Gas). This trend is consistent with findings based on a similar evaluation of older cost data evaluated in D.14-03-021 and contained in the June 19, 2018 Staff Proposal.

We appreciate TURN's ideas that forecast ratemaking may provide some protections to ratepayers by limiting utility spending and requiring additional cost scrutiny for the utilities and the Commission. TURN's workshop presentation related to regression analysis shows a high correlation between 1) total conversion costs (electric and gas) against feet of trenching, and 2) gas site conversion costs with number of gas spaces. The R-squared values[288] are high, ranging from 0.68 for SCE, and 0.9-0.95 for SoCalGas and SDG&E. This analysis is presented as support for the use of forecast ratemaking as the preferred recovery method, as compared to the reasonableness reviews that are widely used in Commission proceedings.

In reviewing TURN's position, it is clear that specific variables can be used to make forecasts, with high R-squared values. TURN does show for the large utilities with ex-post regression analyses that costs are very highly correlated with certain factors (for example, number of feet of trenching and number of spaces). We agree with TURN's implication in Opening Comments that utilities can pick their own methods to forecast costs.[289] However, ex-ante forecasting would require the utilities (particularly the smaller ones) to first come to a good understanding of which methods to use, and which variables are the best predictors that can be used reliably over time. Such an understanding would then lead to better forecasting of costs for the CPUC's assessment. However, we

[288] R-squared is the coefficient of determination. It is the proportion of variation in dependent variable "y" that is predictable from the independent variable "x" in the regression. It is computed as R-squared = (Explained variation)/(Total variation). A higher R-squared value indicates more of the variation in "y" is predictable from "x." An R-squared of 0.10 means that 10 percent of the variance in y is predictable from x; an R-squared of 0.20 means that 20 percent is predictable; and so on.

[289] TURN Opening Comments on PD at 8.

are not convinced that forecast ratemaking has been shown analytically by TURN as being superior to after-the-fact reasonableness reviews for this program. We agree with PG&E that TURN's use of regression analysis to forecast costs may be overly simplistic and contains some methodological issues. First, we have better pilot data, but the data collected still represents a relatively small sample over a period of four years. SED's prioritization of MHPs for the MHP Pilot underlies what the sampling is comprised of, and this could change over a larger sample, and over future periods. For example, it is important to note that the ongoing program will continue for at least a decade if not longer. Univariate or multivariate linear regression with a data set is essentially a process of averaging. Although it may reveal high R-squared values, it may still conceal other factors that lead to variation. If costs across utilities are used to arrive at averages (*i.e.* coefficients for the specific parameters), this could possibly lead to distortions with some MHPs having below-average costs being subsidized by those with above average costs. Instead of linear regression analysis, other types of analysis, such as cluster analysis, can be used to demonstrate more complex relationships than is evident from the plots shown by TURN. This could show variation across utilities and their specific contextual factors. Although not required in this decision, using forecasts done by the utilities as an aid or input for reasonableness reviews would allow for developing a better understanding over time. This can enable blending the two approaches and allow further analysis of the value of forecast ratemaking for the MHP utility conversion program, which can be revisited in a program evaluation in 2025.

Most importantly, overreliance on the regression analysis may underestimate the value of supporting higher cost or higher risk MHPs. Placing

a cap could incentivize a utility to prioritize MHPs where construction costs are not expected to exceed a predetermined cost cap rather than MHPs that present higher and reliability risks to residents. Currently, participating utilities are required to convert MHPs selected by SED from MHPs whose owners agreed to participate in the program, regardless of cost estimates. Difficult or high cost MHPs can be justified in some instances based on trench distances, MHP layouts, city/country requirements, location of the MHP, weather impacts, third-party subsurface conflicts, and safety and securing concerns for utility and equipment.[290]

Likewise, the capital treatment of TTM and BTM construction costs adopted for the MHP Pilot in D.14-03-021 is appropriate for the next phase of the program and may be revisited in the program evaluation in 2025. This issue was already extensively litigated and resolved in R.11-02-016 and D.14-03-021. TURN and Cal Advocates do not offer new facts or evidence that was not considered in the prior MHP proceeding.

D.14-03-021 concluded that TTM utility facilities include all infrastructure and substructures necessary to complete the distribution and service line extensions up to and including the individual meter, and will be owned and operated by the utility. It further concluded that BTM is necessary to complete the entire, new distribution system to function. In the next phase, the utility will continue to serve as a pass-through for the BTM construction funds. D.14-03-021 has concluded that the pass-through role is based on ratepayers' promise to repay the utility, and that this ratemaking obligation constitutes a regulatory asset, to be recovered from ratepayers over time. Thus, the capitalized treatment

[290] *See* PG&E July 18, 2019 Comments on Staff Proposal at 7-8.

of the construction costs adopted in the MHP Pilot in D.14-03-021 is applicable to the next phase of the program at least through 2025.

15. Cost Responsibilities in the MHP Owner Agreement

15.1. Current Situation

MHP owners are currently responsible for environmental, cultural, cancellation, and discontinuance of legacy system costs. However, parties have requested specific clarifications be made to the existing MHP Agreement language.

15.2. Parties' Comments

Southwest Gas proposes the following changes to the MHP Utility Conversion Program Agreement language:

> 5.51-post construction, "including related permitting" (if necessary)
>
> Cancellation-purging: the utility or contractor is responsible for purging; Item 5.10.5 needs to be revised; prior direction from SED has required the utility to perform the purging;
>
> Discontinuance-abandonment: MHP owner is responsible; however, amendment to the MHP Agreement would be necessary for the removal of legacy above ground gas facilities, i.e., submeters and risers.
>
> Permits-5.6, include a provision that it's the MHP Owners responsibility to obtain a permit for abandonment of the legacy system. [291]

SCE emphasizes that "the MHP Agreement language should be updated to require MHP owners/operators to disclose during the design phase of the project any potential issues (*e.g.*, cultural, environmental, endangered species) or

[291] Southwest Gas Opening Comments at 3.

risk removal of the program."[292] SCE further recommends that "the agreement should clearly specify those items for which the MHP owner/operator is solely responsible, including:

> 1) Costs associated with the existing legacy systems, including removal; 2) environmental, cultural, and endangered species remediation or other resolutions; 3) any required remediation monitoring costs, outside of monitoring activities conducted by the utility; and 4) costs incurred prior to notification that an MHP owner owner/operator is canceling an MHP agreement, excluding costs for Beyond-the-Meter services that were completed and resulted in direct utility service and not duplicative of existing service. [293]

Finally, SCE recommends that "the MHP Agreement should clarify that in the event that the utility is prevented from conducting work under the MHP program, due to cancellation by the Commission or utility, liability for costs associated with the cancellation or termination shall be determined by the Commission."[294]

In response, TURN states it agrees with SCE's proposal to require upfront information during the design phase or risk removal from the MHP utility conversion program as described above. TURN supports SCE's proposal that language should specify those items for which the owner/operator is responsible.[295] TURN also supports Southwest Gas' proposal that MHP owner/operators are responsible for removal of above ground facilities,

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[292] SCE Opening Comments at 9.

[293] SCE Opening Comments at 10.

[294] *Ibid.*

[295] TURN Reply Comments at 6.

including submeters and risers; and that the MHP owner/operators are responsible for obtaining a permit for abandonment of the legacy system.

15.3. Discussion

As is the case under the MHP Pilot, MHP owners should continue to be responsible for all environmental, cultural, cancellation, and discontinuance of legacy system cost. However, based on discussions at the March 2019 workshop and post-workshop comments, we agree with parties that owner/operators should disclose potential issues (*e.g.*, cultural, environmental, endangered species) during the design phase of the project or risk removal from the program. Further, specific clarifications regarding Owner/operators' cost responsibilities prior to the beginning of conversion activities need to be made to gain clarity and a common understanding of responsibilities.

We therefore approve both SCE's and Southwest Gas' proposed changes to the MHP Utility Conversion Program Agreement: (*See* Appendix C "Revised MHP Utility Conversion Program Agreement" that reflects changes in italics.)

16. Annual Reporting

Here we review whether: 1) the Commission should continue an annual reporting process for the ongoing MHP utility conversion program and if so, what additional information should be included in annual reports; 2) the information and format of reports to be standardized; 3) information should be kept "confidential" versus made public in an "aggregated" manner (to protect customer privacy and competitive bidding information) in the annual report template.

16.1. Background

D.14-03-021 required utilities to file annual reports to the Commission's Executive Director in February of 2016, 2017, and 2018 to provide program

status, identify construction costs, and provide assessments of the 3-year MHP Pilot. In 2019, SED required another Annual Report in February 2019 to cover activity for the extended MHP Pilot through the end of the year 2018.

According to the Staff Proposal, ED and SED will analyze annual report filings from the utilities and ED and SED will review their scope of work and expenditures. The Commission could establish priorities for staff review of the annual reports.[296]

The Technical Working Group met in Fall 2018 to review scoping memo issues and achieve consensus on a new and more standardized template.[297]

In response to parties' comments and further Staff Review, the following data was added to the templates.[298]

- Demographic data such as CARE/FERA, DAC, Rural/Urban, Medical Baseline, etc.
- Space Conversions Aligned with Recorded Costs TTM and BTM
- Revenue and Rate Impact Data
- All Program Years Included (2015 through 2018)
- Aggregation of Confidential Data

16.2. Parties' Comments

"SoCalGas and SDG&E support the continuation of the annual report process but recommend that the information requested in the Staff Report be aggregated to protect customer privacy and proprietary and competitive

[296] Staff Proposal at 26.

[297] On October 8, 2018 SDG&E/SoCalGas, SCE, PG&E, and Cal Advocates submitted informal comments to SED on the Annual Report Template. On October 15, 2018, TURN submitted informal follow up comments to SED on the same.

[298] March 20-21, 2019 ED Report.

contractor cost information."[299] They also recommend that the Commission more clearly define the concept of "project completion" for purposes of the annual report as referring to those projects with the master meter removed.

TURN suggests that utilities' annual reports include the status of various "safety risks" pre-conversion for the park completed each year.[300] While this information may be useful, PG&E and SCE oppose this as a utility requirement. PG&E emphasizes that "utilities are not responsible for master metered MHP safety inspections and do not have access to any information regarding non-utility owned infrastructure."[301] SCE states it does not have access to this data, nor does it collect this data. "Doing so would require extensive on-site collection efforts, and it is unclear what costs this would entail and whether there would be any direct benefits of this specific reporting requirement."[302]

16.3. Discussion

The Commission should continue to implement the existing MHP annual report process as a mechanism for evaluating utility progress and programmatic success. In response to feedback from parties, recent improvements to the Annual Report Template gives decision makers a better picture of the program moving forward. Such improvements to the template include the addition of demographic, specific space and cumulative program cost, rate impact information to the template; and aggregation of confidential information necessary to understand safety statistics. (*See* Appendix B of the updated January 2020 Staff Evaluation for the latest revised template.) Going forward,

[299] SoCalGas/SDG&E Opening Comments at 23.

[300] TURN Opening Comments at 13.

[301] PG&E Reply Comments at 4.

[302] SCE Reply Comments at 4.

the Commission authorizes SED to manage and implement changes to the annual report template. (See "Implementation and Ongoing Administration" Section 17.3 for a list of approved and pending changes.) At the direction of SED, utilities shall post copies of their Annual Reports on their respective websites and the Commission will make them available on its website.

As to timing of annual reports, each electric and/or gas corporation must annually prepare a report for the conversion program to the Commission no later than February 1st of each calendar year. Data should also be provided in a Microsoft Access relational database format. All confidential annual reports must be verified by an officer of the utility and filed as a compliance filing in this, or successor, proceeding in both confidential and redacted form.

17. Implementation and Ongoing Administration

Here we address what procedural mechanism the Commission should use to implement a MHP utility conversion program, what actions by the utilities and Commission staff are required to implement an ongoing program, and what level of staffing (*e.g.,* Commission, utilities) and associated roles are necessary to ensure a successful program.

17.1. Staff Proposal

According to the Joint Staff Proposal, the Commission should establish an application period every four years for MHPs to apply to MHP utility conversion program. SED Staff could extend this to a five-year interval depending on its workload and priorities. The new application periods would be open to all MHPs that have not applied to the MHP Pilot as well as allow unconverted MHPs to update their application information. Following every application period, SED would establish new prioritization lists for the ongoing program based on established prioritization criteria. Park selections will continue to be

based on the most current prioritization lists that have been finalized by SED. Once new prioritization lists are finalized by SED, old lists would be voided.

Staff believes a new application period would optimize a permanent program and prioritize safety, while providing for the continuation of work until the new lists can be developed and implemented. In this approach, safety issues outweigh other considerations and parties have been continually apprised that the permanent program would evolve over time. Moreover, the Commission has always made it clear that no MHP was provided a complete assurance that simply being on any list would guarantee any MHP that its utility systems would be converted to direct service, or any timeframes for such conversion.

17.2. Parties' Comments

17.2.1. Application Cycle

PG&E does not believe an application process is necessary; if the CP wants to terminate the program for any reason, then it has the option to do so "either *sua sponte* or upon a motion of any party if it determines that the program goals have been substantially achieved."[303] SoCalGas/SDG&E believe that "[a] request for Commission's Form of Intent ("FOI") for participation in a permanent MHP program should be established to occur every 4-5 years with the first one set to occur in the first quarter of 2021."[304] To ensure that ongoing implementation of MHP conversions is not interrupted, they emphasize that the "FOI request period should be conducted seamlessly."[305] SoCalGas/SDG&E agree with the Staff Report's recommendation to include a process that does not disrupt the existing ongoing program that reassesses aging systems against the

[303] PG&E Reply Comments at 5.

[304] SoCalGas/SDG&E Opening Comments at 5.

[305] Ibid.

most up-to-date safety standards.[306] They agree that the existing prioritized lists should be used to select projects in between application periods. SCE and Cal Advocates also support a new application window open once every four years.[307]

In contrast, "TURN proposes that the permanent MHP program be done in three-year rolling cycles so there will be sufficient review and oversight of the utilities programs while preventing a break in program activity between each cycle."[308] TURN focuses on the authorization and use of a three-year rolling utility application cycle for a permanent program because it would have a built-in mechanism to propose and justify programmatic changes in applications filed every three years.[309] "PG&E finds TURN's proposal for a three-year program to be duplicative and confusing....and would require additional time and resources from all parties to review decisions already made."[310] SoCalGas/SDG&E also do not agree with TURN's recommendation for a three-year cycle. They assert that "this recommendation does not fit the size, scope or safety-driven nature of the program and is overly burdensome."[311] SoCalGas/SDG&E are also concerned that a too frequent cycle could increase the risk of work stoppages and gaps in implementation that could result in increased costs and lack of consideration for the significant amount of outreach and planning activities that must precede any formal application process. SCE also

[306] SoCalGas/SDG&E Opening Comments at 20.

[307] SCE Opening Comments at 25. *Also see* SCE's Comments on the Joint Staff Proposal at 6. Cal Advocates Opening Comments at 2.

[308] TURN Opening Comments at 7.

[309] TURN Opening Comments at 13.

[310] PG&E Reply Comments at 5.

[311] SoCalGas/SDG&E Reply Comments at 4.

considers the three-year rolling cycles as overly burdensome as the "Commission and intervenors already have the ability to review the utilities' MHP-related costs for reasonableness in their respective GRC applications."[312] It maintains that if the appropriate level of conversions is determined ahead of time, the application process is not necessary.

TURN further opines, "[i]f the Commission is concerned that opening a new MHP application period every three years is too administratively burdensome, then a new MHP application period could be conducted prior to the start of the permanent program and the utilities' first three-year application cycle. It would be possible to use the same MHP list for the first two program cycles and then conduct a new application period that would prioritize MHPs for the third cycle."[313] TURN maintains that "[t]he Commission should reject the utilities attempts to maintain the status quo which provides very limited utility accountability and little protection for ratepayers for excessive program costs."[314]

TURN warns that "if the Commission declines to require the utilities to file new applications for the permanent MHP program, then an expanded schedule for this proceeding will be necessary to accommodate party testimony and likely evidentiary hearings, as contemplated in the Scoping Ruling."[315] It claims that "[t]he pilot program data, especially regarding the comparability of the various utilities per space and per park costs, is not fully understood, nor are the relative safety benefits and cost-effectiveness of program implementation." In response to TURN's claims, SoCalGas/SDG&E opine that TURN's schedule does not take

[312] SCE Reply Comments at 2.

[313] TURN Reply Comments at 8.

[314] *Ibid*.

[315] TURN Opening Comments at 14.

into account required time for education and outreach and ramp-up time necessary to ensure proper program implementation. SoCalGas/SDG&E contend that "[i]f TURN's proposed schedule is selected a new MHP program would not commence until January 1, 2022"[316] which could have a negative impact on needed momentum to sustain program administration and construction activities. SoCalGas/SDG&E do not agree with TURN's recommendation to consider additional testimony and evidentiary hearings. According to SoCalGas/SDG&E, "[t]he parties have provided extensive information, comments and discussion on the nature and structure of a permanent MHP program. No topic or information has come to light that warrants additional testimony and evidentiary hearings."[317]

17.2.2. Actions Necessary for Implementation

Utilities believe that a range of actions including emphasis on safety-related annual reports, use of preliminary SED priority lists for conversion, and transition year as part of each application, are necessary to implement an MHP utility conversion program. "PG&E believes the annual reports could be better utilized to report on safety related information and in-progress updates rather than a basis for detailed cost review."[318] PG&E opines that the Commission may be focusing too much on costs that "may be overshadowing the risks the program has mitigated as well as the positive secondary impacts that the program generated."[319] It points out that "PG&E has provided a significant amount of detail and associated photos as part of the

[316] SoCalGas/SDG&E Reply Comments at 5.

[317] *Ibid*. at 6.

[318] PG&E Opening Comments at 20.

[319] *Ibid.* at 21.

reasonableness review within PG&E's General Rate Case (GRC) filing per OP 8 of D.14-03-021."[320]

SoCalGas/SDG&E suggest that "[i]f a permanent program is established, the current prioritized list of MHPs should be used to select a project as soon as practicable to allow seamless transition into the permanent program."[321] SCE agrees with SoCalGas/SDG&E and recommends that "[i]n preparation for implementing a permanent MHP utility program, and before closing the MHP pilot, the Commission's SED should establish and provide the utilities with a new list of eligible MHP parks."[322] To ensure a smooth transition, "SCE proposes that the Commission provide a transition year as part of each application [*e.g.* 2020] period during which the utilities would be allowed to use both the current and new list of applicants, until there is an adequate number of new applicants to fill all phases of the project process."[323]

17.3. Discussion

For ongoing management of an ongoing MHP program, we agree with PG&E, SoCalGas/SDG&E, and SCE that the focus should be on MHP annual reports and SED Priority Lists for Conversion as management tools to review whether the program is successful over the time. We appreciate that MHP costs are generally reviewed in GRCs, and the utilities currently have the authority to conduct the MHP Pilot, record costs, and seek recovery of such costs in utilities' respective GRC. However, managing a successful program requires ongoing scrutiny of not only safety aspects but also with costs associated with managing

[320] *Ibid.*

[321] SoCalGas/SDG&E Opening Comments at 5.

[322] SCE Opening Comments at 24.

[323] *Ibid. Also see* SCE's Comments on the Staff Proposal at 6.

the program, especially as they apply to consideration of possible new features of the program or elimination of others over time.

We do not support PG&E's proposed continuation of the "status quo" in which existing conversion rates are adhered to without the benefits of an application process. In this respect, we agree with TURN that the absence of an application decreases utility accountability and could result in excessive costs, if not checked. Therefore, we agree with Staff that a new application period would optimize the MHP program and prioritize safety, while providing for the continuation of work until the new lists can be developed and implemented. As is the case for other Commission programs, we consider an application process a convenient procedural mechanism to consider new Applicants that may not have previously participated in the program, current Applicants who wish to update their applications, and provide a built-in mechanism to consider program adjustments.

However, we are sympathetic to utilities' concerns that a three-year cycle can be very labor and time intensive, duplicative, and confusing. Further, too little time between application cycles can frustrate contractor confidence and implementation schedules. Some of the larger MHPs may require more than three years to complete the engineering, procurement, and construction so this could prevent utilities from executing larger MHPs in an efficient way. A three-year process could result in increased costs and lack of consideration for the significant amount of preparation and outreach that must precede any formal application process. For the above reasons, we therefore support a four-year application cycle, as recommended by SoCalGas/SDG&E, SCE, and Cal Advocates, instead of the three-year application cycle recommended by TURN.

Depending on SED workload, priorities, and status of prioritization lists, this cycle could be changed to no more than five years.

We support the Staff Proposal and believe that an SED-driven streamlined application process, similar to what they have already used in the MHP Pilot, is sufficient to manage the program moving forward. A more formal application process with long lead times would be administratively burdensome, overly time consuming, frustrate momentum needed to propel the program forward, risk work stoppages, and contribute to erosion of contractor confidence.

Parties have provided far more extensive cost and safety information than was required in the initial three-year MHP Pilot. This information was successfully used to evaluate the MHP Pilot and design an ongoing program. No topic or information has come to light that warrants additional testimony and evidentiary hearings.

