

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

Application of San Diego Gas & Electric Company
(U 902 M) for Approval To Extend the Mobilehome
Park Utility Upgrade Program.

Application 17-05-_____
(Filed May 5, 2017)

CHAPTER 1

**SAN DIEGO GAS & ELECTRIC MOBILEHOME PARK UTILITY UPGRADE
PROGRAM**

PREPARED DIRECT TESTIMONY OF

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ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

May 5, 2017

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1 **I. PURPOSE**

2 The purpose of my testimony is to describe San Diego Gas and Electric Company's ("SDG&E")
3 overall proposal for SDG&E's Mobilehome Park Utility Upgrade Program ("SDG&E MHP Program"),
4 including the scale and timeframe of SDG&E's MHP Program. My testimony will also explain the
5 reasons and need for SDG&E's MHP Program after the Mobilehome Park Pilot Program ("MHP Pilot
6 Program"), authorized in Decision ("D.") 14-03-021, is scheduled to end on December 31, 2017.¹ The
7 SDG&E MHP Program is intended to be specific to its service territory and based on its own actual
8 experience and results with the MHP Pilot Program.

9 **II. BACKGROUND**

10 On March 13, 2014, the California Public Utilities Commission ("Commission") approved D.
11 14-03-021, which established the MHP Pilot Program. D.14-03-021 authorized investor-owned utilities
12 ("IOUs")² to implement a three-year (2015-2017) MHP Pilot Program to convert approximately 10% of
13 master-meter/sub-meter service at mobile home parks to direct utility service. The focus of the MHP
14 Pilot Program was first on safety and then on reliability and capacity improvements.³

15 Pursuant to Ordering Paragraph ("OP") 13 of D.14-03-021, the IOUs are allowed to file a Tier-2
16 Advice Letter within 45 days of the second annual status report to request continuation of the MHP
17 Pilot Program "if the actual experience to that point appears to warrant continuation of the program
18 without major modification." Among other things, D.14-03-021 requires that the advice letter filing
19 specify the application period and the application process and should include a target for converting an

¹ As discussed further herein, by Advice Letter No. 3057-E/2563-G filed on March 17, 2017, SDG&E has sought approval to continue work on the original MHP Pilot Program past December 31, 2017 So as to meet the ten-percent threshold.

² The IOUs consist of SDG&E, Southern California Gas Company ("SoCalGas"), Pacific Gas and Electric Company ("PG&E"), Southern California Edison Company ("SCE"), Southwest Gas Corporation, Bear Valley Electric Service, Liberty Utilities, and Pacific Power.

³ D.14-03-021 at p. 3.

1 additional number of spaces, either as a whole number or a percentage of the remaining spaces in the
2 utility service territory potentially eligible for conversion.

3 D.14-03-021 further states:

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

8 Based on the direction provided by the Commission in D.14-03-021, SDG&E filed Advice
9 Letters No. 3057-E/2563-G ("Advice Letter") on March 17, 2017. The proposals in the Advice Letter
10 and this Application are separate and distinct, with one exception. The Advice Letter seeks
11 Commission authority to extend the MHP Pilot Program past the initial ten-percent threshold on a
12 limited basis, i.e. up to approximately 5% of MHP spaces in SDG&E's service territory. These
13 conversion activities after the MHP Pilot Program is complete will serve as a bridge between the end of
14 the MHP Pilot Program and the start of the SDG&E MHP Program proposed herein. Approval of the
15 Advice Letter filing⁵ will allow SDG&E to continue a limited number of conversions of MHPs selected
16 by the Safety and Enforcement Division ("SED") without any major modifications, while the
17 Commission considers SDG&E's proposed MHP Program proposal in this Application.⁶ However, in
18 the event the Advice Letter has not been approved by the time a decision is rendered on this
19 Application, the bridge for which approval is sought in the Advice Letter is included within the

⁴ D. 14-03-021, p.60-61.

⁵ SDG&E Advice Letters Nos. 3057-E/2563-G include conversion activities post-2017 and prior to the start of the proposed SDG&E MHP Program. These activities include conversion of up to 1700 MHP spaces or approximately 5% of MHP spaces in SDG&E's service territory.

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

1 approximate twenty-percent extension sought by this Application⁷. For added clarity, the following is a
2 brief description of the programs, and a high-level timeline is provided in Table 1.