We agree with SoCalGas and SCE that before closing the MHP Pilot and initiating an ongoing program, SED should establish and provide the utilities with a new list of eligible MHP parks. To ensure a smooth transition between application periods, we agree with SCE that it would be efficient if the Commission provides a transition year as part of each application cycle, in which the utilities are allowed to use both the current and new list of applicants, until there is an adequate number of new applicants to fill all phases of the project process. For example, if an application process were to commence in 2021, then the year 2020 would be a transition year. During the transition year, it is reasonable to use the existing priority list. As discussed in Section 5 "Program Design," this prioritized list would be calibrated every year to reflect adherence to new safety standards or changing safety conditions of existing or new participants that are selected to participate in the program.

The ongoing program should include an initial application period, standard across all utility programs, of no more than 90 days; applications received after this period should be placed on a waiting list. Applications received in the initial application period must be prioritized and reviewed for other eligibility criteria, as defined in this decision. If the accepted applications amount to fewer than approximately 10 percent of the potentially eligible MHP spaces within the utility's service territory, one or more other applications on the waiting list should move forward, as determined by SED's priority assessment. A MHPs placement on the waiting list established during the pilot will not assure eventual conversion. In addition to the initial application, an ongoing program should include all of the components discussed in greater detail in the body of this decision.

Accordingly, we adopt the following schedule for transitioning the existing MHP Pilot to an ongoing program moving forward:

Table 3: MHP Pilot versus Future Ongoing Program Features

Application Process

	MHP Pilot	**Ongoing Program**
Applications	None currently, previous Applications suspended	Yes, every four years SED Option for every five years
Transition Year	Use only current list	2020 Use current and new prioritized lists
Application Period	N/A	January 1-March 30, 2021
MHPs selected Start Date	N/A	July 1, 2021

	MHP Pilot	**Ongoing Program**
Outreach Efforts to Precede Application Period	N/A	June 2020

The first application period for the Ongoing Program should commence January 1-March 30, 2021 and MHPs selected for conversion work starting on or after July 1, 2021 would be selected from the new SED lists. Also, outreach efforts related to this application period should commence no later than June 2020.

Utilities must use the "initial application" form as directed by SED, which is Appendix D to this decision. In response to parties' suggestions, SED shall revise the Annual Report Template to include the following detail:

1) More detailed MHP physical configuration and layout detail including common use structures, and residential buildings with permanent foundations;
2) Annual number of common use space conversions and average of spaces converted per park;
3) Additional information about what non-energy service and communication providers service the Applicants' MHP;
4) Disclosure of potential issues (*e.g.*, cultural, environmental, endangered species) that could impact the design phase of the project program (or risk removal of the program); and
5) DAC, CARE/FERA, and Medical Baseline Information (also provided in Annual Reports).

Similar to what was required in D.14-03-021,[324] we direct the utilities to prepare a standard "detailed application" that specifies what additional

[324] D.14-03-021 at 46.

information a MHP owner, whose MHP has been preliminarily selected for the ongoing program, must provide to enable a utility to commence the engineering and planning process. We direct utilities to consult with SED regarding the content and uniformity of the standard application.

18. Change Management

The scoping memo asks what procedural mechanism should the Commission use to authorize or implement any programmatic changes subsequent to those authorized in the rulemaking.

18.1. Staff Proposal

According to the Staff Proposal, Utilities should be allowed to submit ALs to propose reasonable program improvements and changes via the AL process. According to the Staff Proposal, each electric and/or gas corporation should file a Tier 2 AL for approval of new tariffs to establish an ongoing program that contains all of the approved program components.

Staff recommends that the AL should be filed with the Commission's Energy Division within 45 days of the issuance of a decision. ED should consult with SED to ensure that the AL complies with the final decision.

18.2. Parties' Comments

To minimize disruption from transitioning the MHP Pilot to an ongoing MHP utility conversion program, PG&E and SCE believe that Tier 1 Advice Letters should be used. PG&E believes the Commission should revise the existing tariff of Electric Rule and the preliminary statements for the MHP balancing accounts via this mechanism.[325] SCE agrees that the Tier 1 Advice Letter should be used to update the existing MHP tariffs in accordance with the

[325] PG&E Opening Comments at 21.

Commission's final decision in this proceeding.[326] In contrast, "Southwest Gas believe that the efforts of the Commission and the utilities to implement the Pilot eliminate any major procedural need to implement a permanent MHP Program, *i.e.* consistent MHP Program forms and tariff rules were developed by the utilities and approved by the Commission."[327] SoCalGas/SDG&E agree with the implementation steps identified in the Staff Report. They contend that "[a]ny application to propose changes should be on an as-needed basis."[328] "WMA believe a triennial Tier 3 Advice Letter process makes sense."[329]

PG&E, SoCalGas/SDG&E, SCE, and Southwest Gas agree with the Staff Report that the Commission should leverage the Tier 2 AL process as a procedural mechanism that allows ED to resolve program changes subsequent to those offered in the rulemaking.[330] PG&E asserts the advantages of this approach including avoiding a lengthy Commission resolution process and ensuring some flexibility for the utilities to implement changes quickly.[331]

Both SCE and Southwest Gas agree that a Tier 2 Advice Letter should be used for minor programmatic modifications, such as refinements to processes and procedures that have limited to no budget impact or minor tariff changes.[332] However, SCE, Southwest Gas, and TURN believe that a Tier 3 Advice Letter

[326] SCE Opening Comments at 24.

[327] Southwest Gas Opening Comments at 11.

[328] SoCalGas/SDG&E Opening Comments at 24. *See* Staff Report at 27.

[329] WMA Opening Comments at 25.

[330] PG&E Opening Comments at 22; SoCalGas/SDG&E Opening Comments at 24.

[331] PG&E Opening Comments at 22.

[332] SCE Opening Comments at 24; Southwest Gas Opening Comments at 24.

should be used if material changes to the program or budget are involved. [333] An example of a major programmatic change is a change in conversion rate.[334] WMA asserts that the Tier 3 Advice Letter is the best procedural option to effect program changes but did not differentiate between different types of change.[335]

18.3. Discussion

Consistent with a process used by the MHP Pilot, each electric and/or gas corporation should file a Tier 2 Advice Letter for approval of new tariffs to establish an ongoing MHP utility conversion program that contains all of the approved program components of the MHP Pilot unless it is superseded by elements directed in this decision. We agree with PG&E that advantages of this approach include avoiding a lengthy Commission resolution process and ensuring some flexibility for the utilities to implement changes quickly. The advice letter should be filed with ED within 45 days of the issuance of this decision. ED shall consult with SED to verify that each utility's advice letter complies with this decision.

If utilities propose material changes to the program or budget, then they should file a Tier 3 Advice Letter or Petition for Modification, that would require a Resolution or Proposed Decision to be approved by the full Commission. As stated above, an example of a programmatic change is significant adjustment in the eligibility rules, annual conversion rate, or termination of the program. In some instances, following appropriate surveys and studies, SED and ED may collaborate on issuing a Resolution on its own motion to support potential

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[333] SCE Opening Comments at 24; Southwest Gas Opening Comments at 11; TURN Opening Comments at 13.

[334] Southwest Gas Opening Comments at 11.

[335] WMA Opening Comments at 25.

changes to the program including the adoption of a more advanced and quantitative algorithm to assess and prioritize safety risk of participating and non-participating MHPs or other changes as a result of the 2025 Evaluation.

Any utility may file a Tier 2 Advice Letter within 45 days of the February 1, 2030 annual status report to request continuation of the ongoing program after 2030 if the actual experience to that point appears to warrant continuation of the MHP utility conversion program without major modification. Among other things, the AL filing should specify the application period and the application process and should include a target for converting an additional number of spaces, either as a whole number or a percentage of the remaining spaces in the utility service territory potentially eligible for conversion.

19. Categorization and Need for Hearing

The category of this proceeding was preliminarily determined to be ratesetting. The Commission determined that the issues in this proceeding can be resolved through a combination of workshops and party comments; therefore, the adopted schedule in the scoping memo did not include hearings. However, this rulemaking undertook an evaluation process pertaining to more refined MHP Pilot cost data, specific cost scenarios, and ratemaking issues. During this evaluation, parties did not raise material disputed facts that would necessitate hearings.

20. Comments on Proposed Decision

The proposed decision of ALJ Kersten in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Opening comments were filed on March 16, 2020 by PG&E, SoCalGas/SDG&E, Southwest Gas, SCE, and TURN. Reply comments were filed

on March 23, 2020 by PG&E, SoCalGas/SDG&E, Southwest Gas, SCE, and WMA.

In response to comments, and in addition to some corrections of inadvertent errors to tables and related discussions, following are limited clarifications and changes to the proposed decision:

1) Southwest Gas is authorized to convert 100 percent of the master-metered spaces in its territory (*See* Section 5 "Program Design" Table 1 and related Discussion);
2) Annual conversion rates have some flexibility related to aggregated targets (See Section 5 "Program Design" Table 1 and related Discussion);
3) Annual conversion target calculations are based on data in Table 3 (*See* Section 5 "Program Design" Discussion referencing Section 13 "Cost Caps and Related Issues" Table 3.)
4) PG&E's annual soft cap of conversion costs is reduced from $99 million to $80 million while the annual percentage conversion rate at 2.5 % remains the same. (*See* Table 3 and related discussion);
5) The existing prioritization list shall be used during the 2020 transition year (*See* OP 2);
6) Consistent with current MHP Owner Agreements, this decision allows conversion of common use areas at the discretion of SED (*See* OP 3(c));
7) In addition to studying emerging MHP electrification issues, a second phase in this will explore the best ways to learn from MHP owners about the rents they charge post conversion and best strategies to manage consumer protections for MHP residents (*See* FOF 93, COL 18); and

8) The 2025 MHP Program Evaluation will include reconsideration of forecast ratemaking vs. reasonableness review and whether TTM and BTM cost should be expensed (*See* COL 16 and OP 16).

21. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Colette E. Kersten is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. D.14-03-021 established a three-year MHP utility conversion pilot program (MHP Pilot) beginning in January 2015.

2. The MHP Pilot authorized each of the eight California investor-owned utilities participating in the program to convert to direct utility service 10 percent of master-metered gas and/or electric MHP spaces within its operating territory, which equates to approximately 3.33 percent per year.

3. The MHP Pilot provided funding for the TTM and BTM construction, and prioritized conversion of gas systems versus electric-only conversions.

4. Since the MHP Pilot commenced in 2015, the Commission has authorized extensions of the MHP Pilot through 2021.

5. The purpose of this OIR is to undertake a comprehensive evaluation of the MHP Pilot and determine, based upon that evaluation, whether the program should be adopted as an ongoing MHP Utility Conversion Program, and if so, under what provisions and guidelines.

6. According to R.18-04-018, the OIR should be narrow in scope and should not be construed to litigate fundamental and legal determinations of D.14-03-021.

7. The focus of this proceeding has been to collect more granular and recent cost and safety data in order to complete an evaluation of the MHP Pilot and design a MHP utility conversion program moving forward.

8. Staff evaluated the MHP Pilot based on six criteria including: 1) demand for a program to upgrade utilities within MHPs; 2) program outreach and conversion completions; 3) benefit from safety, reliability, and capacity improvements; 4) conversion cost results; 5) resident impact, access to energy management and conservation; and 6) programs to achieve cost savings, and other benefits.

9. The June 19, 2018 Staff Report stated that all these criteria were met and justify an ongoing program moving forward. At the same time, Staff proposed several refinements for a permanent MHP program. In the updated January 2020 Staff Evaluation, Staff updated relevant cost and safety information and corroborated this view.

10. Utilities appropriately scheduled and converted MHPs with the highest risk, as identified and prioritized by the Commission, and shown in the MHP Pilot Annual Reports.

11. Except for PG&E, actual costs for the large utilities have generally been in line with estimates included in D.14-03-021.

12. Considering the protocols for installation, the number of contractors available to the MHP program, the similarities between permitting and inspection concerns through the state, and the experience gained and shared among the utilities, PG&E should be able to lower its average per space costs as the program matures.

13. The fairly modest bill impact through 2018 is reasonable when considering the significant safety and other benefits and expectations set in D.14-03-021.

14. If the utilities convert MHPs at the maximum rate and cost benchmark, the estimated total annual costs are $237 million for the eight utilities.

15. Respondents have provided far more extensive cost and safety information than was required in the initial three-year MHP Pilot which was successfully used to evaluate the MHP Pilot and design an ongoing program.

16. The outcome of a 2025 program evaluation will inform the direction of subsequent application cycles moving forward.

17. Propane companies are currently not in the scope of the MHP Pilot and MHPs as an electric-only upgrade are accomplished only in limited circumstances and in consultation with HCD.

18. Many propane systems are maintained by the propane supplier rather than the MHP owner.

19. GSRB of the Commission enforces Federal Pipeline Safety Regulations through audits of jurisdictional MHP and Propane Master Tank systems.

20. HCD is mandated to annually inspect 5 percent of existing facilities with a total statewide staff of approximately 50 inspectors. HCD further protects consumers by enforcing regulations for those who build and sell manufactured homes.

21. Converting 3.33 percent annually of the spaces within SCE, SDG&E and SoCalGas service territory, and 2.5 percent annually of the spaces within PG&E service territory following the MHP Pilot is practicable and reasonable as a flexible target. The number of "MHP Spaces in Territory 2015 Baseline," identified in Table 3 should be used to calculate the target for each utility.

22. The adopted annual conversion rates are reasonable because utilities currently average approximately 1.5 percent per year for PG&E, 1.9 percent per year for SoCalGas, 3 percent for SDG&E, and 2.8 percent for SCE.

23. The lower adopted conversion rate of 2.5 percent for PG&E is reasonable since this conversion rate more closely aligns with PG&E's actual conversion

rates and it provides the SED Administrator of the Program the opportunity to further evaluate PG&E's exceptionally high costs relative to other large utilities.

24. Converting at least one park per year for PacifiCorp, Bear Valley, and Liberty within their service territories is practicable and reasonable; in shared-service territories, one utility could exceed the assigned annual targets.

25. While the percentage of total conversions has increased from 0.95 percent from 1997-2014 to 6.6 percent of existing MHPs (9 percent of eligible natural gas MHPs) from 2015-2018, the number and pace of conversions are modest for large utilities.

26. All master-metered MHPs with gas and/or electric sub-meters, currently eligible to participate in the MHP Pilot, along with new MHP applicants, are eligible to participate in an ongoing program.

27. MHPs without sub-meters were permitted in California prior to changes in Commission regulations starting January 1, 1997.

28. Master-metered gas systems are subject to the same regulations regardless of sub-metering status; moreover, all master-metered MHPs without sub-meters present the same safety, reliability and capacity concerns as those with sub-meters.

29. Additional outreach is necessary to include non-sub-metered MHPs in an ongoing MHP program.

30. At the start of 2015 when the MHP Pilot began, there were 2,506 jurisdictional master-metered natural gas systems in the Commission's SED database. As of January 2020, 2,152 jurisdictional natural-gas master-metered MHPs remain in operation.

31. According to SED Staff, of the 1,827 MHP Pilot applicants, approximately 80 percent requested dual (gas and electric) conversions, 10 percent requested

gas-only system conversions, and 10 percent requested electric-only system conversions.

32. There are 661 propane master-meter systems, most of which are in remote locations that do not have utility natural gas distribution lines nearby, so a natural gas system upgrade is not practical; some of these propane systems do not serve mobilehome parks but instead support remote single-family home neighborhoods and apartment houses which are not in the scope of the program. Many propane systems are maintained by the propane supplier rather than the MHP owner.

33. It is reasonable to include common use facilities as part of an ongoing program because the incremental impact on costs will be small compared to the risk that an MHP owner may not participate, which compromises meeting ongoing program safety objectives.

34. Given different MHP physical layout scenarios, it is reasonable for SED to consider allowing conversion of common use areas, which will be served under commercial rate schedules.

35. Some MHP spaces contain RVs but how many is uncertain.

36. The GSRB database has separate entries for RVs and common use spaces and residential buildings with permanent foundations, but it is difficult to know if these are accurate since they are not required to be up-to-date for purposes of MHP Pilot compliance.

37. It is reasonable to delay consideration of RV space eligibility in an MHP ongoing program until SED collects appropriate MHP physical configuration data through the application process and/or 2025 Evaluation.

38. Prioritization is based on safety factors such as the age of the MHP's existing utility infrastructure, the type of natural gas pipeline material, leak

history, MHP safety records, installation date, cathodic protection type, operating pressures, number of spaces and occupancy (to help determine whether the MHP has an onsite manager), and whether the MHP consulted with SED and HCD, which are then assigned risk factors and points are totaled.

39. It is reasonable to enhance the prioritization framework to include additional prioritization criteria relating to reporting of gas incidents, whether a park has experienced damage of their gas or electric utility infrastructure due to wildfire, history of HCD violations associated with electric infrastructure, and status as a disadvantaged community.

40. It is reasonable to authorize SED discretion to consider limited open enrollment and re-prioritization every year based on extenuating circumstances, such as emergency conditions including wildfires, floods, and landslides, that may arise in MHPs. In such instances, the goal is to limit re-prioritizing existing Category 1 prioritizations to a lower level within the same tier to no more than 3 percent. This limitation is designed to provide flexibility while sustaining program momentum and maintaining MHP Owner and contractor confidence in the program.

41. D.14-03-021 cited major difficulties in determining how to gather the data given resource constraints, especially time and cost and this issue continues to persist.

42. There is no evidence that MHP gas systems are inherently riskier than gas systems at large.

43. Leveraging existing tools and program management best practices ensures safety objectives.

44. By making use of the existing GSRB-maintained MHP database (and potentially HCD database) that keeps records on all known jurisdictional MHPs, we have a greater opportunity to know the status of the MHP population.

45. It is not practical for the utilities to be required to do risk assessments on candidate MHPs since they do not have the data nor own the assets. Neither is it practical for the MHP owners to do their own risk assessment.

46. As part of the 2025 Evaluation, it is reasonable to encourage SED staff to conduct a study to examine the feasibility of creating a more quantitative risk model or, "S-MAP type" probabilistic assessment that would aid decision making in the prioritization of potential MHP conversions.

47. During the MHP Pilot, approximately 10 percent of the applicants on priority lists requested "electric-only" but only two electric-only conversions occurred.

48. More research is necessary to understand further the conditions underlying these electric-only proposed conversions (*e.g.*, low amperage or amperage that does not meet program standards; natural gas is supplied by a municipal utility; or propane is used as fuel gas in an area not served by natural gas).

49. Based on the MHP Pilot experience, at the discretion of SED, and in consultation with HCD, it is reasonable for the MHP Program to consider MHPs that use propane for gas and electric upgrades, or electric-only upgrades where other options are not cost-effective or feasible (*e.g.,* rural MHPs where gas infrastructure is inaccessible).

50. Since the program commenced in 2015, most parties agree that the conversion process worked well and avoided conflicts.

51. SED has access to Commission and HCD safety data on which the prioritization is based and receives and processes applications for the program so is in the best position to oversee the program.

52. In addition to jurisdictional responsibility over the MHPs, SED has a comprehensive database that can provide information about past issues, as well as the current status of MHP systems in relation to current and emerging federal and state safety requirements.

53. Utilities do not own any of the MHP systems and therefore do not have the authority or the information to assess and prioritize those systems. If utilities were responsible for the program, they would not have access to confidential customer information for parks where gas and electric service is provided by different utilities.

54. Requiring the utilities to perform this prioritization function would result in duplicative efforts, because SED is still required to oversee the MHP prioritization lists, and audit or change the lists as needed.

55. To the extent possible, any annual SED prioritization should not interfere with ongoing scheduling and continuity of the program.

56. Present Commission and HCD agency staffing levels may be inadequate to ensure success of the MHP program over time.

57. Dedicated SED Staff is necessary to manage the MHP Program and troubleshoot issues that may arise between utilities, MHP owners and operators.

58. Both SED and HCD staff have important roles in the ongoing administration and safety aspects of the program.

59. Collaboration between Commission and HCD will improve prioritization and implementation of MHP electric only conversions, manage miscellaneous existing Commission MHP electrification pilots already underway or planned,

conduct safety inspections, and improve data collection, among other necessary program elements.

60. Communication providers and municipal utilities have expressed limited or no interest in the MHP Pilot.

61. Staff has only limited data on the participation of communication providers and municipal utilities in the MHP Pilot.

62. Relevant serving municipal utilities should be noticed when an MHP within a municipal utility's service areas has been determined to be a participant in the program.

63. In the implementation of MHP Program, utilities and municipal utilities should more closely work together to achieve economies of scale and cost savings (*e.g.*, joint trenching).

64. Utilities, in cooperation with SED Staff, should provide the local non-energy service providers and municipal utilities with a prioritized list of participating MHPs as early as possible in program cycles as a means to encourage participation.

65. According to the criteria established in SB 535 (de Leon, Stats. 2012, Chapter 830), 9.35 million (24 percent) of California's population are disadvantaged.

66. Based on a review of the MHP Pilot to date, 10,584 spaces or 44 percent of spaces converted, are DACs as defined by CalEnviroScreen. 10,669 or 44.4 percent were CARE/FERA customers.

67. Demographics indicate that a large percentage of MHP residents are 65 years of age or older and have incomes lower than $50,000.

68. If there is a "tie" between two MHP applicants in the prioritization queue after all other factors have been taken into account (including "safety" as the primary criterion), it makes sense for SED to use the DAC factor to break the tie.

69. There is a long list of barriers to achieve full electrification in dual fuel MHPs served by natural gas and electricity, including technical feasibility, high cost of remodeling or retrofitting or even replacing decades old mobilehomes; the perceived lack of compatibility of currently available electrification appliances, such as heat pump water heaters, to mobilehomes; and legal and technical considerations.

70. Conversion of gas served MHPs to electric-only communities would impose new permitting and inspection responsibilities on HCD, the agency with jurisdiction over electric safety in MHPs.

71. California has established aggressive economy-wide greenhouse gas goals for the state, approved funding to launch multiple building decarbonization program, initiated a MHP component of the SJV Pilot, and has completed multiple studies analyzing and identifying building electrification as one of the most cost-effective strategies to achieve the goals.

72. The current MHP Pilot has only tapped 6.6 percent of existing MHPs (9 percent of eligible natural gas MHPs) from 2015-2018, so there is potential to consider electrification options for the remaining populations, even while the current MHP ongoing program progresses over the next decade.

73. The Commission has approved numerous programs that focus on electrification of the state's building stock, many of which become available to mobilehome owners upon completion of the conversion from master meter to utility meter.

74. To enable electrification in mobilehomes, the first technical barrier to overcome is the often undersized existing electrical service capacity at both the MHPs and individual mobilehomes.

75. Through the MHP Pilot, the Commission has recognized the benefits of increasing electrical service to 100 amps, including the ability to provide air conditioning and EV charging.

76. 100 amp service upgrades will not enable the full electrification of mobile homes, and the additional benefits accessed by doing so.

77. There is insufficient evidence in the record to justify additional upgrade expenses for electrification conversions at this time; however, if conversion to direct service occurs, it is reasonable to require utilities to install all the necessary infrastructure and substructures to provide a 200 amp electric service "to the meter" and potentially "beyond the meter" up to the point of service connection.

78. Multiple sources of funding are available to subsidize many of the infrastructure improvements and appliance purchases that would be necessary to achieve full electrification of a mobilehome.

79. The Building Decarbonization proceeding (R.19-01-011) could provide partial funding of electrification options for new mobilehomes as part of the BUILD Program.

80. New fuel substitution measures available in 2020 could fund partial electrification measures.

81. The Self Generation Incentive Program's new HPWH program could fund the installation of heat pump water heaters in mobilehomes and provide customers with additional utility bill savings through the enablement of the water heater as a thermal battery.

82. Lack of funding for electrification options in the MHP Program is not a barrier to electrification in applicable mobilehomes.

83. The SJV Pilot is still in various phases of planning, customer outreach, determination of eligibility, enrollment, and appliance installations; the pilot will provide valuable information on the true costs of electrifying mobilehomes.

84. One of the key lessons learned from the SJV Pilot is the importance of proactively engaging the community early in the process to educate them on the objectives of the pilot, receiving customer feedback on pilot design and preferences, and identifying potential concerns.

85. Electric-only or electric/propane master-metered MHPs may benefit the most from further exploration of full electrification.

86. According to the SED MHP Database, master metered propane MHPs tend to be located in terrain that has a high wildfire risk. If precautionary shut offs continue to be used to mitigate the risk associated with wildfires, it may be difficult to convince MHP owners and residents that they should fully depend on electricity.

87. A full electrification program from natural gas to electricity of existing mobilehomes in an ongoing program requires further evaluation of more sophisticated criteria including the ability of the MHP industry to provide all-electric mobilehomes or conversions of existing residences; customer acceptance of the program; consumer preferences; feasibility of entering homes to complete work (residents denying access, not reachable, etc.); potential for 100 percent participation in electrification; retrofit viability; cost to the end-use customer and MHP owner; cost of conversion of existing or new MHP systems to all-electric; the cost/resource requirements of safety oversight by the HCD; rate and bill impacts; effect on participation in the MHP program; and impact on

achieving the Commission's objective of enhancing safety and reliability at MHP communities.

88. Until the Commission understands better the criteria necessary to adopt a successful full electrification program, it is premature to implement one in the MHP Utility Conversion Program.

89. The existing MHP proceeding does not provide the best procedural venue to consider the unique challenges of wildfire mitigation efforts.

90. On October 8, 2019, Governor Newsom signed AB 1482 (Chiu, Stats. 2019, Ch. 597) which limits rent increases to 5 percent each year plus inflation until January 1, 2030. It bans landlords from evicting tenants for no reason, meaning they cannot evict tenants to raise the rent for a new tenant.

91. AB 1482 does not appear to apply to mobilehomes due to how mobile homes are defined. For example, most mobilehome owners own their home but pay rent to the mobilehome park owner for use of the space.

92. Of the approximately 25,000 MHP conversions in California within the utilities' jurisdiction that have occurred to date (2015 through 2018), most mobilehomes are occupied by their owners, who pay rent for the space to the park owner.

93. During Phase Two of this proceeding, due to lack of a robust record, it is reasonable to explore a variety of solutions that parties propose to limit unreasonable MHP rent increases as discussed in Section 12.1. If we find consistent evidence that property owners are using the conversions as a basis for significantly increasing rents, it may be prudent to reevaluate the design of the ongoing program.

94. OP 4 of D.14-03-021 requires "outreach and education" as part of the MHP upgrade program. Prior to any new application window, utilities should

continue outreach to MHP owners to educate them about this program, and inform them how to apply.

95. A cost per space or cost cap limitations may encourage focus on the lowest cost solutions that may lessen the importance of safety considerations.

96. An overemphasis on costs can give market signals to contractors that they can pay up to the cap even if the projects can be performed more cost effectively. Similarly, contractors may be unable to provide a detailed scope of work or complete a scope of work if they must comply with cost constraints that they do not believe are reasonable under the specific MHP circumstances.

97. The current space conversion annual allowable percentages for large utilities (3.33 percent for SCE, SDG&E, and SoCalGas, and 2.5 percent for PG&E) as approved in this decision for an ongoing program serve as an effective soft cap that can be used to both track and manage costs in both the short- and long-term.

98. Cost containment measures, such as the current space conversion allowable percentages or spaces should not be conflated with prudent project management, including receipt of multiple bids from vendors to ensure competitive pricing.

99. Pertaining to BTM cost containment, use of a standardized bid template with requisite cost breakdowns, as well as use of the requirement for MHP owner/operators to submit three bids of contractors to perform acceptable BTM work, is reasonable.

100. Three bids may not be possible in specific areas where only one or two licensed contractors are available. In this case, the MHP Owner should provide an appropriate justification to the utility that may allow the utility to make exception to the rules.

101. The lowest ratepayer costs should be the most important goal to be met in competitive bidding unless there are "special circumstances" that make doing so impractical or infeasible. In this case, the MHP would be required to provide a justification to the utilities.

102. It is reasonable to direct the utilities rather than MHP Owners to manage the competitive bidding process.

103. Although we have newly acquired 2015-2018 MHP Pilot cost data, this has not provided enough compelling evidence to change the existing cost recovery approach.

104. Due to the diversity of costs associated with various MHPs, it remains difficult to forecast costs due to many varying factors, such as varying geographical terrain; business models; MHP technical configurations; market conditions, such as the terms of contractor bids, material costs, contractor availability, permit costs, and installation complexity; and especially assumptions that pertain to BTM, which utilities do not control.

105. For years 2015-2018, the percentage actual total electricity and gas costs versus projected costs ranges from a negative 33.3 percent (SCE) to a positive 463 percent (Southwest Gas). This trend is consistent with findings based on a similar evaluation of older cost data evaluated in D.14-03-021 and contained in the June 19, 2018 Staff Proposal.

106. According to the updated January 2020 Staff Evaluation, the utilities' individual actual conversion cost/space continue to vary considerably, at the low end of $11,530 per space (a gas only actual, from Southwest Gas) and at the high end of $37,497 per space (a gas and electric actual, from PG&E) followed by $29,426 per space (a gas and electric actual from SDG&E). For utilities that do not have gas in their portfolios, individual actual conversion cost/space vary

less, at the low end of $8,215 per space (an electricity only actual, from PacifiCorp) and at the high end of $21,325 per space (an electricity only actual, BVES). The utilities that reside in the middle of the low and high range include SCE at $14,879 (an electricity only actual) and Liberty Utilities at $13,704 per space (an electricity only actual).

107. Inputs such as trench feet, spaces, and total costs are the results of post-conversion activities and are not easily determined without performing some level of engineering tasks or field verification.

108. Use of regression analysis to forecast costs may be overly simplistic and contains some methodological issues.

109. Using forecasts as an aid to reasonableness reviews would blend the two approaches and allow further analysis of the value of forecast ratemaking for the MHP utility conversion program in the long run.

110. Overreliance on the regression analysis may underestimate the value of supporting higher cost or higher risk MHPs. Placing a cap could incentivize utility to prioritize MHPs where construction costs are not expected to exceed a predetermined cost cap rather than MHPs that present higher safety and reliability risks to residents.

111. Participating utilities are required to convert MHPs selected by SED from MHPs whose owners agree to participate in the program, regardless of cost estimates. Difficult or high cost MHPs can be justified in some instances based on trench distances, MHP layouts, city/country requirements, location of the MHP, weather impacts, third-party subsurface conflicts, and safety and securing concerns for utility and equipment.

112. Specific clarifications regarding MHP Owner/operators' cost responsibilities prior to the beginning of conversion activities need to be made to gain clarity and a common understanding of responsibilities.

113. Ongoing yearly status reports, consistent with these findings and discussion in this decision, will enable the Commission to consider continuing the MHP Pilot before the end of the initial, ten-year term, to make other adjustments, as necessary or appropriate or should unforeseen problems arise, bring the program to an early end.

114. A utility may elect to file, after the second annual status report, a Tier 2 Advice Letter for continuation of the MHP utility conversion program and in addition or alternatively, at the end of the program any party may request continuation of the program under Commission Rules and may include recommendations for revisions of any aspect of the program.

115. The Annual Report Template has been an effective tool to ensure comparability of costs across utilities utilizing the same assumptions when possible.

116. Recent improvements to the Annual Report Template give decision makers a better picture of the program moving forward. Such improvements to the template include the addition of demographic, specific space and cumulative program cost, rate impact information to the template; and aggregation of confidential information necessary to understand safety statistics.

117. Each electric and/or gas corporation must annually prepare a report for the conversion program to the Commission no later than February 1st of each calendar year and follow a process similar to what was prescribed in D.14-3-021 and as modified in this decision.

118. Absence of an application decreases utility accountability and could result in excessive MHP conversion costs if not checked.

119. As is the case for other Commission programs, an application process is a convenient procedural mechanism to consider new Applicants that may not have previously participated in the program, current Applicants who wish to update their applications, and provide a built-in mechanism to consider program adjustments.

120. A three-year application cycle can be very labor and time intensive, duplicative, and confusing, and may result in increased costs and lack of consideration for the significant amount of preparation and outreach that must precede any formal application process.

121. Short application cycles can contribute to potential erosion of contractor confidence and gaps in implementation.

122. It is reasonable to implement a four-year application process beginning in 2021 with an option to extend to a fifth year.

123. An SED-driven streamlined application process, similar to what has been used in the MHP Pilot, is sufficient to manage the program moving forward.

124. A more formal application process with long lead times would be administratively burdensome, overly time consuming, frustrate momentum needed to propel the program forward, risk work stoppages, and contribute to erosion of contractor confidence.

125. A transition year in 2020 provides a beneficial opportunity to reconcile priority lists; it is reasonable to use the existing priority list during the transition year.

126. An ongoing program should include an initial application period, standard across all utility programs, of no more than 90 days; Applications received after this period should be placed on a waiting list.

127. Applications received in the initial application period must be prioritized and reviewed for other eligibility criteria, consistent with the findings in this decision. If the accepted Applications amount to fewer than approximately 10 percent of the potentially eligible MHP spaces within the utility's service territory, one or more other Applications on the waiting list should move forward, as determined by SED's priority assessment.

128. A MHP's placement on the waiting list established during ongoing program will not assure eventual conversion.

129. Consistent with a process used by the MHP Pilot, each electric and/or gas corporation should file a Tier 2 Advice Letter for approval of new tariffs to establish a mandatory MHP Program that contains all of the approved program components of the MHP Pilot unless it is superseded by elements directed in this decision.

130. Given the absence of a study on the topic of mobilehome electrification that documents and provides citations for the technical facts, estimated capital costs, potential utility bill impacts, potential GHG reductions, it is reasonable for ED staff, in cooperation with SED staff, HCD, the utilities and industry stakeholders, to convene a workshop to discuss these and related topics.

131. Further exploration of mobilehome electrification barriers and opportunities signals the Commission's interest in understanding holistically the costs and associated benefits that electrification can provide this sector.

132. No topic or information has come to light that warrants additional testimony or evidentiary hearings.

Conclusions of Law

1. Utilities should be authorized to fully recover actual, reasonably incurred costs for new MHP distribution systems.

2. Soft cost targets should not be used to evaluate cost reasonableness which is determined in the utility's respective GRC.

3. SED should continue to manage the MHP Pilot into an ongoing MHP Utility Conversion Program and implement changes to the Annual Report Template.

4. At a minimum, utilities should post copies of their Annual Report on their respective websites and the Commission will make them available on its website.

5. Sections 4351 through 4360 give the Commission jurisdiction over the safety of master-metered natural gas systems in MHPs. In January 1995 the Commission also assumed jurisdiction over the safety of propane master tank distribution systems. AB 766 (Hauser, Stats. 1994, Ch. 388) adopted Sections 4451 through 4465 giving the Commission jurisdiction over Propane Master Tank systems serving 10 or more customers not in a MHP or two or more customers inside a MHP.

6. Although the Commission has responsibility to inspect jurisdictional propane systems, and the authority to issue citations, just as the Commission does with MHP natural gas systems and with utilities, the Commission does not have the same ratemaking jurisdiction over propane companies that the Commission has with natural gas companies.

7. HCD manages the titling and registration for mobilehomes, manufactured homes, commercial modulars, floating homes, and truck campers. HCD also protects families and individuals who live in mobilehomes by inspecting

mobilehomes and mobilehome parks for health and safety violations in areas where the local government has not assumed enforcement.

8. The Commission does not have regulatory authority over the municipal or public agency utilities that provide master-metered natural gas or electric service.

9. The Commission should require that relevant serving municipal utilities be noticed when an MHP within a municipal utility's service area has been determined to be a participant in the program. The notice should include the contact information for both the serving electric and gas utilities and the MHP and the proposed schedule for transferring the system. The notice should also include whether other MHP utility systems such as water or sewer are currently master metered as well.

10. During the planning phase or upon submission of the application, Utilities conducting mobilehome work pursuant to this decision should be required to notify the California Advanced Services Fund (CASF) regional broadband Consortia (contacts here: https://www.Commission.ca.gov/General.aspx?id=6442461039) and the primary jurisdiction (*e.g.*, city or county). The notification should include the project location (street address and Geographic Information System coordinates if possible), timeline, utility contact, and other relevant information.

11. MHP owners/operators, currently responsible for all environmental, cultural, cancellation, and discontinuance of legacy systems costs for a permanent program, should disclose potential issues (*e.g.*, cultural, environmental, endangered species) during the design phase of the project or risk removal from the program.

12. Rather than adopting an outright model of RSE, the Commission's Safety Advisory Staff should use the best available cost data and tailor a solution based on the unique parameters and features of the MHP Pilot that include voluntary

participation by MHP owners and private ownership and maintenance of MHPs that are not currently recorded in utility Risk Registers.

13. It is reasonable to accept the D.14-03-021 framework for an ongoing MHP program but make adjustments to primary features pertaining to beginning and end date of the program, eligibility criteria, annual space and conversion percentage goals, cumulative volume targets (*See* Sections 5 and 6), enhanced prioritization process (*See* Section 7), soft cost targets (*See* Section 13), annual reporting (*See* Section 16), and new application process (*See* Section 17), for both large and small utilities.

14. Consistent with a process used by the MHP Pilot, each electric and/or gas corporation should file a Tier 2 Advice Letter for approval of new tariffs to establish a MHP Utility Conversion Program that contains all of the approved program components of the MHP Pilot unless it is superseded by elements directed in this decision.

15. Within 180 days of the issuance of this decision, it is reasonable for ED, in cooperation with SED, HCD, the utilities and industry stakeholders, to convene a workshop to discuss mobilehome electrification topics across various Commission proceedings that are pursuing electrification goals.

16. It is reasonable to evaluate the MHP Utility Conversion Program in 2025 following the first four-year application cycle (2021-2024) to decide whether to continue or modify the program based on annual reports and prioritization tools as defined in this decision. It is also reasonable that the 2025 MHP Program Evaluation should include reconsideration of forecast ratemaking vs. reasonableness review and whether TTM and BTM costs should be expensed.

17. If utilities would like to propose material changes to the program or budget, then they should file a Tier 3 Advice Letter or Petition for Modification,

that would require a Resolution or Proposed Decision to be approved by the full Commission.

18. It is reasonable to keep this proceeding open to explore the narrow issue of standardizing MHP 200 amp electric service system upgrades "to the meter" and potentially "beyond the meter" from a cost, technical, legal, and public policy perspective; and to address consumer protection issues.

19. All motions not yet ruled on in this proceeding should be denied.

20. Rulemaking 18-04-018 should remain open.

O R D E R

IT IS ORDERED that:

1. A ten-year Mobilehome Park Utility Conversion Program (MHP Program), for conversion from master-meter/submeter natural gas and/or electric service to direct service, is approved for mobilehome parks and manufactured housing communities (collectively, MHPs) located within the franchise areas of electric and/or natural gas corporations. The MHP Program must be designed to accomplish, as further described in these Ordering Paragraphs and in the body of this decision, target annual conversion rates on a combined "to the meter" and "beyond the meter" basis as follows:

    a. For larger utilities (Southern California Gas Company, San Diego Gas & Electric Company, Southern California Edison Company), sustains the current MHP annual target conversion rate at 3.33 percent for SCE, SDG&E and SoCalGas; and changes the annual conversion rate from 3.33 percent to 2.5 percent for PG&E;

    b. For smaller utilities, PacifiCorp dba Pacific Power, Bear Valley Electric Service, and Liberty Utilities, LLC, directs at least one MHP conversion per year.

c. For Southwest Gas Corporation, directs 450 spaces per year.

d. In shared service territories, one utility could be lower or higher than the annual target.

2. The Mobilehome Park Utility Conversion Program timeline shall accept applications beginning on January 1, 2021, with 2020 allowed as a transition year using the existing prioritization list to reconcile existing Commission Safety and Enforcement Division lists with newly proposed lists consistent with the process following in Decision 14-03-021 and updated in this decision.

3. A Mobilehome Park Utility Conversion Program (MHP Program) is designed with the following features:

a. For large utilities, as of the startup of the MHP Pilot in 2015, directs a cumulative target of converting 50 percent of eligible MHP spaces by 2030; for small utilities, directs a cumulative target of converting 100 percent of eligible MHP spaces by 2030.

b. In the interest of safety, expands eligibility to include sub-metered and non-sub-metered mobilehomes;

c. Allows common use conversion at the discretion of the Commission's Safety and Enforcement Division; and

d. For both large and small utilities, establishes individual utility annual cost "soft targets" as a management tool to monitor program objectives.

Unless expressly stated otherwise in this decision, all other program features of the Mobilehome Park Pilot as directed by Decision 14-03-021 remain in full force and effect.

4. The first priority of the Mobilehome Park Utility Conversion Program approved in Ordering Paragraph 1 shall be to maximize conversion of higher risk master-meter/submeter systems that supply natural gas to mobilehome parks or manufactured housing communities and where possible, as further

discussed in the body of this decision, dual conversions (natural gas and electric) are preferred. Reliability and capacity priorities, in that order, must follow safety. The Commission's Safety and Enforcement Division (SED) has authority and responsibility for prioritizing conversions of natural gas-only systems or dual service systems (both natural gas and electricity). For prioritization of electric-only systems, the utilities must consult and coordinate with SED, the California Department of Housing and Community Development or its local agency designee. Under certain extenuating circumstances. SED is authorized to adjust the prioritization list on an annual basis not to exceed 3 percent of the total spaces within utility's Category 1 population and shall post this list on its website by April 1 of each year.

5. Extenuating circumstances allowing for adjustment of prioritization lists include wildfire (or other large-scale fire incident), earthquake, destructive flooding, other natural disasters, public unrest or riot, and catastrophic damage from foreign objects (such as aircraft crash or train derailment).

6. Major components of the Mobilehome Park (MHP) Utility Conversion Program approved in Ordering Paragraph 1 shall include the following, as further described in the body of this Decision: outreach and education; a standard application period of not more than 90 days and a waiting list for applications received beyond that period or that exceed the MHP Utility Conversion Program's space conversion threshold (Table 1); submission by applicants of the standard, initial application attached to this decision as Appendix D; prioritization of initial applications in consultation with the Commission's Safety and Enforcement Division (SED) based on the risk assessment and prioritization factors developed by SED (Table 2), and for electronic systems, based on consultation with SED, the California Department of

Housing and Community Development or its local agency designee; a standard, detailed application that requests the information necessary for engineering and planning by electric and gas corporations; a standard, conversion program agreement, executed by the MHP or manufactured housing community owner and the electric and/or gas corporation (Appendix C); an engineering and planning phase; a "to the meter" and "beyond the meter" construction phase, concurrent where possible; and system cutover, following completion and inspection of the new distribution infrastructure.