- 3 • **MHP Pilot Program**: The voluntary, statewide, three-year MHP Pilot Program
4 authorized in D.14-03-021, which allows the IOUs to convert 10% of their MHPs to
5 direct utility service, currently is scheduled to end on December 31, 2017.⁸
- 6 • **Bridge Conversion Activities**⁹: Extending the MHP Pilot Program past the 10%
7 conversion target will serve as a bridge between the end of the MHP Pilot Program and
8 the start of SDG&E MHP Program proposed in this Application. These activities will
9 allow SDG&E to continue a limited number of conversions of MHPs selected by SED
10 after the ten-percent conversion target of the MHP Pilot Program is achieved and before
11 the proposed SDG&E MHP Program commences, thereby maximizing time and cost
12 efficiencies associated with avoiding shut-down of the program. Bridge Conversion
13 Activities will proceed under the protocol established in the MHP Pilot Program until
14 such time that a decision is rendered on this Application; after such time, any
15 outstanding Bridge Conversion Activities will roll in the SDG&E MHP Program
16 approved in the decision.
- 17 • **SDG&E MHP Program**: SDG&E's MHP Program proposed in this Application will
18 convert approximately an additional 6,600¹⁰ MHP spaces in SDG&E's service territory,

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

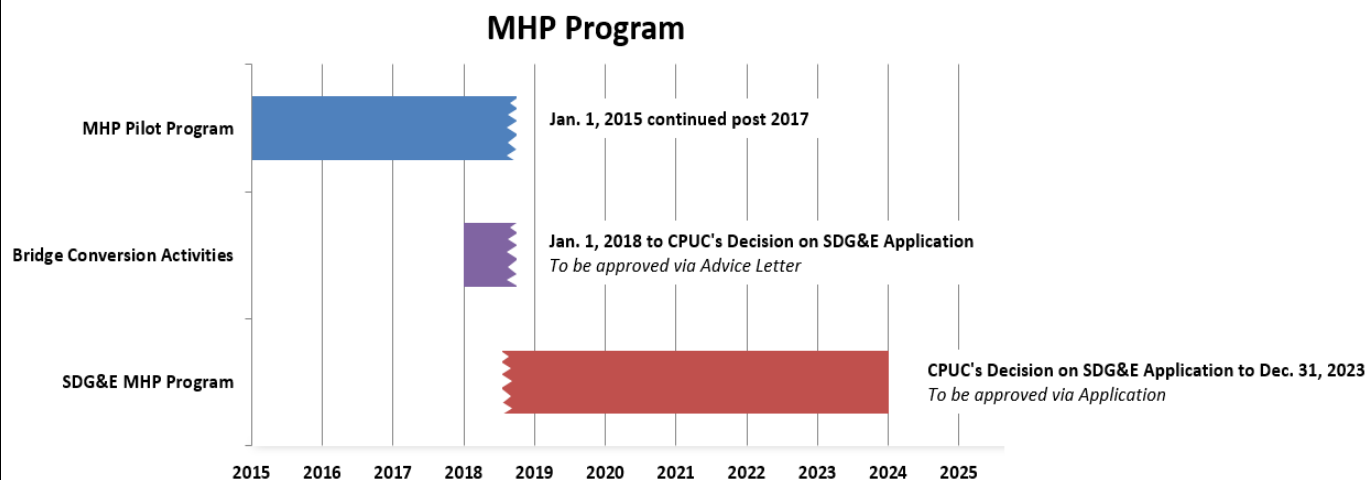
⁸ In the Advice Letter SDG&E has requested authority to continue the MHP Pilot Program past its scheduled end date in order to meet the ten-percent target of the MHP Pilot Program.

⁹ Requested in SDG&E Advice Letters No. 3057-E/2563-G filed on March 17, 2017.

¹⁰The approximately 6,600 MHP space conversions will be adjusted for any portion of the spaces converted as part of Bridge Conversion Activities (e.g., if 600 MHP spaces are converted in Bridge Conversion Activities, then the number of MHP spaces under SDG&E's MHP Program will be adjusted from approximately 6,600 to approximately 6,000 MHP spaces). To be clear; the request to convert an additional 20% of MHP spaces within

1 or approximately an additional 20% of the eligible MHP spaces, to direct utility service
2 over a six-year period.

3 **Table 1: Timeline of MHP Pilot Program and SDG&E MHP Program (2015-2023)**



4
5 **III. OVERVIEW OF THE PROPOSED SDG&E MHP PROGRAM**

6 In this Application, SDG&E requests Commission approval of the SDG&E MHP Program. The
7 SDG&E MHP Program proposes to convert approximately an additional 6,600 MHP spaces, or
8 approximately 20% of the eligible MHP spaces in SDG&E' service territory, to direct utility service.
9 SDG&E proposes to perform these additional conversions over a six-year period (2018-2023).¹¹
10 Conversion of 6,600 MHP spaces over six years approximately matches the current rate or pace of
11 conversions during the MHP Pilot Program, where approximately 3,400 mobile home conversions were
12 targeted over three years. Maintaining the same rate of conversions as the MHP Pilot Program over a
13 six-year period will provide stability and predictability to SDG&E' MHP Program. In addition, use of
14 the same rate of conversions will help facilitate the availability and efficient deployment of utility,
15 agency and contractor resources that are critical to the successful implementation and execution of the

SDG&E's testimony is inclusive of the 5% bridge requested in the Advice Letter, and any amount converted as part of the bridge will serve to reduce the 20% conversion target proposed herein.