7. Each electric and/or gas corporation in this proceeding shall notify the municipal utilities when a mobilehome park (MHP) within a municipal utility's service area has been determined to be a participant in the program. The notice shall include the contact information for both the serving electric and gas utilities and the MHP and the proposed schedule for transferring the system. The notice shall also include whether other MHP utility systems such as water or sewer are currently master metered as well.

8. During the planning phase or upon submission of the application, utilities conducting mobilehome work pursuant to this decision shall notify the California Advanced Services Fund (CASF) regional broadband Consortia (contacts here: https://www.Commission.ca.gov/General.aspx?id=6442461039) and the primary jurisdiction (*e.g.* city or county). The notification shall include the project location (street address and Geographic Information System coordinates if possible), timeline, utility contact, and other relevant information.

9. Within 45 days of the issuances of this decision, each electric and/or gas corporation must file a Tier 2 Advice Letter with the Commission's Energy Division for approval of new tariffs to establish a voluntary, mobilehome park/manufactured housing community utility conversion program that

contains all of the program components referenced in these Ordering Paragraphs and further described in this decision. The Energy Division shall consult with the Safety and Enforcement Division to ensure that the Advice Letter complies with this Decision.

10. Each electric and/or gas corporation shall annually prepare a report for the Mobilehome Park Utility Conversion Program approved in Ordering Paragraph 1, as follows: (a) by February 1 of each year beginning in 2021, and continuing thereafter until the end of the program at the end of 2030 utilizing the attached Revised Annual Report Template contained in the updated January, 2020 Staff Evaluation (Appendix B) and as modified by this decision. At the direction of the Commission's Safety and Enforcement Division (SED), each utility shall file electronic copies of its Annual Report to the service list of this, or successor, proceeding. Utilities shall post copies of their Annual Report on their respective websites and the Commission's SED shall do the same.

11. By February 1, 2031 (or within 30 days of the Mobilehome Park Utility Conversion Program's (MHP Program) final MHP Program or manufactured housing community cut over, if that occurs before December 31, 2030), a comprehensive accounting for both "to-the-meter" and "beyond-the-meter" construction based on project completion and cut over, if desired, a narrative assessments of the MHP Program should be filed as a compliance filing in this or successor proceeding.

12. All confidential annual reports shall be verified by an officer of the utility and filed as a compliance filing in this, or successor, proceeding in both confidential and redacted form.

13. The Commission may use the reports specified in Ordering Paragraphs 10 and 11 to fine-tune the MHP utility conversion program as warranted, assess the

possibility of continuing the program before the ten-year term concludes, or should unforeseen problems arise, to bring the program to an early end.

14. Any utility may file a Tier-2 Advice Letter within 45 days of the February 1, 2030 annual status report to request continuation of the conversion program if the actual experience to that point appears to warrant continuation of the program without major modification. Among other things, the advice letter filing should specify the application period and the application process and should include a target for converting an additional number of spaces, either as a whole number or a percentage of the remaining spaces in the utility service territory potentially eligible for conversion.

15. Within 180 days of the issuance of this decision, the Commission's Energy Division, in cooperation with the Safety and Enforcement Division, the California Department of Housing and Community Development, the utilities and industry stakeholders, shall convene a workshop to discuss mobilehome electrification topics. The workshop shall be noticed, at a minimum, to the service lists of this proceeding (Rulemaking (R.) 18-04-018), the San Joaquin Valley Affordable Energy proceeding (R.15-03-010), the Building Decarbonization proceeding (R.19-01-011), the Energy Efficiency proceeding (R.13-11-005), and the Self Generation Incentive Program proceeding (R.12-11-005)

16. The Commission's Safety and Enforcement Division, in cooperation with Energy Division, shall conduct a second evaluation of the MHP utility conversion program in 2025 following the first four-year application cycle (2021-2024) to determine whether to continue or modify the program, using the same criteria that were applied in the Updated January 2020 Staff Evaluation and the annual reports and prioritization tools as defined in this decision. The 2025

MHP Program Evaluation shall include reconsideration of forecast ratemaking vs. reasonableness review and whether TTM and BTM costs should be expensed.

17. All motions not yet ruled on in this proceeding are hereby deemed denied.
18. Rulemaking 18-04-018 remains open.

This Order is effective today.

Date April 16, 2020, at San Francisco, California.

MARYBEL BATJER
President
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners

APPENDIX A

Appendix A

Rulemaking (R.) 18-04-018 Scoping Issues[1]

2.1 MHP Pilot Program Evaluation

a. Did the MHP Pilot meet the objectives of D.14-03-021?

b. Should the Commission evaluate the MHP Pilot on a utility-specific level, in aggregate, or both?

c. In addition to cost factors, what criteria and metrics should the Commission use to determine whether the Pilot met the objectives of D.14-03-021?

d. How did the MHP Pilot Program perform against each criterion and metric, including cost?

2.2 Program Design

a. Should the Commission establish a permanent MHP Utility Conversion Program?

b. Should each utility's participation be voluntary or mandatory?

c. *Assuming the existing MHP Pilot will run through 2021, when should the program begin and end? (Month, Year)* Should the permanent program have a sunset date? *If so, what sunset provisions should apply?*

d. Should the permanent program adopt MHP space conversion goals and metrics to be achieved according to certain timeframes? If so, should the goals, metrics and timelines apply to all utilities uniformly, or is a utility-specific approach *(e.g., or large utility versus small utility)* more appropriate?

e. What is the appropriate scope and size of the program over time (beyond the ten percent target adopted in D.14-03-021 and inclusive of expansions approved in Resolutions E-4878 and *E-4958*)?

[1] Numbers correspond to list in Scoping Memo at 3-8.

1. Should the program allow up to 100% of MHP spaces to be converted to utility service if MHP owner/operator applies and is determined to be eligible?
2. If less than 100% of MHP spaces should be converted, what percentage should be adopted and on what criteria should that percentage be based (e.g., safety risks,[2] reliability improvements, capacity improvements, cost considerations)?
3. If less than 100% of MHP spaces should be converted, should the same percentage goal apply to all utilities? If not, what rationale justifies a smaller or larger percentage for any one utility or class of utilities (e.g., large, small)?

f. What is the most appropriate administrative structure to ensure efficient and effective program administration, and to maximize the benefits of the program? For example, what role do you recommend for Commission staff, utility staff, or some combination?
   1. What information is required to determine eligibility? What is the source the information? Can the information be provided to the incumbent utility? Should the information be considered public or confidential?
   2. What informal and/or formal process should be used to determine eligibility? What is the role of the MHP owner, the utility(ies), and Commission staff?
   3. What information is required to prioritize among numerous eligible MHPs? What is the source of the information? Can the information be provided to

[2] According to SED staff, when it prioritizes MHPs for conversion, examination of "safety risks" should conceivably include reported gas incidents (US DOT Title 49 CFR §191.3 & §191.5); pipeline facilities damage due to wildfire; and record of HCD (Housing and Community Development) electrical infrastructure violations.

the incumbent utility? Should the information be considered public or confidential?

4. What informal and/or formal process should be used to determine prioritization, i.e., rank order of MHPs scheduled for conversion to utility service within the program? What is the role of the MHP owner, the utility(ies), and Commission staff?
5. What transition is needed, if any, from the MHP Pilot to a permanent program? For example, should a new application window be established and new prioritization of MHPs? *If the program continues, should Utilities be asked to reapply?*

g. When there are multiple requests from MHPs to participate in the program, what methodology should be used to prioritize the eligible MHPs?

1. What criteria should be used to prioritize conversions of natural gas only systems or dual service systems?
2. How should the consideration of electrification factor into prioritization?
3. How should location of an MHP being within a disadvantaged community factor into prioritization?
4. How should participation from a municipal utility or broadband service provider factor into prioritization?
5. *Should propane only or combined propane/electricity systems be eligible to participate? Why or why not?*
6. *If established as a priority, what steps should be taken to eliminate MHP Pilot "drop outs" due to unanticipated remediation costs, other structures on the property, or a too long or too cumbersome MHP conversion process?*

h. What standard program rules should apply to all participants?

1. Should the Commission require a utility to abandon the converted master-meter systems within 30 days of completing utility system(s) replacement(s)?
2. *Should Utilities be required to conduct leak surveys before MHP conversion? (PG&E currently requires.)*

2.3 Coordination with Non-Energy Service Providers and Municipal Utilities

a. What efforts and/or program requirements could bring other utility services into the MHP during conversion project (e.g., broadband)?

b. What efforts and/or program requirements could facilitate municipal utility participation during MHP conversion projects for those MHPs that receive municipal utility service?

2.4 Disadvantaged Communities

a. What efforts and/or program requirements enable MHPs in the state's most disadvantaged communities have the opportunity to participate in the program? *Should "Education and Outreach" be the main communication channel to encourage Disadvantaged* Communities participation?[3]

2.5 Electrification[4]

a. Should the Commission promote electrification as an option for MHPs participating in the program?

b. What factors should the Commission evaluate when considering whether to promote electrification?

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[3] *See* D.14-03-021, OP 4.

[4] The "Electrification" issue was not identified in the preliminary scope in this proceeding issued May 7, 2018.

c. What criteria will help determine the reasonableness of converting an MHP with gas and electric (or gas-only) service to "electric-only" service?

d. *What are lessons learned from San Joaquin Valley decarbonization proceeding that can be applied to the MHP Pilot Conversion or proposed Permanent Program? (D.18-08-019)*

e. *What policy, financial (e.g., average cost of current MHP upgrade versus proposed "electrification" MHP upgrade), technical, legal, regulatory hurdles need to be addressed in order to successfully initiate and implement an electrification pilot? Do you agree or disagree with electrification challenges raised by WMA and SoCalGas/SDG&E at the workshop?*

f. *What is the best procedural venue and "appropriate order" to consider a MHP Electrification Pilot? Should mobile home electrification be considered after policies are generated for other uses?*

g. *Given some perceived resistance to an electrification MHP Pilot, who represents the best target sub-population or community (e.g., wildfire ravaged areas (e.g., Paradise, CA or other location);*[5] *MHPs with onsite owners rather than landlords to facilitate single contact discussions with the Utility, other)? Why or why not?*

h. *Is it prudent to delay a proposed MHP decision until electrification options and issues are completely explored? (At the workshop, utilities expressed concern that the MHP Pilot "pipeline" for new projects would be dry up in early 2020 even though the Pilot is extended through 2021. This suggests that a decision should occur on or before the statutory deadline of mid-October 2019.)*

[5] According to SED Staff, in Paradise 450 MHP gas units are spread throughout seven parks, and 75 propane MHP spaces are spread throughout three parks.

i. *Can the MHP electrification pilot idea be better leveraged or resolved in another Commission proceeding (e.g., R.19-01-011 "Rulemaking Regarding Decarbonization of Buildings"), subsequent phase of this proceeding, or separate rulemaking?*

2.6 Consumer Protection

a. What consumer protection issues may arise during the program?

b. What consumer protection measures should be considered to ensure ratepayers interests are met?

2.7 Cost Containment

a. What cost containment mechanisms should the Commission consider?

b. Is each utility's cost (including cost-per-space) proposal for conversion reasonable?

c. What cost assumptions should be used to ensure comparability of costs across utilities?

d. Should the Commission adopt a cost cap for each utility under which costs are to be considered reasonable? If so, how often and under what parameters should the Commission update adopted cost caps? *If a program total cost cap is adopted, how would it be calculated by utility? What other factors should be addressed over time (e.g., inflation, efficiency gains)?* Should the Commission adopt a cost cap for each MHP upgrade? What additional data is needed from the utilities to be able to effectively and efficiently implement a cost cap measure?

e. What minimum requirements should be established for competitive bidding including but not limited to BTM upgrades?

f. What other cost-control measures should the Commission consider?

g. Should utilities provide a "hard" or "soft" cost "target" now or sometime in the future? If so, should the utilities' cost "target" be set at the program level or for each MHP upgrade?

2.8 Cost Recovery

a. Should the Commission consider a different cost recovery method from what the Commission adopted for the MHP Pilot? *With the analysis of more complete MHP Pilot cost and safety data for years 2015 through 2018, have your previous articulated views changed about questions related to cost recovery?* Explain your rationale.

b. What entities should be responsible for specific costs (e.g., environmental, cultural, cancellation and discontinuance of legacy system, etc.)?

c. *Consistent with the direction of D.14-03-021, what specific clarifications need to be made to the MHP Agreement language regarding responsibility for specific costs including environmental, cultural, cancellation and discontinuance of the legacy system?*

2.9 Annual Reporting

a. Should the Commission continue an annual reporting process?

b. What additional information should be included in annual reports?

c. Should the information and format of annual reports be standardized?

d. What information should the utilities include in the narrative portion of the annual reports (e.g., identification of trends and issues, major cost drivers, explanation of deviations from previous cost actuals and forecasts)?

e. What information should be kept "confidential" versus made public in an "aggregated" manner (to protect customer privacy and competitive bidding information) in the annual report template?

f. What process should be adopted to review and approve utility annual reports?

g. How should the annual reporting process be coordinated with the annual MHP inspection process[6] to ensure adherence to program objectives?

2.10 Evaluation

a. What procedural mechanism *(including timing)* should the Commission use to evaluate utility progress and programmatic success on an ongoing basis?

b. *Should Utilities be required to provide anecdotal safety data about specific parks post program completion? (At the workshop, PG&E stated that it will investigate this potential with its internal team and reflect the outcome of its discussions in pending comments.)*

2.11 Implementation and Ongoing Administration

a. What actions by the utilities and Commission staff are required to implement the MHP Utility Conversion Program?

b. What procedural mechanism(s) should the Commission use to implement the MHP Utility Conversion Program (e.g., new tariffs)? *How often should an application (or Tier 3 Advice Letter) period be established?*

c. What level of staffing (e.g., Commission, utilities) and associated roles are necessary to ensure a successful program? How does it differ from current staffing for the MHP Pilot, if at all?

[6] *See* CA Pub. Util. Code CHAPTER 4. Enforcement of Federal Pipeline Safety Standards for Mobile Home Park Operators [4351 - 4361].

2.12 Subsequent Program Changes

a. What procedural mechanism should the Commission use to authorize or implement any programmatic changes subsequent to those authorized in this rulemaking *(e.g., Tier 2 or 3 Advice Letter)*?

(END OF APPENDIX A)

APPENDIX B

Safety and Enforcement Division
Energy Division

Evaluation of 2015-2018 Mobile Home Park (MHP) Utility Conversion Pilot Program

Revision of January 2020

(Updates Joint Staff Proposal dated June 19, 2018)

California Public Utilities Commission
Safety and Enforcement Division:
Risk Assessment and Safety Advisory
Energy Division: Interconnection and Reliability

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Table of Contents

I. Executive Summary

In order to achieve the safety improvements intended by Public Utilities Code §§ 2791-2799, the Commission established a three-year-pilot program to incentivize voluntary conversion from master-meter/submeter natural gas and/or electric service to direct utility service within mobilehome parks and manufactured housing communities (collectively referred to as MHPs). Decision (D.)14-03-021 ordered this program, also known as the Mobilehome Park Utility Upgrade Program, which will be hereafter referred to as the "MHP pilot program or Pilot." As envisioned by the Commission in D.14-03-021, staff evaluated the MHP pilot program to assess demand for the program, constructability, its effectiveness in improving safety, and whether the program should be continued and what refinements should be considered. Upon evaluation, Staff finds that the MHP pilot program met its objectives and merits continuation, based on the overarching goals for the Pilot to improve safety and reliability of electric and gas utilities serving the residents, the findings in Resolution E-4878[1], and the utilities' MHP pilot program annual reports[2].

[1] Resolution E-4878: http://docs.cpuc.ca.gov/ResolutionSearchForm.aspx

[2] MHP Pilot Program annual reports can be found at: http://www.cpuc.ca.gov/mhpupgrade/

II. MHP Pilot Program Evaluation Criteria

Staff evaluated the MHP pilot program based on five criteria:

- Demand for a program to upgrade utilities within MHPs;
- Program outreach and conversion completions;
- Benefit from safety, reliability, and capacity improvements;
- Conversion cost results including rate impact; and
- Resident impact, access to energy management and conservation programs to achieve cost savings, and other benefits.

1. Demand for a MHP Upgrade Program

Since 1997, MHP owners and operators have had the opportunity to transfer the gas and electric distribution systems within master metered MHPs to the local distribution utility, pursuant to Public Utilities Code §§ 2791-2799. However, there was very little interest over a 17-year period. Therefore, the Commission established the MHP Upgrade Pilot Program as a voluntary pilot to incentivize MHP owners/operators to pursue the safety, reliability and capacity improvements intended by Public Utilities Code §§ 2791-2799.

Following adoption of the MHP Upgrade pilot program in 2014, 1,827 MHPs submitted a CPUC Form of Intent to apply for consideration of being selected for the Pilot. These applications account for 73 percent of the 2,506 jurisdictional master-metered natural gas MHPs in the CPUC's SED inspection database at the start of 2015, and about 50% of the total HCD-permitted spaces. The number of spaces applying for the Pilot far exceeded the cap of 10% of the total number of permitted MHP spaces in each utility's service territory, established by D.14-03-021.

Staff Findings Related to Demand

- The MHP Upgrade Pilot program was highly effective at increasing participation from operators (See Table 1 in Appendix A) because D.14-03-021 authorized utility rate recovery of "to-the-meter" and "beyond the meter" conversion costs.
- Since 1997, Public Utilities Code §§ 2791-2799 authorized transfer of ownership and operational responsibility of master-meter/submeter systems to the utilities. However, the MHP owners still had to pay for initial inspections, engineering evaluation and plans, and the upgrade costs to bring their existing gas or electric systems to meet Commission General Orders (GO) requirements. In the seventeen years prior to the advent of the MHP Upgrade Pilot program, 3,681 MHP spaces, about 1 percent, were converted of the approximately 390,000 permitted spaces within the service territory of CPUC jurisdictional IOUs. This low conversion rate was due to the high upfront costs for the MHP owners to transfer systems to the serving utilities, who required all infrastructure to meet the utility standards before taking ownership.

- During the 3 active years of the MHP Upgrade Pilot program (2016-2018), 25,021 MHP spaces were converted. These conversions represent 9% of the approximately 270,000 CPUC jurisdictional natural gas master meter spaces and 6.6% of the total HCD-permitted spaces. Utilities were authorized to fully recover the reasonably incurred, actual costs of the conversion program in distribution rates, which contributed to the significant increase in MHP participations and conversions.
- There continues to be demand from MHP owners/operators, who have not been able to participate in the Pilot to convert their master-metered gas and/or electric systems to direct service.
- There also continues to be great interest from the many contractors participating in the Pilot to perform beyond-the-meter work for MHP owners.

2. Program Outreach and Conversion Completions

The MHP Upgrade Pilot program is a first of its kind in California. The process of converting MHP owner-operated gas and electric distribution systems to direct utility service required tremendous outreach by the utilities to educate all stakeholders on program procedures, to avoid major disruption of utility service or otherwise overly inconveniencing MHP residents. Implementing the program also required collaboration between numerous organizations to establish protocols for construction models, permits, inspections, and communications between all parties impacted throughout a project. Participants include the CPUC's Safety and Enforcement Division (SED), California Department of Housing and Community Development (HCD) with local code enforcement agencies, the electric and gas utilities, contractors, MHP owners/operators, and MHP residents.

The on-going high-level of demand for participation in the program demonstrates that the utilities, with guidance from SED and HCD, were able to develop and implement new protocols to successfully convert master-metered utility system to direct utility service. Ordering Paragraph (OP) 3 of D. 14-03-021 authorized SED to prioritize conversions of natural gas only systems or dual service systems (both natural gas and electricity). SED developed the selection criteria based on utility system characteristics and conditions. For prioritization of electric-only systems the utilities were expected to consult and coordinate with HCD or its local agency designee.

The Pilot authorized each of the eight California investor-owned utilities to convert 10% of master-metered gas and/or electric MHP spaces within its operating territory to direct utility service over the three-year period. Actual results since the Pilot's implementation provide insight into the IOUs' ability to complete conversions over a given timeframe and range of costs. Moreover, these results confirm that the experience of the MHP owner / operator and MHP residents has been positive and the Pilot was well received.

As a result of the Pilot, staff believes that the utilities can achieve the goals set forth in D. 14-03-021. Table 1 in Appendix A illustrates the rate of conversion to direct utility service within the timeframe envisioned in D.14-03-021, including the extensions authorized through 2018. Table 2 in Appendix A shows the number of completed electric and gas space conversions. The conversion rates range from approximately 4.4% for PG&E, to 41% for Bear Valley Electric Service (BVES), over the three-year period of active conversions. Most of the other utilities came close to 10%. The overall conversion rate was 6.6%. The slow initial rate in the first year of the pilot was due to the initial application process and outreach period, contractor availability, learning curve, and weather, etc. Staff observes that the utilities have developed their programs with the intent to maximize program participation and create a positive customer experience. Over the four-year Pilot period, the utilities have continued to update and revise the implementation to meet the Pilot objectives.