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

1 MHP Program. The reasons for proposing approximately 6,600 MHP spaces and six years as the target
2 period are discussed further in Section V.

3 Consistent with the MHP Pilot Program and D. 14-03-021¹², SDG&E will continue to work
4 with the Southern California Gas Company (“SoCalGas”)¹³ and with the telecommunications service
5 providers¹⁴ willing to perform joint trench work where our services territories overlap.

6 **IV. RATIONALE AND NEED FOR THE PROPOSED SDG&E MHP PROGRAM**

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

8 This rulemaking grapples with issues that have proven intractable for decades. Central
9 to them all is how to ensure the safe, reliable and fairly-priced delivery of electricity,
10 natural gas, or both, to the residents of mobilehome parks and manufactured housing
11 communities (collectively, MHPs) located within the franchise areas of electric and/or
12 natural gas corporations, those Commission-regulated entities commonly referred to as
13 public utilities.¹⁵

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

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

¹³ SoCalGas’ MHP Program proposal is consistent with SDG&E’s allowing for easy coordination between the two utilities on any MHPs that overlap service territory.

¹⁴ As part of the MHP Pilot Program, SDG&E has reached out to these entities to make them aware of the MHP Pilot Program and inquire about their interest in participating.

¹⁵ D.14-03-021 at pp. 3-4.

1 The success of the MHP Pilot Program in SDG&E’s service territory has been demonstrated in
2 several important ways, as listed below and described in more detail in Sections IV.A.–IV.G. of my
3 testimony:

- 4 • Enhancing the safety and reliability of utility service at MHP communities that replaced
5 their aging distribution systems with new, professionally installed systems and electric
6 services capable of delivering 100 Amps;
- 7 • Providing the proper maintenance of the natural gas and electric distribution service;
- 8 • Increasing the number of conversions of MHPs to direct utility service;
- 9 • Mobilizing and coordinating the necessary resources including design and civil
10 construction contractors, many which are small businesses, as well as coordinating with
11 the California Department of Housing and Community Development (“HCD”) to
12 support the program;
- 13 • Streamlining and enhancing access to SDG&E’s low income, medical baseline and
14 energy savings programs and services to MHP residents, many of whom have been
15 identified as low income and elderly customers;
- 16 • Enhancing customer service to MHP residents, including benefits derived through the
17 installation of smart meters consistent with SDG&E’s other residential customers; and
- 18 • Implementing a robust, competitive sourcing process to reflect current market conditions
19 and establishing the controls and management processes to maintain reasonable program
20 costs and compliance with the program guidelines.

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

2 Safe and reliable utility service is central to the MHP Pilot Program. To assist SED in
3 prioritizing MHPs for conversion, SED developed the Forms of Intent (“FOI”)¹⁶ and required all MHPs
4 interested in participating in the MHP Pilot Program to complete the FOI. In the FOI, SED requested,
5 among other things, information on the age of the current MHP-owned utility system, the material of
6 the current gas piping system (e.g., steel or polyethylene), and the amperage of the electric service. It is
7 SDG&E’s understanding that SED considered this information in prioritizing the MHPs for conversion.

8 Of the 300 MHPs eligible for the MHP Pilot Program in SDG&E’ service territory; SDG&E
9 received FOIs from 225 MHPs, or nearly 75% of the eligible MHPs. Over the course of the MHP Pilot
10 Program, SED selected 43 MHPs ¹⁷ in SDG&E’s service territory to participate in the MHP Pilot
11 Program. Of these, thirteen MHPs either did not qualify or elected not to participate for various
12 reasons, leaving 30 participating in the MHP Pilot Program. Based on the information provided in the
13 FOI, all but one of the MHPs have private distribution systems that were installed over 40 years ago.
14 Twenty-nine of the 30 MHPs have steel systems¹⁸. In addition, 42 MHPs had electric systems with a
15 capacity of 50 AMPs or less. Table 2 below summarizes the information provided in the FOIs
16 submitted from January 1 through April 1, 2015 by MHP owners/operators who are participating in the
17 MHP Pilot Program.