Based on Staff's oversight, guidance and review, we find that the MHP pilot program has demonstrated its viability through:

- The establishment of new procedures to facilitate utility conversions that satisfy local and state regulations;
- The development of uniform, state-wide, guidelines and communications materials used to educate all stakeholders on how the MHP pilot program would be implemented and provide sources for information about the Pilot;
- Outreach sessions at multiple locations throughout the state in order to inform MHP owners / operators, residents, and potential contractors about the benefits of the program and why, and how, they could participate; and
- Continually incorporating lessons learned into improving the MHP pilot processes.

3. Safety, Reliability, and Capacity Improvements

Pursuant to OP 10 and 11 of D.14-03-021, the utilities provided annual status reports which included a timeline for implementation, the status of the pilot, problems experienced, information about each MHP, and a comprehensive cost account of each project. From reports filed for 2015-2018, Staff has made the following determinations.

Safety Improvements

The Pilot achieved the intended safety improvements.

- For example, PG&E performed leak surveys before conversions and stated that through 2018, 493 gas leaks had been found, of which most were on customer-owned facilities. Those facilities have been decommissioned and replaced with new utility service.
- Utilities appropriately scheduled and converted those MHPs with highest risk, as identified and prioritized by SED, and shown on the MHP Pilot Program annual reports.
- Conversions have reduced time required for SED inspections and, therefore, allow staff to allocate more resources to other risk mitigating tasks.

- The new distribution facilities installed under the Pilot are mapped and accessible for subsurface damage prevention programs, which vastly improves safety, especially for gas utilities, since many MHPs have limited documentation of facility locations or accurate knowledge of the composition of pipeline facility components. This improvement increases the safety for MHP employees, residents, as well as others that eventually perform excavation activities in that MHP.
- Installation of some appliances (e.g., air conditioning or heating), made possible by Pilot program electric capacity increase, will improve safety for persons who may be more sensitive to extreme temperature conditions.

Capacity Improvements

Gas capacity is not an issue with master-metered service; however, the need for electric capacity improvement is a significant issue with master-metered electric service. Under the Pilot's standard installation of 100 amps for residential electrical service, in almost all cases, residents experience an increase in electrical capacity, going from an existing 30 or 50 amps, to 100 amps available to facilitate use of many appliances that residents previously could not install. Also, with the increased capacity, residents can not only install, but are able to use additional appliances (e.g. air conditioning or heating) without limiting use of other appliances at the same time. In such cases, these additional appliances created a more comfortable living environment with potential safety implication for those persons living in less temperate climates who may be more sensitive to extreme temperature conditions. Additionally, the increased electric capacity could also enable use of higher capacity electric vehicle chargers, which supports California's objectives to reduce environmental emissions of greenhouse gases. Moreover, direct electrical utility service enables residents to consider individual space solar panel installations, which in most cases would not be technically possible on master-metered electric systems.

Reliability Improvements

After conversion is completed, residents in MHPs (especially those under 50 spaces who do not have a manager on site) can receive reliable and timely emergency response from utility field service representatives on a 24/7, year-round basis.

Electric outage data is not maintained or otherwise readily available for MHPs. MHPs historically have used direct buried cable for their electric distribution systems. Such installations are prone to failure after many decades of service. These directly buried cables lack conduits, and the absence of conduits makes it difficult and costly to repair or replace. For this reason, the electrical utilities have programs to replace direct buried cables where opportunities allow throughout their electrical distribution system. Electric distribution systems installed in MHP under the Pilot are in conduit or above ground installations, depending on the circumstances.

4. Conversion Cost Results

At the time the Commission adopted D.14-03-021, there was very little information about the actual costs to perform the type of work envisioned for the MHP Pilot program. Due to differences in their respective operations and service territories, respective cost estimates provided during the R.11-02-018 proceeding by each of the eight utilities varied significantly. Therefore, for the MHP Pilot program the Commission adopted the respective cost estimates provided by each utility and required annual reporting of the actual costs per MHP space as a means for evaluating the effectiveness of the program and individual utility performance.

After general guidance from SED and HCD regarding construction expectations for Pilot-related conversions, utilities established their own management structures, contractor processes for to-the-meter and beyond-the-meter construction, and schedules to most efficiently complete work in MHPs selected by SED. SED and HCD did not specify program management approaches or how utilities specifically scheduled their construction activity to complete selected MHPs. The extent to which the utility established specific management processes and managed costs of its respective program costs will be evaluated during its general rate case (GRC).

Staff review of the Annual Reports finds that most of the utilities' actual cost per space results are significantly different than projected. As D.14-03-021 contemplated, costs per space differed among utilities due to operating territories, labor agreements, and other factors. Moreover, the prediction of costs related to construction, especially for the beyond the meter component performed by third-party contractors, could not be estimated accurately. Staff concludes that these discrepancies point out the value of performing the actual work during the pilot program to provide realistic cost data.

As detailed in Table 3 of Appendix A, the most significant difference from original cost estimates is for PG&E. And compared to the other large utilities, PG&E's cost per space for dual gas and electric conversions ($37,497) is higher than SDG&E's dual conversion cost ($29,426), and higher than the sum of separate electric and gas conversions by SCE + SCG ($14,879+$9,712 = $24,591.[3] Staff expects that PG&E should be able to lower its average per space costs as the program matures, considering the protocols for installation, the number of contractors available to the MHP program, the similarities between permitting and inspection concerns through the state, and the experience gained and shared among the utilities.

Staff will continue to coordinate with all the utilities to increase efficiencies for cost containment, but the Commission may wish to opine on the priority of cost containment.

[3] There are some instances (e.g., MHPs served by a municipal electric utility provider, or MHPs where one company provides gas and another provides electricity) where dual-commodity suppliers only performed one of the conversions However, the impact of these few instances does not significantly impact the average per space cost.

Rate Impacts

Although actual costs have been different than the original estimates, the rate impact data provided in the utilities' 2018 Annual Reports shows that the rate increases required to fund the program will be minimal, as was anticipated in D.14-03-021. See Tables 6 and 7 in Appendix A for the full list of rate impacts in percentage change and absolute cost. The rate increases change slightly from year to year as the contributions of expense and capital cost recovery come into play.

For gas rates, the highest projected increase is for SDG&E, peaking at 1.66% in 2019. Other peak gas rate increases are 0.71% for PG&E in 2020, 0.61% for SoCalGas in 2020, and 1.59% for Southwest Gas in 2021. As a practical example, for PG&E the rate increase of 0.71% equals about 1 cent per therm, which will increase an average monthly residential bill[4] for 37 therms of usage by 37 cents.

For electric rates, the highest projected increase among the major utilities is PG&E at 0.18% in 2020. That increase will raise rates by 0.036 cents per kwh, an impact of 20 cents on an average monthly bill of 550 kwh. For the small utilities, Bear Valley Electric Service is highest with an increase of 1.87%. An average Bear Valley customer bill assuming 550 kwh usage would increase by 39 cents.

In the Decision, three example tables are given of projected rate increases based on expected conversion rates of 3%, 5%, and 10% during the period 2015-2017. For comparison, Staff have chosen the projected rate values for the conversion rate that most closely matches the actual conversion rate achieved. It appears the 2014 predictions assumed 1/3 of the conversions would occur in each of the years 2015-2017. However, actual conversions started slowly in 2016 and reach a peak in the years 2017-2018. And the actual costs did not match the predicted costs in some cases. Each of the three examples is analyzed below.

Staff concludes that while rate impact figures do not exactly match the predictions of 2014, they are not so different as to invalidate the expectation that the Upgrade Program would have a minor rate impact.

[4] Monthly bill average usage from page 32 of Decision in D.14-03-021.

1) SCE Example

SCE EXAMPLE (Bundled Service Predicted, Average Rate Reported)					
Combined to the meter cost plus capitalized beyond the meter cost					
	Predicted % increase for 10% Conversion	Reported % increase for 8.5% Conversion	Predicted ¢/kwh Rate with 10% Conversion	Reported ¢/kwh Rate with 8.5% Conversion	difference in rate values
2015	0.12%	0.01%	17.477	16.272	-7%
2016	0.18%	0.03%	17.509	14.920	-17%
2017	0.05%	0.08%	17.518	15.680	-12%
2018	na	0.14%	na	15.990	
2019	na	0.18%	na	15.930	
2020	na	0.19%	na	15.900	

SCE achieved an actual conversion rate of 8.5% so the nearest prediction from 2014 was for a 10% conversion. We can see that the percentage rate increase was expected to peak in 2016 at 0.18% but the actual peak occurred later in 2018-2020 at 0.18 to 0.19%. Staff believes this result is consistent with the way conversions did not start happening at peak rates until later that was assumed. The percentage increases are very similar to the predicted ones; however, they only account for an 8.5% conversion rate vs. a 10% conversion rate. The reported customer rates in cents/kwh are lower than the predicted rates in the years 2015-2017, most likely because of the actual conversions done in those years.

2) PG&E Electric Example

PG&E EXAMPLE-Electric (Average Residential Customer)					
Combined to the meter cost plus capitalized beyond the meter cost					
	Predicted % increase for 5% Conversion	Reported % increase for 4.4% Conversion	Predicted ¢/kwh Rate with 5% Conversion	Reported ¢/kwh Rate with 4.4% Conversion	difference in rate values
2015	0.04%	0%	17.460	17.175	-2%
2016	0.09%	0.02%	17.465	17.777	2%
2017	0.14%	0.01%	17.471	18.778	7%
2018	na	0.05%	na	19.545	
2019	na	0.16%	na	19.572	
2020	na	0.18%	na	19.571	

In this example the comparison is for the 5% conversion since PG&E's conversion rate was 4.4%. The peak rate increases are seen to shift to later years, such as the 0.14% increase shifting from 2017 to 2019 (0.16%). The actual customer rates are slightly higher than the percent increases would account for, so Staff expects there were other underlying reasons for these higher rates besides recovery of the Pilot program costs. Also, PG&E's actual conversion costs were much higher than predicted, which is accounted for in the higher % increase figures for 2017 and 2018. Overall these rate impact numbers are not significantly different than what was predicted in 2014. An increase of either 0.14% (predicted) or 0.18% (reported) is a very minor change in a customer bill.

3) PG&E Gas Example

PG&E EXAMPLE-Gas (Average Residential Customer)					
Combined to the meter cost plus capitalized beyond the meter cost					
	Predicted % increase for 5% Conversion	Reported % increase for 4.4% Conversion	Predicted $/therm with 5% Conversion	Reported $/therm with 4.4% Conversion	difference in rate values
2015	0.06%	0.01%	1.249	1.496	17%
2016	0.11%	0.08%	1.249	1.473	15%
2017	0.17%	0.07%	1.250	1.598	22%
2018	na	0.17%	na	1.519	
2019	na	0.63%	na	1.612	
2020	na	0.71%	na	1.613	

In this example the reported cost increase peaks are again shifted in time. The percentage increases are higher than predicted but not so high that a customer bill would increase much. The peak increase of 0.71% in 2020 means the customer rate is 1 cent per therm higher. A typical monthly bill would increase by 37 cents for usage of 37 therms. The gas customer cost would go from $59.64 per month to $60.01 per month.

Program Costs and Forecast

The Annual Report template for 2018 required a detailed report of costs incurred for the MHP conversion projects completed for each year of the program, so that costs could be aligned with the number of converted spaces in those projects. Table 4 gives the completed project costs to date, which total $409 million. Table 5 in Appendix A gives the total program costs including projects still in progress, which add up to $612 million.

Staff has estimated the annual program costs going forward based on proposed annual conversion rates developed for each utility that consider the conversion rates achieved in the

pilot. The rates are 3.33% for SDG&E , SCE, and SCG, 2.5% for PG&E, 450 spaces/year for SWG, and one MHP/year for small utilities. These rates were applied to the total number of HCD-permitted spaces at the start of the Program in 2015 to determine the number of spaces to be converted by each utility. The cost/space shown in Table 3 of Appendix A was multiplied by that projected number of spaces to produce the cost estimates at the bottom of Table 3. No consideration of cost decreases over time or discounting for future value was included in the estimates. The total annual cost at these rates is estimated as $237 million for the eight IOUs.

5. Resident Impacts; Access to CARE and Medical Baseline, and Energy Management and Conservation Programs to Achieve Cost Savings; and Other Benefits

In addition to the benefits of improved safety, reliability and capacity to participating MHPs and its residents, D.14-03-021 anticipated additional benefits from converting to direct utility service.

Residential Impacts

Utilities completed construction to convert MHP owned / operated electric and gas distribution systems to direct utility service with very minor disruption of utility service or otherwise overly inconveniencing MHP residents, and where issues arose, utilities have worked with MHPs to try and resolve issues fairly.

Access to Energy Management and Conservation Programs to Achieve Cost Savings

As stated in D.14-03-021 Finding of Fact 14: "Though residents of master-metered MHPs within the service territory of a Commission-regulated utility pay the same residential rates (on a ¢/kWh or $/therm basis) as the utility's direct service customers, they do not receive the same benefits. These MHP residents are ineligible to participate in established public purpose and load management programs widely available to those who receive direct service, including for example, those developed to promote low-income energy efficiency, the California Solar Initiative and advanced metering infrastructure."

The MHP upgrade program provides direct service and thus access to all public purpose and load management programs.

Improved Electrical Capacity

When MHP sub-metered electric service capacity is inadequate (less than 100 amps), residents may be unable to operate many modern appliances, including essentials such as air conditioners or heaters, and electric vehicle charging is impossible. (D.14-03-021, Finding of Fact 14)

Some MHP residents, such as elderly persons, can suffer severe health risks from extreme hot and cold temperatures. The MHP upgrade program has increased capacity to 100 amps to support operation of air conditioning, heating, EV charging, etc.

Improved Access to the CARE and Medical Baseline Programs.

While MHP residents may qualify for discounted electric rate programs such as CARE and Medical Baseline, they may not all receive those benefits as part of a master-meter system, because they depend on the MHP owner to administer the discounted rates.

For the year ended December 31, 2018, all participating utilities reported CARE and MDB customer enrollment during the Pilot program. For the total number of 25,021 conversions, 10,669 CARE or FERA customers were enrolled, or 43 percent. Medical Baseline enrollment was 479 customers.

Table 5 in Appendix B shows the new data template established in 2018. The Commission requires the utilities to report CARE/FERA enrollment, Medical Baseline, and disadvantaged community information besides comprehensive cost data.

Other Benefits of MHP Pilot Program

Other benefits include:

- The ability for MHP residents to manage their utility bill with time-of-use rates, which is only available for customers with smart meters;
- In a converted MHP, the master-meter discount currently received by MHP owners (to maintain distribution facilities and perform other activities normally performed by utilities) is eliminated, and savings from these discount costs revert to the ratepayers; and
- The opportunity for coordination and some excavation- related cost sharing with communication providers and/or municipal utilities providing service to the MHP who may be interested in upgrading their service facilities during the conversion construction project

Appendix A

Table 1A: Completed MHP Conversions 1997-2014[1]									
	PG&E	SCE	SDG&E	Liberty Utilities	Pacific Corp	BVES	SoCalGas	SWGas	Total
Total # of MHPs	1,387	1,323	698	17	14	7	1,428	58	4,932
# of HCD Spaces	106,813	110,298	35,562	641	513	616	131,573	3,428	389,443
spaces converted	170	2187	530	0	0	0	716	78	3,681
% Converted	0.16%	1.98%	1.49%	0.00%	0.00%	0.00%	0.54%	2.28%	0.95%

Table 1B: Completed MHP Conversions 2015-2018[2]									
	PG&E	SCE	SDG&E	Liberty Utilities	Pacific Corp	BVES	SoCalGas	SWGas	Total
Total # of MHPs	1,383	1,308	694	17	14	7	1,425	57	4,905
# of HCD Spaces	105,318	106,768	34,597	633	507	608	129,231	3,308	380,970
# of Spaces in Pilot Scope	8,897	10,133	3,341	63	51	61	12,800	582	35,928
% of total	8.45%	9.49%	9.66%	9.95%	10.06%	10.03%	9.90%	17.59%	9.43%
# of MHP Applicants[3]	640	803	194	8	4	4	920	40	2,613
# of Converted	4,629	9,050	3,122	65	52	250	7,410	473	25,021

[1] Based on Exhibit 1 of R.11-02-018, Joint Cost Report, 7/13/2012 and data from California Department of Housing and Community Development (HCD). HCD Spaces include all MHPs within the IOU's service territories, some of which are not eligible master-meter systems.

[2] Based on D.14-03-021 and MHP Annual Reports. Percent converted is based on the total count of HCD spaces.

[3] Some MHPs have gas service from one IOU, and electric from another so one applicant may be credited to two IOUs.

Spaces									
% Converted	**4.4%**	**8.5%**	**9.0%**	**10.3%**	**10.3%**	**41%**	**5.7%**	**14.3%**	**6.6%**

Table 2: Electric and Gas Space Conversion Progress[1]

	PG&E	SCE	SDG&E	Liberty Utilities	PacifiCorp	Bear Valley	SoCalGas	Southwest Gas
Number of Completed Electric Space Conversions								
2016	525	1,622	411	0	0	0		
2017	2,379	4,036	950	24	29	250		
2018	1,239	3,392	1,827	41	23	0		
Total	3,618	9,050	3,118	65	52	250		
# of Spaces in Scope	8,897	10,133	3,341	63	51	61		
% Spaces in Scope Completed	41%	89%	93%	103%	102%	410%		
avg # Conversions/ Active Year	1206	3,017	1,039	33	26	250		
Number of Completed Gas Space Conversion								
2016	635		411				1,665	0
2017	2,554		950				5,033	181
2018	615		1,498				712	292
Total	3,804		2,859				7,410	473
# of Spaces in Scope	8,897		3,341				12,800	582
% Spaces in Scope Completed	43%		86%				58%	81%
Avg # Conversions/ Active Year	1,268		953				2,470	237

[1] Based on MHP 2017-2019 Annual Reports (for 2016 – 2018).

2. Table 3: Comparison of Estimated and Actual MHP Utility Conversion Costs								
	PG&E	**SDG&E**	**SCE**	**Liberty Utilities**	**PacifiCorp**	**Bear Valley**	**SoCalGas**	**Southwest Gas**
Completed Gas Space	3,804	2,859					7,410	473
Completed Electric Space	3,618	3,118	9,050	65	52	250		
# of HCD Spaces	105,318	34,597	106,768	633	507	608	129,231	3,308
# of MHP in territory	1,383	694	1,308	17	14	7	1,425	57
Cost/Space Elec & Gas (Projected)[2]	$23,001	$28,529	$22,319	$7,252	$9,385	$11,177	$10,703	$2,047
Cost/Space Electric	$17,907[3]	$11,508	14,879	$13,704	$8,215	$21,325		
Cost/Space Gas	$19,590	$17,918					$9,712	$11,530
Cost/Space Elec & Gas[4]	$37,497	$29,426						
% Actual Exceeds Projected Cost	63%	3.1%	-33.3%	89%	-12.5%	91%	-9.2%	463%

[2] Table 4-1 in Appendix B of D.14-03-021.

[3] PG&E Electric/Gas space cost breakdown is approximate based on pro-rating the 2018 Report data.

[4] Total Completed Program Cost divided by Total Completed Spaces; not all spaces were dual conversions.

Future Annual Cost Estimate[5]	$98,727,726	$33,901,109	$52,900,415	$1,370,400	$821,500	$2,132,500	$41,794,546	$5,188,500
Annual Cost Estimate	$236,836,697							

[5] Based on annual conversion rates of 3.3% for SDG&E, SCE, SCG; 2.5% for PG&E, 450 space/year for SWG, 100 space/year for small utilities.

3. Table 4: Total TTM and BTM Cost for Completed Conversions through 2018[1]									
	PG&E	SCE	SDG&E	Liberty Utilities	PacifiCorp	Bear Valley Electric Services	SoCalGas	Southwest Gas	Total Program Cost
2015					$1,728				$1,728
2016	$8,347,905	$636,437			$22,186		$481,655		$9,488,184
2017	$37,505,150	$24,678,182	$11,350,037		$230,580	$5,187,534	$29,349,250	$1,834,348	$110,135,082
2018	$127,721,279	$65,177,761	$80,520,222	$890,811	$174,419	$143,860	$1,674,988	$3,861,477	$330,164,817
Total	$173,574,334	$50,088,716	$91,870,259	$890,811	$428,913	$5,331,394	$31,505,893	$5,695,825	**$409,386,146**

[1] Costs aligned with the year the associated projects were completed, at least 95% of anticipated recorded costs.

4. Table 5: Total TTM and BTM Incurred Expenditures from 2014 to 2018[2]									
	PG&E	SCE	SDG&E	Liberty Utilities	PacifiCorp	Bear Valley Electric Services	SoCalGas	Southwest Gas	Total Program Cost
2014	$645,000								$645,000
2015	$9,125,000	$636,437							$9,761,437
2016	$77,364,000	$24,678,182					$481,655		$102,523,837
2017	$155,898,000	$65,177,760	$11,350,037		$272,815	$5,187,534	$29,349,250	$1,834,348	$269,069,744
2018	$92,753,000	$50,088,715	$80,520,222	$890,811	$305,621	$143,860	$1,674,988	$3,861,477	$230,238,695
Total	$335,785,000	$140,581,095	$91,870,259	$890,811	$578,436	$5,331,394	$31,505,893	$5,695,825	**$612,238,714**

[2] Costs include all completed projects and projects still in progress.

Table 6. Percentage Rate Increases due to Program Costs through 2018[3]										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PG&E Gas	0.08%	0.07%	0.17%	0.63%	0.71%	0.69%	0.66%	0.63%	0.61%	0.58%
SCG Gas	0.04%	0.03%	0.24%	0.64%	0.61%	0.59%	0.57%	0.55%	0.53%	0.50%
SDG&E Gas	0.11%	0.13%	0.29%	1.66%	1.55%	1.55%	1.55%	1.55%	1.55%	1.55%
SWG Gas	n/a	n/a	n/a	0.54%	1.06%	1.59%	0.00%	0.00%	0.00%	0.00%
PG&E Elect.	0.02%	0.01%	0.05%	0.16%	0.18%	0.18%	0.17%	0.16%	0.16%	0.15%
SCE Elect.	0.03%	0.08%	0.14%	0.18%	0.19%	0.19%	0.18%	0.18%	0.17%	0.16%
SDG&E Elect.	0.01%	0.01%	0.03%	0.11%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
PacCorp Elect.	n/a	n/a	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
BV Elect.	n/a	n/a	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%

Table 7. Rate Changes due to Program Costs through 2018 ($/therm, cents/kwh)										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PG&E Gas	0.0012	0.0011	0.0026	0.0101	0.0113	0.0110	0.0106	0.0101	0.0097	0.0093
SCG Gas	0.0002	0.0002	0.0014	0.0039	0.0042	0.0040	0.0039	0.0038	0.0036	0.0035
SDG&E Gas	0.0008	0.0009	0.0019	0.0111	0.0122	0.0122	0.0122	0.0122	0.0122	0.0122
SWG Gas	n/a	n/a	n/a	0.0060	0.0121	0.0181	0.0000	0.0000	0.0000	0.0000
PG&E Elect.	0.004	0.002	0.009	0.032	0.036	0.035	0.033	0.032	0.031	0.029
SCE Elect.	0.004	0.013	0.022	0.028	0.031	0.030	0.028	0.028	0.027	0.025
SDG&E Elect.	0.002	0.002	0.006	0.026	0.038	0.038	0.038	0.038	0.038	0.038
PacCorp Elect.	n/a	n/a	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
BV Elect.	n/a	n/a	0.071	0.071	0.071	0.071	0.071	0.071	0.071	0.071

[3] As reported in the IOU's Annual Reports for 2018; SCE data 2018-2025 provided to separate data request.

Appendix B

Table 5: New Annual Report Data Template established in 2018

Annual Report Template*		Per-year costs; not cumulative			
	Descriptor	**2015**	**2016**	**2017**	**2018**
Program Participation					
CARE/FERA enrollment	Number of individuals enrolled in CARE/FERA after the conversion				
Medical Baseline	Number of individuals enrolled in Medical Baseline after the conversion				
Disadvantaged Community	Number of converted spaces within geographic zones defined by SB 535 map.				
Rural Community**	Number of converted spaces within rural community				
Urban Community**	Number of converted spaces within urban community				
Leak Survey (Optional)	Number of Leaks identified during preconstruction activity (if known)				

Completed Spaces	Spaces converted that correspond to the project costs reported below. If a project incurs costs over multiple years, report all project costs and spaces converted in the year the project closes.				
Number of TTM MH and Covered Common Area Locations Converted (Gas)					
Number of TTM MH and Covered Common Area Locations Converted (Electric)					
Number of BTM MH Converted Register Spaces (Gas)					
Number of BTM MH Converted Register Spaces (Electric)					
Cost Information					
To The Meter - Capital Costs					
Construction Direct Costs					
Civil/Trenching	To the Meter Construction costs for civil related activities				
Electric					
Gas					
Gas System					

Labor	Cost for installation of distribution Gas assets, pre-inspection testing, decommissioning of legacy system (Gas Design cost was previously incorporated here)				
Material / Structures	Pipes, fittings and other necessary materials required for gas construction				
Electric System					
Labor	Cost for installation of distribution Electric assets, pre-inspection testing, decommissioning of legacy system (Electric Design cost was previously incorporated here)				
Material / Structures	Cables, conduits, poles, transformers and other necessary materials for electrical construction				
Design/Construction Management	Cost for engineering, design and construction inspection cost				
Other					
Labor (Internal)	Meter installation, gas relights, easements, environmental desktop reviews and other support organizations				
Other Labor (Internal)***					
Non-Labor	Permits				

Materials	meters, modules and regulators				
Program - Capital Costs	Costs that are inconsistent among the other IOUs, driven by utility specific business models or cost accounting practices. These costs should be separated out so that others do not compare costs that are not comparable with others.				
Project Management Costs					
Project Management Office (PMO)	Program management office costs (Project Management, Program Management, schedulers, cost analysts and field engineers)				
Outreach					
Property Tax	Property tax on capital spending not yet put into service				
AFUDC	AFUDC is a mechanism in which the utility is allowed to recover the financing cost of it's construction activities. AFUDC starts when the first dollar is recorded on the project and ends when HCD complete the first inspection so that the new assets are in use by the residents.				
Other					

Labor (Internal)***					
Non-Labor	Utility specific overhead driven by corporate cost model				
Sub-Total Capital Cost					
To The Meter - Expense Costs					
Project Management Costs					
Project Management Office (PMO)	Program startup cost				
Outreach	Outreach efforts to educate MHP Owners, residents, government and local agencies about the program				
Other					
Labor (Internal)	Program startup cost for supporting organizations				
Other Labor (Internal)***					
Non-Labor	Cancelled Project Costs from MHPs that have failed to complete the MHP agreement or have cancelled the project				
Sub-Total To The Meter					
Beyond The Meter - Capital	Pass through cost where the MHP Owner is responsible for overseeing the vendor's work and IOU to reimburse per D.14-02-021				
Civil/Trenching	NA				
Electric System					
Labor	Labor and material for installing				

Material / Structures	BTM Electric infrastructure (e.g. Pedestal, foundation, meter protection, grounding rods, conduit)				
Gas System					
Labor	Labor and material for installing BTM Gas infrastructure (e.g. houselines, meter protection, foundation)				
Material / Structures					
Other	BTM Permits, including HCD fees				
Other Labor (Internal)***					
Sub-Total Beyond The Meter					
Total TTM & BTM					

Rate Impact and Revenue Requirement							
Rate Impact	**2015**	**2016**	**2017**	**2018**	**Each Year Continued.**	**2025**	
Gas							
Average Rate w/o MMBA recovery - Core							
Average Rate w/ MMBA recovery - Core							
Rate Change - Core							
% Rate Change - Core							
Average Rate w/o MMBA recovery - Non-Core							
Average Rate w/ MMBA recovery - Non-Core							
Rate Change - Non-Core							
% Rate Change - Non-Core							
Electric							
Average Rate w/o MMBA recovery - Total System							
Average Rate w/ MMBA recovery - Total System							
Rate Change - Total System							
% Rate Change - Total System							
Revenue Requirement	**2015**	**2016**	**2017**	**2018**	**Each Year Continued.**	**2025**	**Present Value Revenue Requirement**

Gas Revenue Requirement-TTM							
Electric Revenue Requirement-TTM							
Gas Revenue Requirement-BTM							
Electric Revenue Requirement-BTM							

***An appendix can be provided to define each category if needed.
**The Census Bureau identifies two types of urban areas: • Urbanized Areas (UAs) of 50,000 or more people; • Urban Clusters (UCs) of at least 2,500 and less than 50,000 people. "Rural" encompasses all population, housing, and territory not included within an urban area. The Census Bureau website is: https://www.census.gov/geo/reference/urban-rural.html.
***Provide as many labor cost lines with descriptions as needed to clarify types of labor included in project.

(END OF APPENDIX B)

APPENDIX C

Appendix C

R.18-04-018
Proposed Revised Mobilehome Park Utility Upgrade Program Agreement
(Changes noted in Italics)

This Mobilehome Park Utility Upgrade Program Agreement ("Agreement") is made and entered into by and between [Enter MHP Owner/Operator Name] ("MHP Owner/Operator"), a [enter type of corporate entity] organized and existing under the laws of the state of [enter applicable state] , and the Utility, [Enter Utility Name] ("Utility"), a corporation organized and existing under the laws of the state of California. MHP Owner/Operator and [Utility] ay be individually referred to as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, [Utility] offers a pilot program under the direction of the California Public Utilities Commission ("CPUC" or "Commission") pursuant to Decision 14-03-021 whereby master- metered/submetered Mobilehome Parks ("MHP") may elect to convert to direct utility service, with costs for "To-the-Meter" and "Beyond-the-Meter" work to be borne by [Utility] (MHP Program).

WHEREAS, MHP Owner/Operator desires to convert the master-metered/submetered utility system(s) in its MHP to direct service from [Utility] under the MHP Program.

In accordance with the foregoing premises, the Parties agree as follows:

1. General Description of Agreement

1.1. This Agreement is a legally binding contract. The Parties named in this Agreement are bound by the terms set forth herein and otherwise incorporated herein by reference, and the Parties are also bound to the requirements of [applicable utility tariff rule], which this Agreement is intended, in part, to effectuate. This Agreement and [applicable utility tariff rule] shall govern the conversion of the entire private electric and/or natural gas distribution system servicing the MHP to direct [Utility name] electric and/or gas distribution and service, including all Mobilehome Spaces (MH-Space), common areas, permanent buildings, and/or structures that currently have utility service.

Utility service to be converted to direct [Utility name] service (check one)

☐ Electric Only ☐ Gas Only ☐ Electric & Gas

If the gas or electric service at the MHP is provided by a different Utility, please provide the name of the Utility who provides the other service.

☐ Electric ☐ Gas Name of Utility: _____

1.2. Prior to signing this Agreement, the MHP Owner/Operator would have already submitted the California Public Utility Commission's (CPUC's or Commission's) Application for Conversion of Master-Meter Service at Mobilehome Park or Manufactured Housing Community to Direct Service from Electric or Gas Corporation, (Form of Intent), and the Mobilehome Park Utility Upgrade Program Application (MHP Application) (Form 913.1), and continues to be bound by the terms set forth in those documents.

1.3. This Agreement provides the additional provisions and responsibilities of each party participating in the Mobilehome Park Utility Upgrade Program ("MHP Program"). Each Party agrees to undertake specific activities and responsibilities set forth in this Agreement and previous documents, on behalf of the individual MHP-Spaces at the MHP.

1.4. The number of MHP-Spaces that will be eligible for conversion to direct Utility service under the MHP Program (both "To-the-Meter" and "Beyond-the-Meter") shall be equal to the number of occupied residential MHP-Spaces permitted by the California Department of Housing and Community Development or its designated agency, within the MHP that currently receives a discount under the current qualifying mobilehome rate schedule and the number of unoccupied residential MHP-Space permitted by the California Department of Housing and Community Development or its designated agency that are designated on the Utilities' MHP Program Application and is currently able to receive electric service from the existing master- metered/submetered system (Legacy System).

1.5. The MHP Owner/Operator must provide the following documents with the MHP Agreement pursuant to MHP Program criteria in MHP Rules: (1) proof that the MHP has a valid operating license from the governmental entity with relevant authority; (2) if the MHP is operated on leased real property, proof that the land lease will continue for a minimum of 20 years from the time that the MHP Agreement is executed by the Utilities; and (3) declaration under penalty of perjury/affirmation that the MHP is not subject to an enforceable condemnation order or to pending condemnation proceedings (See Attachment A).

1.6. This Agreement conforms to [decision number] and has been filed and approved by the CPUC for use between [Utility} and the MHP Owner/Operator. The terms and conditions of this Agreement may not be waived, altered, amended or modified, except as authorized by the CPUC. This Agreement always shall be subject to such modifications as the CPUC may direct in the exercise of its jurisdiction.

2. Representations

2.1. Each Party agrees to the terms and conditions of the MHP Program as stated in this Agreement, the MHP Application and MHP Rules. All tariffs associated with this

Program may be amended from time to time, subject to CPUC approval.

2.2. Each person executing this Agreement for the respective Parties expressly represents and warrants that he or she is authorized to act as signatory for that Party in the execution of this Agreement.

2.3. Each Party represents that (a) it has the full power and authority to execute and deliver this Agreement and to perform its terms and conditions; (b) the execution, delivery, and performance of this Agreement has been duly authorized by all necessary corporate entities; and (c) this Agreement constitutes such Party's legal, valid, and binding obligation, enforceable against such Party in accordance with its terms.

2.4. Each Party shall (a) exercise all reasonable care, diligence, and good faith in the performance of its duties pursuant to this Agreement and (b) carry out its duties in accordance with applicable regulatory directives, Federal laws, City and County ordinances, and recognized professional standards in accordance with the requirements of this Agreement.

3. Submittal of Agreements and Documents

3.1. Upon receipt of the Agreement, the MHP Owner/Operator will have thirty (30) days to sign and submit the Agreement to [Utility].

3.2. If requested by either party, a post-engineering meeting may be requested prior to the signing of the Agreement to resolve any outstanding issues and concerns and/or to review the reasonableness of the Contractor's bid to perform the "Beyond-the-Meter" work. [Utility] and the Commission encourage consultation and coordination between Parties to ensure efficiency and avoid unnecessary (and non-reimbursable) costs. [Utility] may, at its option, remove or place the MHP in the back of the queue of the pre-selected MHPs.

3.3. Agreements and documents shall be mailed to

[Utility Address]

4. Contractor Selected by the MHP Owner/Operator to Perform "Beyond-the- Meter" Work

4.1. MHP Owner/Operator shall select a qualified, licensed contractor to perform the "Beyond-the- Meter" work at the MHP and shall consult and coordinate with [Utility] on such selection. The MHP Owner/Operator shall provide in Attachment B, attached hereto and incorporated herein, information about the selected contractor.

4.2. If [Utility] and the MHP Owner/Operator fail to agree upon the qualifications of the contractor selected to perform "Beyond the Meter" work, the CPUC's Safety and Enforcement Division (SED) will be consulted to resolve the dispute.

4.3. The Contactor shall be selected based on the "most cost-effective option". [Utility] reserves the right to review the reasonableness of bids for "Beyond the Meter" work that are received by the MHP Owner/Operator. [Utility] and the CPUC encourage consultation and coordination between parties to ensure efficiency and avoid unnecessary (and non-reimbursable) costs. In all instances, the work performed by the Contractor must comply with applicable regulations, laws, ordinances, and recognized professional standards, and such work must be approved by the applicable governing inspection authority(ies).

4.4. The MHP Owner/Operator understands and agrees that neither [Utility]'s consultation and coordination with the MHP Owner/Operator regarding the selection of a Contractor, nor its review of bids or other pricing terms, constitutes an endorsement by [Utility] of said Contractor or its work. Further, the MHP Owner/Operator understands and agrees that [Utility] makes no guarantee or warranty, either expressed or implied, with respect to the Contractor's work. The MHP Owner/Operator understands and agrees that [Utility] will not be liable for any claims related to "Beyond the Meter" facilities, including but not limited to claims related to the planning, design, construction and/or maintenance of such facilities, and the MHP Owner/Operator agrees to indemnify, defend and hold harmless [Utility] and its officers, directors, employees and/or agents from and against any such claims.

5. MHP Owner/Operator Responsibilities

5.1. The MHP Owner/Operator will continue to have sole responsibility of assuring compliance of all state and local laws governing mobilehome residency and compliance with all park rules and regulations.

5.2. Easements

5.2.1. The MHP Owner/Operator of the real property shall provide or assist in obtaining rights-of- way or easements as described in [Utility]'s Distribution and Service Extension Rules ([applicable tariff rules]) and [CPUC Decision].

5.2.2. [Utility] shall at all times have the right to enter and leave the Park for any purpose connected with the furnishing of electric service (meter reading, inspection, testing, routine repairs, replacement, maintenance, emergency work, etc.) and the exercise of any and all rights secured to it by law and under all applicable [Utility] tariffs.

5.3. Engineering and Planning – Electric Distribution System

5.3.1. The "Beyond-the-Meter" electrical system shall be designed to meet applicable code and regulatory requirements of any inspecting agency for installation of service equipment. Required permits must be obtained and shall be available for inspection by [Utility].

5.3.2. [Utility] will normally design and install a single phase, 120/240 volts, 100-ampere electric meter service equipment at each individual MHP-Space. Any requests for service modifications beyond the 100-ampere

electric service or relocations beyond what is being provided by the MHP Program will be handled under [Utility]'s current Rules and Tariffs.

5.4. Engineering and Planning – Gas Distribution System

5.4.1. The "Beyond-the-Meter" gas system shall be designed to meet applicable code and regulatory requirements of any inspecting agency for installation of gas house lines. Required permits must be obtained and shall be available for inspection by [Utility].

5.4.2. [Utility] will design and install a natural gas service line to deliver sufficient volume at [Utility]'s standard delivery. Any requests for service modifications beyond the standard delivery or relocations beyond what is being provided by the MHP Program will be handled under [Utility]'s current Rules and Tariffs.

5.5. Engineering and Planning – General

5.5.1. It shall be the MHP Owner/Operator's responsibility to ensure that any proposal prepared or received by the MHP Owner/Operator is based on full knowledge of all conditions that would affect the cost and conduct of the work. The MHP Owner/Operator shall inform itself fully and convey to all potential Contractors and to [Utility] the physical conditions at the work site, including, as applicable, *potential cultural sites, potential environmental issues,* subsurface geology, borrow pit conditions, and spoil disposal areas; the availability, location, and extent of construction and storage area and other facilities or structures above and below ground; necessary safety precautions and safeguards; dimensions not shown on Drawings; and the extent of established lines and levels. *MHP Owner/Operators who fail to disclose potential issues during the design phase risk removal from the program by [Utility].*

5.5.2. The MHP Owner/Operator will continue to own and be responsible for the "Beyond- the-Meter" service facilities. Further, if [Utility] installs a Meter Shed to help protect its meter set assembly from potential damage due to the accumulation of snow and ice, the MHP Owner/Operator will own and be responsible for said Meter Shed.

5.5.3. [Utility] will include with the MHP Program additional reasonable services for common use areas within the MHP that will be served under commercial rate schedules. For common areas, [Utility] will terminate its service facilities at a location as close as possible to the exterior of the building/structure nearest to the [Utility]'s main distribution facilities. Moreover, the selected location shall be as close as practicable to the existing service delivery point(s); however, some flexibility in the construction approach is necessary to address various situations that exist in current installations. [Utility] will not provide the service panel and "Beyond-the-Meter" reimbursements for these common area services. Requests for additional common use area meters and services, including services for recreational vehicles (RV) spaces that are not provided by the MHP Program but are approved by [Utility], will be designed under the

guidance of the Service Relocation and Rearrangement provisions of [applicable utility tariff rule]. The MHP Owner/Operator will be responsible for such charges, which shall be listed in Attachment B and C of this Agreement.

5.5.4. Requests for service relocations, rearrangements, and upgrades not covered by the MHP Program may be made by the MHP Owner/Operator and such modifications and additional incremental costs will be the sole responsibility of the MHP Owner/Operator requesting party and will be handled under [Utility]'s current applicable Tariffs. Request for service modification may be made by MH Owners directly to [Utility] in resident owned MHP and as permitted by the MHP's Rules and Regulations. Such requests for "To-the-Meter" services may require a separate contract and shall be done in accordance with the effective service extension tariff. Service modification costs that are the responsibility of MHP Owner/Operator or the MHP resident requesting the modifications shall be listed in [applicable attachments] of this Agreement. All costs not covered by the MHP Program must be paid in full to [Utility] prior to or with the submittal of the MHP Program Agreement for the construction phase to begin.

5.5.4.1. The MHP Owner/Operator, or its representative, is responsible for collecting any and all fees associated with "To-the-Meter" electric service modifications not covered by the MHP Program that were requested on behalf of the MHP residents and due to [Utility] under the current Rules and Tariffs. The MHP Owner/Operator, or its representative, must forward those payments to the appropriate Utility.

5.5.4.2. "Beyond-the-Meter" service modifications that are not covered by the MHP Program, including installation costs that exceed the most cost-effective option (e.g. alternate routes or below-ground installations), shall be the sole responsibility of the requesting party and are not subject to [Utility] reimbursement.

5.5.4.3. Any requests for service relocations, rearrangements, and upgrades that occur after the design and engineering phase has been completed will result in a change order and may need redesigning and/or re-engineering. Additional redesigned and/or re-engineered costs will be the sole responsibility of the requesting party.

5.5.5. The MHP Owner/Operator shall be responsible to assure that the worksite where the new "To-the-Meter" and the "Beyond-the-Meter" facilities will be located will be free of debris, obstructions, landscape, and temporary facilities prior to the initiation of work by [Utility] and/or the Contractor. Relocation or removal of such obstructions as agreed to by [Utility] is the responsibility of the MHP Owner/Operator and will not be covered by the program, unless previously approved by [Utility]. Temporary

facilities may include, but is not limited to, storage sheds, decks, awnings, car ports, or any facilities that are not normally provided by the MHP.

5.5.6. The MHP Owner/Operator will continue to own, maintain, and be responsible for facilities located within the Park's common area, such as the office, clubhouse, laundry facilities, streetlights, etc., and its associated "Beyond-the-Meter" facilities. Utility meters will be installed to serve these facilities, and the MHP Owner/Operator will be financially responsible for the energy usage recorded by the meter(s). Energy charges will be based on the applicable tariff.

5.6. Existing Distribution System (Legacy System)

5.6.1. The MHP Owner/Operator must continue to operate and maintain the existing master-meter/submetered system (Legacy System) and continue to provide utility service to the MHP Residents until cutover to direct [Utility] service. The Legacy System will, always, remain the property and responsibility of the MHP Owner/Operator, including ongoing maintenance, notification, post construction removal *(including above ground facilities, i.e., submeters and risers)* and related permitting, decommissioning and any environmental remediation.

5.6.2. [Utility] shall not remove the existing legacy system unless necessary, and the system shall be abandoned in place. [Utility] shall isolate the new and existing legacy systems. [Utility] shall not incur any expenses associated with the removal or retirement of the existing system under the MHP Program. Should removal of the sub-metered distribution system be necessary to complete the conversion to direct utility service from [Utility], such costs may, at [Utility]'s discretion, be included in the MHP Program if it is necessary and can be done so efficiently.

5.6.3. If the MHP has an existing propane gas distribution system, [Utility] will, upon request, replace it with a natural gas distribution system, provided that; 1) the Utility offers natural gas service and the MHP is located within the franchise area that the Utility serves; 2) a distribution line is located nearby and can be connected safely and economically to the MHP; and 3) the request would be replaced under the Utility's existing Distribution and Service Extension Rules [applicable utility tariffs] and would not qualify under the MHP Program.

5.7. Permits

5.7.1. Except for the routine, ministerial construction permits to be acquired by [Utility] pursuant to Section 6 of this Agreement, the acquisition of all other permits that may be necessary will be the responsibility of the MHP Owner/Operator. This includes, but is not limited to, the following:

- Environmental and governmental agency permits.
- Caltrans permits.
- Railroad permits.
- HCD and/or local City and County building permits for electric and/or gas service work necessary to install new service delivery facilities including, but not limited to, gas house lines, electric meter pedestals, and terminations.

- *Permits for the abandonment of the Legacy System*

The work performed by the MHP Owner/Operator's Contractor will include submittal of permits associated with all "Beyond-the-Meter" work to the agency with jurisdictional authority and such permits will be reimbursable under the MHP Program. *Permitting costs related to the abandonment of the Legacy System will not be reimbursable under the MHP Program and are the responsibility of the MHP Owner/Operator.*

The Utility may assist the MHP Owner/Operator in preparation and submittal of all other permit applications, but construction permits not covered by [Utility] will be paid by the MHP Owner/Operator.

5.7.2. [Utility] will review all permits prior to construction. No work will be performed by [Utility] or the Contractor under the MHP Program until the MHP's Owner/Operator and/or [Utility] obtains the required permits.

5.8. Environmental, Endangered Species, and Cultural Resources Review

5.8.1. Any environmental, endangered species, and cultural resources remediation or other resolution of environmental issues*, and the costs associated with those efforts, are solely the responsibility of the* MHP Owner/Operator and must be addressed as required by the agency with jurisdictional authority. No utility shall assume any remediation responsibility, and utility ratepayers shall bear no costs associated with any required remediation.

5.8.2. Any existing environmental, endangered species, and cultural resources issues that are identified during the MHP Program will result in the immediate suspension of work at the MHP. The MHP Owner/Operator will be *solely* responsible for working with the appropriate experts and/or agency with jurisdictional authority to develop and implement an impact avoidance and mitigation plan to resolve these issues prior to work resuming at the MHP. If required, MHP may be granted additional time by [Utility] to resolve environmental, endangered species, and cultural resources issues prior to completing the project. However, the extension will not extend past the program period of the program unless approved by the CPUC.

5.9. Outreach and Education

5.9.1. The MHP Representative will be the central liaison for the MHP and will be responsible for relaying project information to MHP Residents and to [Utility]. The MHP Representative will be the channel by which [Utility] will provide MHP Program information and project status updates to the MHP Owner/Operator and the MHP Residents. The MHP Representative will also be the channel by which the MHP Owner/Operator-hired "Beyond-the-Meter" contractor will provide status updates to [Utility]. The MHP Representative shall assure that such notices are communicated or distributed to the appropriate party in a timely manner.

5.9.2. All costs associated with the MHP Representative in performing the duties associated with the Program will be the responsibility of the MHP Owner/Operator and will not be reimbursable from the MHP Program.

5.9.3. The MHP Representative shall be the central point of contact for all outreach, marketing and communication notices regarding the MHP Program that are intended for the MHP Residents.

5.9.4. The MHP Owner/Operator grants [Utility] the right to contact the residents of the MHP directly and to inform the MHP residents about the MHP Program, accounts setup, and other programs and services that will be available to MHP residents as direct utility customers. As stated in Section 7.1 of the MHP Application, if the MHP Owner/Operator did not provide a complete list of MH residents with contact information with their submittal of the MHP Application, they must do so with the submission of the MHP Agreement (Attachment [##]). The list shall consist of a complete list of current residents for each space in the MHP, including name, address or space number, mailing address if different than physical address of unit, home phone number, cell phone number, email address, and other contact information.

5.9.5. The MHP Representative shall ensure that its Contractor works with [Utility] and keeps the MHP residents informed of the status of the "Beyond-the-Meter" work of the project. Communications will include notices such as temporary outages, detours, or street closures. The MHP Representative will also ensure that such notices will remain consistent with [Utility] communications and are distributed in a timely manner.

5.10. Construction

5.10.1. Prior to signing the Mobilehome Conversion Program Agreement, each MHP Owner/Operator, in consultation and coordination with [Utility], shall select and hire a qualified licensed Contractor to perform all necessary "Beyond-the-Meter" construction, and/or electrical work consistent with Section 4 of this Agreement. The MHP Owner/Operator shall assure its Contractor shall work with the MHP Representative to pre-notify and coordinate all work with [Utility] and other affected Parties to ensure that the project is completed in a timely and cost-efficient manner with the least inconvenience to MHP residents.

5.10.2. Construction of the conversion project may commence upon: 1) the satisfactory resolution of any environmental, endangered species and/or cultural issues; 2) procurement of all required permits; and 3) payment for any requested service relocations, rearrangements and upgrades not covered by the MHP Program, as discussed in Section [##] of this Agreement; and 4) the execution of the MHP Agreement.

5.10.3. MHP Owner/Operator shall assure that its contractors are aware of and abide by all safety requirements described in Section 7 of this Agreement.

5.10.4. The MHP Owner/Operator shall work cooperatively with [Utility] to resolve construction issues that may arise during the project, such as providing an acceptable site for storage of [Utility's} construction materials and equipment during the project.

5.11. Cutover / Completion of Project

5.11.1. Prior to cutover, all jurisdictional authorities must inspect and approve installation of the "Beyond-the-Meter" work.

5.11.2. Cutover cannot occur until [Utility] is satisfied that 24-hour access is available to all utility facilities. Where such access may be restricted due to fencing or locked gating, the MHP Owner/Operator or the owners of the individual MHP-Spaces shall provide a utility-approved locking device with a utility keyway. Where electronic gates may be involved, the gate must be fitted with a key switch, with utility keyed keyway, that activates the controller.

5.11.3. The MHP Owner/Operator is responsible for ensuring that all qualifying MHP-Spaces participate in the program and for discontinuing MHP utility service to all qualifying MHP- Spaces no later than 90 days after [Utility] is ready to cutover all qualifying MHP-Spaces to direct Utility service.

5.11.4. If requested by [Utility], the Contractor shall be available to meet and perform joint cutover with [Utility] for the individual services within the MHP. [Utility] will coordinate with the Contractor to jointly meet to perform this work.

5.11.5. Upon cutover to the new distribution system, the MHP Owner/Operator will take ownership of all "Beyond-the-Meter" facilities and will be responsible for all maintenance associated with the facilities.

6. Utility's Responsibilities

6.1. Engineering and Planning

6.1.1. [Utility] will design and install the new "To-the-Meter" electric distribution and service system for the MHP to meet current Utility design standards and applicable codes, regulations, and requirements. Each MHP-Space and the common use areas will become a direct customer of [Utility] after the conversion. The system design will use the most economic, convenient, and efficient service route. This will ensure that the facilities are consistent with existing utility facilities and can be incorporated into routine utility inspection and maintenance programs.

In addition, [Utility] will design and install the new distribution and service system up to the Service Delivery Point on a "like-for-like" basis to the existing system, to the extent possible and allowed by current codes and regulations, and where it is the most cost-effective option. For example, an existing 200-ampere service will be replaced with a 200-ampere service. If both electric and gas are requested to be replaced and electric service is provided overhead, [Utility] will have the option to offer underground electric service if it is cost-effective to do so.

6.1.2. [Utility] will prepare a preliminary design package for the new electric system and all necessary land rights documents.

6.1.3. [Utility] will consult with the MHP Owner/Operator to identify the location of each electric meter and will specify any barriers required for the protection of the metering service equipment. [Utility] will have the final approval of the location of the meter.

6.1.4. [Utility] will include, with the MHP Program, additional reasonable services for common-use areas within the MHP that will be served under commercial rate schedules.

6.1.5. [Utility]will design and install the "To-the-Meter" facilities to accommodate a service equivalent to the existing service. If the existing electric service is less than 100-ampere service, the utility will design and install "To-the-Meter" facilities to accommodate 100-ampere service as part of the MHP Program.

6.1.6. Except for the 100-ampere minimum electric service, any requests for service upgrades or relocations beyond what is being provided by the MHP Program will be handled under [Utility]'s current Rules and Tariffs. Such requests may be made by the MHP Owner or the individual MHP residents, and such upgrades and additional incremental costs will be the sole responsibility of the requesting party.

6.1.7. Vacant MHP-Spaces will receive a stub to the location of the future "Service Delivery Point" during the MHP Program. When a previously vacant space becomes occupied subsequent to service activation, a line extension contract will be required to extend service per normal line extension rules ([applicable tariff rules]

6.2. Permits

6.2.1. [Utility] will acquire routine, ministerial construction permits, such as encroachment permits necessary for utility trenching within public rights-of-way. All other permits are the responsibility of the MHP Owner/Operator, as stated in Section 5.6 of this Attachment.

6.3. Environmental and Cultural Resources Review

6.3.1. [Utility] shall conduct a desktop environmental, endangered species, and cultural resources review of the proposed work at the MHP, and, where that review indicates any environmental, endangered species, and cultural resources issues, [Utility] will immediately suspend work at the MHP. [Utility] will not resume work on the MHP until it has received authorization from appropriate experts and/or agency with jurisdictional authority that the issues have been resolved and that the project may proceed. Any environmental, endangered species, and cultural resources remediation or other resolution of environmental issues must continue to remain with each MHP Owner/Operator and must be addressed as required by the agency with jurisdictional authority. No utility shall assume any remediation responsibility, and utility ratepayers shall bear no costs associated with any required remediation.

6.4. Outreach and Education

6.4.1. [Utility] will work with the MHP Owner/Operator and/or the MHP Representative on outreach to and education of MHP residents.

6.4.2. During the construction phase, [Utility]will work with the MHP Representative to keep the MHP residents informed of the status of the project, including notice of temporary outages, detours or street closures, and other issues related to the project. Information provided by [Utility] will include, but is not limited to, "transition kits" for the MHP residents with information about construction work impacts, timing, account setup instructions, utility programs, and services such as California Alternate Rate for Energy (CARE), medical baseline, energy efficiency, and demand response opportunities. [Utility] will work with the MHP Representative to

make sure all notices and project information is communicated and distributed in a timely manner.

6.4.3. [Utility] will manage communications with the CPUC, California Department of Housing and Community Development (HCD), other utilities, local government, local media, and other parties, as necessary, on the MHP Program activities.

6.5. Construction

6.5.1. Under the MHP Program, [Utility] will install or select a qualified licensed contractor to install the new "To-the-Meter" electric distribution systems that will meet all current utility electric design standards, applicable codes, regulations, and requirements. Facilities and services installed will be based on the agreed-upon design in the MHP Program Agreement.

6.5.2. [Utility] will consult and coordinate the MHP activities with other Utilities that may jointly serve the MHP, including municipal utilities, water, cable, and telecommunication providers to ensure efficiency and avoid unnecessary disruption and/or costs.

6.5.3. [Utility] may elect to wait to commence "To-the-Meter" construction until the MHP Owner/Operator can demonstrate its qualified contractor has substantially completed construction of the "Beyond-the-Meter" facilities, such facilities have been approved by the governing inspection authority, and [Utility] receives a copy of any inspection report or verification. [Utility] may commence construction if the MHP Owner/Operator has coordinated an acceptable construction schedule that is approved by [Utility]. Once the above has been confirmed, [Utility] will commence "To-the-Meter construction as scheduling and availability permit.

6.6. Cutover / Completion of Project

6.6.1. [Utility] will own, operate, and maintain all the "To-the-Meter" electric distribution and service systems within the MHP. Upon completion of the conversion, the facilities will be managed under and subject to [utility tariff rules].

6.6.2. Existing MHP residents within the MHP will be converted to direct [Utility] service and will be served under existing [Utility]'s tariffs. At the time of the initial service cut-over, fees associated with new customer credit checks and service deposits will be waived. However, as with other residential customers, MHP residents will still be subject to discontinuance of service provisions per the Utilities' Discontinuance and Restoration of Service Rule ([utility tariff rules]).

After the service cutover is completed and MHP residents have established their [Utility] accounts, all new MHP residents will be subject to all existing credit requirements and deposits applicable to all [Utility] residential customers.

6.6.3. Existing MHP residents who participate in the CARE and/or the Family Electric Rate Assistance (FERA) programs through the MHP master-metered/submetered distribution system and become a customer of [Utility] through the MHP Program will be deemed grandfathered into the respective program without having to re-certify or reapply as long as the name of the customer for the new service account matches the name of the CARE/FERA participant. This will be a one-time exception to the respective CARE/FERA Rules at the time of the service conversion.

6.6.4. Existing MHP residents who receive medical baseline allowances through the MHP master-metered/submetered distribution system and become a customer of [Utility] through the MHP Program will be deemed grandfathered and will continue to receive the same medical baseline allowances without having to re-certify or reapply as long as the participant who is receiving the medical baseline allowance still lives at the residence. This will be a one-time exception to the Medical Baseline Rules at the time of the service conversion.

6.6.5. [Utility] or its Contractor shall purge the gas Legacy System of unpressurized gas to ensure safety of the disconnected system.

7. Safety

7.1. IMPORTANCE OF SAFETY: Parties recognize and agree that safety is of paramount importance in the implementation of the MHP Program, and Parties are responsible for performing the work in a safe manner. Parties shall plan and conduct the work and shall require all Contractors and Subcontractors to perform their portions of the work in accordance with all applicable local, state, and federal rules; regulations; codes; and ordinances to safeguard persons and property from injury. The MHP Owner/Operator shall require its Contractor to provide necessary training to its employees and subcontractors to inform them of the foregoing safety and health rules and standards. Should [Utility] at any time observe the Contractor, or any of its subcontractors, performing the work in an unsafe manner or in a manner that may, if continued, become unsafe, then [Utility] shall have the right (but not the obligation) to require the MHP Owner/Operator to stop Contractor's work affected by the unsafe practice until Contractor has taken corrective action so that the work performance has been rendered safe.

7.2. Regulations and Conduct of Work: MHP Owner/Operator shall assure that its Contractor plans and conducts the work to safeguard persons and property from injury. MHP Owner/Operator shall direct the performance of the work by its Contractor in compliance with reasonable safety and work practices and all applicable federal, state, and local laws, rules; and regulations; including, but not limited to, Occupational Safety and Health Standards promulgated by the U.S. Secretary of Labor and the California Division of Occupational Safety and Health, including the wearing of hard hats at the worksite, if applicable. Work in areas adjacent to electrically energized facilities and/or operating natural gas facilities shall be performed in accordance with said practices, laws, rules, and regulations. [Utility] may designate safety precautions in addition to those in use or proposed by Contractor. [Utility] reserves the right to inspect the work and to halt construction to ensure compliance with reasonable and safe work practices and with all applicable federal, state, and local laws, rules, and regulations. Neither the requirement that MHP Owner/Operator's Contractor follow said practices and applicable laws, rules, and regulations nor adherence thereto by Contractor shall relieve MHP Owner/Operator of the sole responsibility to maintain safe and efficient working conditions.

7.3. Additional Precautions: If [Utility] requests, the MHP Owner/Operator shall require its Contractor to provide certain safeguards not in use but considered

necessary, and, if Contractor fails to comply with the request within a reasonable time, [Utility] may provide the safeguards at MHP Owner/Operator's expense. Failure to comply with safety precautions required by [Utility] may result in cancellation of the Contract for cause.

7.4. Parties will immediately notify each other regarding safety and hazardous conditions that may cause harm to [Utility], MHP Owner/Operator, Subcontractors, MHP residents, and/or the general public. Upon notice, the responsible party shall investigate the potential safety hazard and, if necessary, take actions to remedy the situation.

7.5. The MHP Owner/Operator shall be responsible for notifying local emergency services, if required, about pending road closures or detours that may affect safety and services to the MHP and its residents.

8. Delay and Suspension of Work

8.1. Suspension of Work by [Utility]: [Utility] reserves the right to suspend the work on this Program to serve the needs of the greater public.

8.2. Notification of Delays: Contractor shall promptly notify [Utility] in writing of any impending cause for delay that may affect [Utility] schedule. If possible, [Utility] will coordinate and assist Contractor in reducing the delay.

8.3. Delays by MHP Owner/Operator: No additional compensation or other concessions will be given to the MHP Owner/Operator for expenses resulting from delays caused by MHP Owner/Operator. If, in [Utility]'s opinion, the delay is enough to prevent MHP Owner/Operator's compliance with the specified schedule, MHP Owner/Operator shall accelerate the work by overtime or other means, at MHP Owner/Operator's expense, to assure completion on schedule.

9. Cancellation or Suspension of Agreement

9.1. Either Party may, at its option, cancel or suspend upon written notice to the other party this agreement.

9.1.1. [Utility] may cancel or suspend this Agreement for, but not limited to, the following situations:

9.1.1.1. The failure, refusal, or inability of the MHP Owner/Operator to perform the work in accordance with this agreement for any reason (except for those reasons that are beyond MHP Owner/Operator's control) after receiving notice from [Utility] and an opportunity to cure at [Utility's option, safety or security violations may result in immediate cancellation;

9.1.1.2. The failure, refusal, or inability of the MHP Owner/Operator to initiate the work within six months of the execution of this Agreement;

9.1.1.3. The failure or inability of the MHP Owner/Operator to complete the work and be ready to receive service from [Utility] within 12-months of the execution of this Agreement; or

9.1.1.4. Legal action is placed against the MHP Owner/Operator that, in [Utility]'s opinion, may interfere with the performance of the work.

9.1.2. If the MHP Owner/Operator cancels the Agreement, the MHP Owner/Operator will:

9.1.2.1. Agree to reimburse [Utility] for all work and costs incurred prior to the cancellation that did not result in a direct Utility service of an individual MHP-Space or common area. [Utility]'s costs may include, for example, "To-the-Meter" labor, material, and supplies (including long lead time materials); transportation; and other direct costs that [Utility] allocates to such work;

9.1.2.2. Not be eligible for reimbursement for any "Beyond-the-Meter" work perform by the Contractor that did not result in a direct Utility service of an individual MHP- Space; and

9.1.2.3. Pay back to the Utility in full any reimbursements paid to the MHP Owner/Operator for partial work completed by its Contractor.

9.1.3. In the event of such cancellation, [Utility] shall reimburse the MHP Owner/Operator for services satisfactorily completed before the date of cancellation that resulted in direct [Utility] service of benefit to [Utility]. In no event shall [Utility] be liable for lost or anticipated profits or overhead on incomplete portions of the work due to cancellation caused by the MHP Owner/Operator.

9.1.4. A cancelled or suspended MHP Program Agreement may, at [Utility]'s option, result in the removal of the MHP from the queue of approved projects and the selection of the next MHP on the waiting list for the MHP Program.

9.1.5. MHP Owner/Operator shall be liable for additional costs to [Utility] arising from cancellation. [Utility] may cancel or suspend this Agreement and/or the MHP Program if directed to do so by the CPUC. Liability of incomplete projects will be determined by the CPUC.

10. Costs Covered by the MHP Program and Reimbursement to MHP Owner/Operator

10.1. All costs incurred by [Utility] to provide "To-the-Meter" facilities for a typical service for each qualifying MHP-Space will be covered by the MHP Program.

10.2. Requests for service relocations, rearrangements, and upgrades not covered by the MHP Program will be the sole responsibility of the requesting party under [Utility]'s current applicable Tariffs.

10.3. [Utility] will include with the MHP Program additional reasonable services for common use areas within the MHP that will be served under commercial rate schedules. [Utility] will not provide the service panel and "Beyond-the-Meter" reimbursements for these common area services. Upon [Utility]'s execution of the Agreement, [Utility] agrees to reimburse the MHP Owner Operator based on the estimates for the "Beyond-the-Meter" to be performed by the Contractor. The amount that is eligible for reimbursement for the "Beyond-the-Meter" work shall not exceed the "Cost Covered by the MHP Program" amount listed on Attachment C without prior agreement from [Utility]. [Utility] will review all invoices received for the "Beyond-the-Meter" work by the Contractor designated in this Agreement and will reimburse the MHP Owner/Operator for prudently occurred and reasonable construction expenditures. This work shall not include costs for any modification or retrofit of the coach or manufactured home.

10.4. As soon as practicable and after the jurisdictional authorities have inspected and approved operation of the "Beyond-the-Meter" work, the MHP Owner/Operator may submit invoices to [Utility] for "Beyond-the-Meter" work. Invoices shall be submitted in no less than twenty-five percent (25%) increments based on the number of converted MHP-Spaces compared to the total number of eligible MHP-Spaces at the MHP. The final reimbursement for the "Beyond-the-Meter" work will be paid to the MHP Owner/Operator after the final cutover has been completed and the entire MHP has been converted to direct [Utility] service.

10.5. Invoices shall include a listing of MHP-Spaces that completed the service conversion and an itemized list and costs for equipment, materials, and labor for "Beyond-the-Meter" facilities that are both covered and not covered by the MHP Program.

11. Nondisclosure

11.1. Neither Party may disclose any Confidential Information obtained pursuant to this Agreement to any third party, including affiliates of a Party, without the express prior written consent of the other Party. As used herein, the term "Confidential Information" shall include, but not be limited to, all business, financial, and commercial information pertaining to the Parties; customers, suppliers, or personnel of either or both Parties; any trade secrets and other information of a similar nature, whether written or in intangible form that is marked proprietary or confidential with the appropriate owner's name. Without limiting the foregoing, Confidential Information shall also include information provided by the MHP Owner/Operator regarding the MHP residents. Confidential Information shall not include information already known to either Party; information in the public domain; information from a third party who did not, directly or indirectly, receive that same information from a Party or from another entity who was under an obligation of confidentiality to the other Party to this Agreement; or information developed by either Party independently of any Confidential Information. The receiving Party shall use the higher of the standard of care that the receiving Party uses to preserve its own confidential information or a reasonable standard of care to prevent unauthorized use or disclosure of such Confidential Information.

11.2. Notwithstanding the foregoing, Confidential Information may be disclosed to the CPUC and any governmental, judicial, or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling, or order, provided that (a) such Confidential Information is submitted under any applicable provision, if any, for confidential treatment by such governmental, judicial or regulatory authority and (b) prior to such disclosure, the other Party is given prompt notice of the disclosure requirement so it may take whatever action it deems appropriate, including intervention in any proceeding and the seeking of any injunction to prohibit such disclosure.

12. Indemnification

12.1. MHP Owner/Operator shall indemnify, defend, and hold harmless [Utility], its officers, directors, agents, and employees, from and against all claims, demands,

losses, damages, costs, expenses, and legal liability connected with or resulting from injury to or death of persons, including but not limited to employees of [Utility], MHP Owner/Operator, Contractor or Subcontractor; injury to property of [Utility], MHP Owner/Operator, Contractor, Subcontractor, or a third party, or to natural resources, or violation of any local, state, or federal law or regulation, including but not limited to environmental laws or regulations or strict liability imposed by any law or regulation; arising out of, related to, or in any way connected with MHP Owner/Operator performance of this Agreement, however caused, regardless of any strict liability or negligence of [Utility], whether active or passive, excepting only such claims, demands, losses, damages, costs, expenses, liability or violation of law or regulation as may be caused by the active gross negligence or willful misconduct of [Utility], its officers, agents, or employees. The MHP Owner/Operator shall indemnify, defend, and hold harmless [Utility] from all causes of action or claims arising from projects that were cancelled by the MHP Owner/Operator, for which [Utility] shall have no liability. [Utility] shall have no liability for the MHP submetered systems (referred to as legacy systems) or the “Beyond-the-Meter” infrastructure installed during conversion, and the MHP owner will hold harmless, defend and indemnify [Utility] from all causes of action or claims arising from or related to these systems.

12.2. MHP Owner/Operator acknowledges that any claims, demands, losses, damages, costs, expenses, and legal liability that arise out of, result from, or are in any way connected with the release or spill of any legally designated hazardous material or waste as a result of the Work performed under this Agreement are expressly within the scope of this indemnity and that the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial Work, penalties, and fines arising from the violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs are expressly within the scope of this indemnity.

12.3. MHP Owner/Operator shall, on [Utility] 's request, defend any action, claim or suit asserting a claim covered by this indemnity. MHP Owner/Operator shall pay all costs that may be incurred by [Utility] in enforcing this indemnity, including reasonable attorney's fees.

13. Compliance with Laws and Regulations

13.1. During the performance of the Work, MHP Owner/Operator, Contractor, and its Subcontractors, agents, and employees shall fully comply with all applicable state and federal laws and with any and all applicable bylaws, rules, regulations, and orders made or promulgated by any government, government agency or department, municipality, board, commission, or other regulatory body and shall provide all certificates for compliance therewith as may be required by such applicable laws, bylaws, rules, regulations, orders, stipulations, or plans.

13.2. MHP Owner/Operator shall require its Contractors or Subcontractors to comply with provisions of this paragraph and agrees to save and hold [Utility] harmless from any and all penalties, actions, causes of action, damages, claims, and demands whatsoever arising out of or occasioned by failure of MHP Owner/Operator and

Contractor or Subcontractor to make full and proper compliance with said bylaws, rules, regulations, laws, orders, stipulations, or plans.

14. Governing Law

This Agreement shall be deemed to be a contract made under laws of the State of California and for all purposes, shall be construed in accordance with the laws of said state.

15. Entire Agreement

This Agreement consists of, in its entirety, Mobilehome Utility Upgrade Program Agreement and all attachments hereto, the Utilities' MHP Program Application, and [Utility]'s Rule [applicable tariff rule]. This Agreement supersedes all other service agreements or understandings, written or oral, between the Parties related to the subject matter hereof.

16. Enforceability

If any provision of this Agreement thereof, is to any extent held invalid or unenforceable, the remainder of this Agreement thereof, other than those provisions that have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.

17. Force Majeure

Neither Party shall be liable for any delay or failure in the performance of any part of this Agreement (other than obligations to pay money) due to any event of force majeure or other cause beyond its reasonable control, including but not limited to, unusually severe weather, flood, fire, lightning, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, work stoppage caused by jurisdictional and similar disputes, restraint by court order or public authority, or action or non-action by or inability to obtain authorization or approval from any governmental authority, or any combination of these causes ("Force Majeure Event"), which by the exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by the exercise of due diligence is unable to overcome. It is agreed that, upon the other Party's receipt of notice from the affected Party about such Force Majeure Event within a reasonable time, then the obligations of the Party, so far as they are affected by the Force Majeur Event, shall be suspended during the continuation of such inability and circumstance and shall, so far as possible, be remedied with all reasonable dispatch.

18. Not a Joint Venture

Unless specifically stated in this Agreement to be otherwise, the duties, obligations, and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership, or joint venture or to impose a trust or partnership duty, obligation, or liability on or about either Party. Each Party shall be liable individually and severally for its own obligations under this Agreement.

The Parties have executed this Agreement on the dates indicated below, to be effective upon the later date.

Name of Mobilehome Park	
	[Enter Utility Name Here]
Name of Owner/Operator	
Signature	*Signature*
Print Name	*Print Name*
Title	*Title*
Date	*Date*

Attachment A Documents and Declarations

A. Additional Documentation

As described in CPUC Decision (D.) 14-03-021 and Section 1 of this Agreement, the MHP Owner/Operator must provide copies of the following documents along with their Agreement to participate in the Mobilehome Park Utility Upgrade Program:

1. The MHP Owner/Operator must provide a copy of a valid operating license from the governmental entity with relevant authority; (Required)

2. If the MHP is operated on leased real property, a copy of the land lease agreement must be provided. The land lease agreement must supply proof that the lease will continue for a minimum of 20 years from the effective date of this Agreement .

3. As stated in Section 7.1 of the MHP Application, if the MHP Owner/Operator did not provide a complete list of MHP resident contact information with the MHP Application, such information must be submitted with this Agreement (Attachment A). The list shall consist of complete contact information for the current residents of each space in the MHP, including name, address or space number, mailing address (if different than physical address of unit), home phone number, cell phone number, email address, and other contact information.

Please attach copies of the above required documents to this page (Attachment A – Required Documents) of the Mobilehome Park Utility Upgrade Program Agreement

B. Declaration of Non-Condemnation

In accordance with D.14-03-021, and subject to the requirements of [Utility's] [applicable Tariff Rule], each MHP participating in the MHP Utility Upgrade Program must affirm that it is not subject to an enforceable condemnation order or to pending condemnation proceedings.

I, _____, (print name of authorized signatory) declare under penalty of perjury under the laws of the State of California that I am authorized to execute this document on behalf of the MHP Owner/Operator and that the Mobilehome Park is not subject to any enforceable condemnation order or to pending condemnation proceedings.

_____	_____
Name of Mobilehome Park	Authorized Signature
_____	_____
Name of Owner/Operator	Print Name
_____	_____
Date	Title

Attachment B: Contractor Section

MHP Owner/Operator shall select a qualified, licensed Contractor to perform the "Beyond the Meter" work at the MHP, and shall consult and coordinate with [Utility] on such selection. The MHP Owner/Operator shall provide information about the selected contractor below.

Selection of the Contractor shall be based on the "most cost-effective option." [Utility] reserves the right to review the reasonableness of the bids received by the MHP Owner/Operator to perform the "Beyond the Meter" work. [Utility] and the CPUC encourage consultation and coordination between the Parties to ensure efficiency and avoid unnecessary (and non-reimbursable) costs.

If [Utility] and the MHP Owner/Operator fail to agree upon the qualifications of the contractor, the CPUC's Safety and Enforcement Division (SED) will be consulted to resolve the dispute.

In all instances, the work performed by the Contractor must comply with applicable regulations, laws, ordinances, and recognized professional standards, and such work must be approved by the applicable governing inspection authority(ies).

Contractor Name:

State Contractor License #:

Contact Person:

Title:

Address:

City: State ZIP:

Day Phone:

Cell Phone:

Fax:

Email Address

Total Estimated Cost to Perform all "Beyond the Meter"

work for the MHP (See Attachment C) $

Secondary Contractor (if required)
Contractor Name: _____
State Contractor License #: _____

Contact Person: _____

Title: _____

Address: _____

City: _____ State _____ ZIP: ___

Day Phone: _____

Cell Phone: _____

Fax: _____

Email Address _____

Total Estimated Cost to Perform all "Beyond the Meter" work for the MHP (See Attachment C) $ _____

Attachment C: Estimated Costs for MHP Project

MHP Owner/Operator:

MHP Name:

Address:

In accordance with California Public Utilities Commission (CPUC) Decision (D.) 14-03-021, and subject to the requirements of [applicable utility tariff rule] of its California Gas Tariff, [Utility] Corporation ([Utility] or Utility) is offering the Mobilehome Park Utility Upgrade Program to convert existing privately owned master-meter/sub-metered natural gas distribution service within Mobilehome Park or Manufactured Housing Communities (MHP), to direct Utility service for eligible spaces within MHP.

The table below illustrates the financially responsible party for the "To the Meter" and "Beyond the Meter" services under the MHP Program.

Table 1 Illustrate the financially responsible party for the "To-the-Meter" and "Beyond-the-Meter" services under the MHP Program

	"To-the-Meter" Facilities and Equipment installed by [Utility] Financially Responsible Party			**"Beyond-the-Meter"** Facilities and Equipment installed by Contractor Financially Responsible Party		
	Covered by MHP Program	MHP Owner/ Operator	Requesting MH Owner	Reimbursed by MHP Program	MHP Owner/ Operator	Requesting MH Owner
Service to Individual MH-Spaces	**X**			**X**		
Service to Common Use Areas	**X**				**X**	
Incremental Service Modifications to the Individual MH-Spaces > 100 amperes where the MHP lots are owned by the resident residing on the lot			**X**			**X**
Service Modifications, Relocation and Rearrangement to the MHP Common Use Areas or MH-Space in where the lots are not owned by the resident residing on the lot (leased or rented spaces)		**X**			**X**	

A. Estimated "To the Meter" Additional Project Costs Not Covered by the Program

(To be completed by [Utility])[357]

	Costs Not Covered by the MHP Program
Civil Costs – Includes, but is not limited to, trenching, backfill, excavation, and surface repair activities [Project Cost to design and install "To-the-Meter" Facilities for the MHP]	$ _____
Gas System – Includes, but is not limited to, installation of gas piping, connectors, meters, and other facilities required to complete the distribution and service line extensions. [Service upgrades or rearrangements requested on behalf of the individual MHP Residents not covered by the MHP Program]	$ _____
Other – Includes, but is not limited to, easement estimates, and other costs associated with the project.	$ _____
	$ _____
Total	$ _____

[357] Service Upgrades beyond what is being provided by the Program are listed on Attachment D.

B. MHP Owner/Operator's "Beyond-the-Meter" Project Costs

(To be completed by the MHP Owner/Operator, Attach Contractor's Job Estimate to Attachment C)

		Cost Covered by the MHP Program	Costs Not Covered by the MHP Program
Civil Costs – Includes, but is not limited to, trenching, backfill, excavation, surface repair activities, and labor.		$ _____	$ _____
Gas System – Includes, but is not limited to, houseline plumbing from the [Utility] riser to the customer connection including labor and materials.	Materials:	$ _____	$ _____
	Labor:	$ _____	$ _____
Other – Includes, but is not limited to, permits as provided by contractor.		$ _____	$ _____
MHP Owner/Operator's Total Estimated "Beyond-the-Meter" Project Costs		$ _____	$ _____
Estimated Cost for MHP Service Conversion Project (A + B)		$ _____	$ _____
Number of MH-Spaces		_____	
Average Cost per MH-Space		$ _____	$ _____

Attachment D: Costs that the MHP Owner/Operator is Responsible for that are Not Covered Under the MHP Program

MHP Owner/Operator: _____

MHP Name: _____

Address: _____

Any service modifications and associated costs beyond what is being provided by the MHP Program will be the responsibility of the requesting Party. These modifications will be handled under [Utility]' California Gas Tariff, or as otherwise provided in this Agreement. Service modifications and relocations for MH-Spaces in a MHP where the lots are not owned by the owner of the mobilehome or manufactured housing unit (leased or rented spaces), must be requested by the MHP Owner/Operator, and are not reimburseable costs under the MHP Program.

The following service modifications have been requested by the MHP Owner/Operator. (If Job Estimate includes an itemized breakdown of costs, it may be substituted for this sheet.)

_____

_____

A. Total Amount Due By MHP Owner/Operator for Service Modification and/or services not covered by the MHP Program

1. Amount Due from MHP Owner/Operator to [Utility]

- Amount due for "To the Meter" work not covered by the MHP Program. $ _____
- Amount due for "To the Meter" Service Modifications, Relocation and Rearrangement for the MHP Common Use Areas $ _____

Total $ _____

2. Amount Due from MHP Owner/Operator to the Contractor

- Amount due for "Beyond the Meter" Work for common use areas. $ _____
- Amount due for "Beyond the Meter" Service Modifications, Relocation and Rearrangement for the MHP Common Use Areas $ _____

3. Total amount due for service modifications not covered by the MHP Program $ _____

Itemized Service Modifications or other services not covered by the MHP Program (Provide extra sheets as necessary). If Job Estimate includes an itemized breakdown of costs, it may be substituted for this sheet.

"To the Meter" Costs Not Covered By the MHP Program			
Location	Responsible Party	Requested Service Modification	Estimated Cost

"Beyond the Meter" Costs Not Covered By the MHP Program			
Location	Responsible Party	Requested Service Modification	Estimated Cost

Attachment E: Costs that the Mobilehome Owner is Responsible for that are Not Covered Under the MHP Program

MHP Owner/Operator: _____

MHP Name: _____

Address: _____

Requests for service modifications may be made directly to [Utility] by the owner of the mobilehome or manufactured housing unit, provided that the owner owns both the mobilehome or manufactured housing unit and the lot on which the mobilehome or manufactured housing unit sits, and only as permitted by the MHP rules and regulations, These modifications, and associated costs, are not reimburseable under the MHP Program. They are the responsibility of the requesting mobilehome or manufactured housing unit owner and will be handled under [Utility]' California Gas Tariff.

The MHP Owner/Operator is responsible for collecting any and all fees associated with service modifications requested by the owner of a mobilehome or manufactured housing unit, and approved by [Utility], and for forwarding those payments to [Utility] with this Agreement.

A. Total Amount Due By Mobilehome Owner for Service Modification and/or services not covered by the Program

1. Amount Due from Mobilehome Owner to [Utility]

    - Amount due for "To the Meter" work not covered by the MHP Program. $ _____

2. Amount Due from Mobilehome Owner to the Contractor

    - Amount due for "Beyond the Meter" Service Modifications, Relocation and Rearrangement for the Mobilehome Owner. $ _____

3. Total Owned by Mobilehome Owner for the MHP Program $ _____

Itemized Service Modifications or other services not covered by the MHP Program (Provide extra sheets as necessary). If Job Estimate includes an itemized breakdown of costs, it may be substituted for this sheet.

"To the Meter" Costs Not Covered By the MHP Program			
Location	Responsible Party	Requested Service Modification	Estimated Cost

"Beyond the Meter" Costs Not Covered By the MHP Program			
Location	Responsible Party	Requested Service Modification	Estimated Cost

(END OF APPENDIX C)

APPENDIX D

State of California
Public Utilities Commission

CPUC Form of Intent

(Initial Application for Conversion of Master-Meter Service at Mobilehome Park or Manufactured Housing Community to Direct Service from Electric or Gas Corporation)

❶**HCD ID:** **IMPORTANT: FORM ONLY ACCEPTED WHEN RECEIVED JANUARY 1 – MARCH 31, 2015**

Park/Community Property Name and Address	**Park/Community Property Owner Name and Address**

❷**Do you intend on participating in the master-meter service conversion program? Yes ☐ No ☐**
(If you do not intend on participating in this program then do not complete the rest of this application, but please sign where indicated below and submit it to the CPUC and the utility(ies) per instructions on the back of this page. Otherwise, you **MUST** complete the remainder of this form.)

❸**Are any plans underway by the property owner and/or others to sell the property or convert land use? Yes ☐ No ☐**

❹**Total HCD Permitted Spaces: _____Occupied Spaces: _____ Unoccupied Spaces: _____ RV Spaces: _____**

Master-meter Gas and Electric System Information (Please attach additional pages as necessary)

❺**Is there master-metered electric service at this property(Y/N)? ___ Intent to convert service(Y/N)?___ If yes, then:**
Number of Spaces with Electric Sub-Meters: _____ Installation date of master-meter electric system: _____
Typical Amps per electric pedestal at each space: _____ Electric service type: [ ] Underground, [ ] over-head, [ ] combination
Electric Utility: SCE [ ], PG&E [ ], Bear Valley [ ], SDG&E [ ], Pacific Power [ ], Liberty Utilities [ ], Other/municipal [ ]

❻**Is there master-metered gas service at this property(Y/N)? ___ Intent to convert service(Y/N)?___If yes, then:**
Number of Spaces with Gas Sub-Meters: _____ Installation date of master-meter gas system: _____
Master-meter gas system pressure (psi): _____ Locations of gas mains: yard easement [ ], street [ ], under coach [ ], other [ ]
Natural Gas Utility: PG&E [ ], SoCalGas [ ], SDG&E [ ], Southwest Gas [ ], Other/municipal [ ]

❼Cathodic Protection (CP) system installed on gas system(Y/N)?__If yes, please indicate CP type: [ ] Impressed, [ ] sacrificial, [ ] both

❽**Please indicate the length in feet of the following pipeline materials in your gas distribution system:**
Coated Steel: _____ Bare Steel: _____ Polyethylene (PE): _____ Polyvinyl Chloride (PVC):_____ Other: _____

❾**What maps of the master-metered system(s) do you have: [ ] Gas only, [ ] Electric only, [ ] Gas & Electric, [ ] None**

❿**Is any part of the property currently provided with direct gas or electric service by the local utility? Yes ☐ No ☐**
If yes, please provide details: Number of electric spaces directly served: _____ Number of gas spaces directly served:_____
If known, the date when the directly serving gas or electric system was installed: _____

⓫**Excluding repairs, has any portion of the gas or electric system been replaced within the last 20 years? Yes ☐ No ☐**
If yes, please provide details of the replacement and when it occurred:_____

Property Owner(s) Pledge

Upon execution of this application, I will maintain, or cause to be maintained, a record of all revenues from operation of the master-meter system(s) and all expenditures for operation and/or maintenance of said system(s) which I voluntarily elect to convert to direct utility service at the mobile-home park or manufactured housing community identified above. I pledge to use all such revenues only towards the operation and maintenance of said system(s) until conversion to direct utility service is complete.

⓬**I hereby declare under penalty of perjury that the foregoing information is true and correct to the best of my knowledge.**

Signature: _____ Date:_____ Print Name and Title:_____

⓭**Note:** Please submit the completed Form of Intent to the CPUC **AND** applicable local utility(ies) per instructions on back of this page.

(END OF APPENDIX D)