¹⁶ The FOI, also referred to as the Initial Application in D. 14-03-021, was submitted by MHPs interested in participating in the MHP Pilot Program. The FOI is available on the CPUC website: http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Safety/Mobile_Home_Parks/12032014C_PUCFormofIntent.pdf.

¹⁷ This number includes all category 1 MHPs and any category 2 MHPs that, pursuant to SED’s direction and SED’s prioritized list of MHPs, were moved up to fill behind any MHPs that dropped from the program. The MHPs selected as the initial approximate 10% are designated category 1, the approximate next 8% of MHPs on the waitlist are designated category 2 and the remainder of the waitlisted MHPs are designated category 3.

¹⁸ In the FOIs submitted by a number of MHP owners/operators with steel gas distribution systems indicated these systems had no cathodic protection.

Table 2: Summary of Current Conditions of the MHPs Participating in SDG&E's MHP Pilot Program

MHPs Participating in Pilot Program			
	Number of MHPs	Number of Spaces	% of Participating MHP Spaces
MHPs Currently in Scope for the MHP Pilot Program	30	3,344	100%
MHPs > 40 Years Old	29	3,281	98%
MHPs w/ Steel Systems	29	3,230	97%

By contrast, the MHPs participating in the MHP Pilot Program have received or will soon receive new polyethylene systems which are professionally installed by operator-qualified crews. All utility distribution infrastructure up to and including the meter will be owned and maintained by SDG&E and will meet SDG&E's standards. Among other things, these standards provide guidance regarding: 1) the installation of utility infrastructure at the proper depth and separation from other facilities; 2) the proper fusion of the gas system by operator-qualified personnel; 3) the proper means to fill trenches; 4) the delivery of gas service at the proper pressure; 5) safe placement of gas and electric meters; 6) the installation of individual excess flow valves at every mobile home service; and 7) the proper documentation and mapping of the facilities accessible to 811 Underground Service Alert so they can be readily located and marked prior to any future digging or excavation. In addition, all MHPs will have electrical distribution systems capable of delivering a minimum of 100 Amp service. This will not only enhance reliability but also customer convenience by allowing MHP residents to install air conditioning systems. Many of the MHPs are located in inland San Diego where temperatures during the summer often reach or exceed 85 degree Fahrenheit.

1 **SDG&E's MHP Program Includes Proper Maintenance of Natural Gas and**
2 **Electrical Systems**

3 Maintaining and operating a natural gas and electric distribution system is a complicated
4 business. The Federal and State regulations¹⁹ for the safe and reliable operation and maintenance of
5 these systems continue to evolve. If these systems are not installed or maintained correctly, potentially
6 hazardous and/or life-threatening situations can result. The regulations place a significant amount of
7 responsibility and demands on individual MHP owners/operators who already have a broad range of
8 responsibilities and duties managing and operating their MHP communities and do not have the
9 expertise of a utility. There is a safety enhancement benefit in having SDG&E perform the operation
10 and maintenance of the MHP distribution systems, as SDG&E has the resources, expertise and
11 experience of serving nearly 1.3 million customers and is well qualified to perform this function safely
12 and reliably every day.

13 While the MHP Pilot Program has enhanced the safety of the MHP Pilot Program participants,
14 the SDG&E's MHP Program will focus on the 144 MHPs that remain on SED's waitlist but are
15 currently not part of the MHP Pilot Program. One hundred thirty-four of the 144 MHPs on the waitlist
16 represent MHPs with systems that are over 40 years old or whose age is unknown. Of these, 40 MHPs
17 have steel systems. Table 3 below summarizes the information provided by MHP owners/operators in
18 the Forms of Intent that were submitted to SED and SDG&E from January 1 through April 1, 2015.
19

¹⁹ PHMSA – US Department of Transportation Pipeline and Hazardous Materials Safety Administration and General Order 112 (GO 112), among other regulations which govern general gas system operations for utilities in California.

**Table 3: Summary of Current Conditions of the Interested MHPs
in SDG&E' Service Territory**

MHPs on Program Waitlist – Potential Participants in the Proposed Post-Pilot MHP Program			
	Number of MHPs	Number of Spaces	% of Wait List MHP Spaces
MHP Remaining on the Waitlist	144	18,778	100%
MHPs > 40 Years Old or unknown age	134	17,479	93%
MHPs w/ Steel Systems	40	11,183	60%

The SDG&E MHP Program will allow the SED to select approximately an additional 6,600 MHP spaces for conversion from the 18,778 MHP spaces on SED's current prioritized waitlist with priority given to those SED believes would most benefit from the enhanced safety and reliability benefits resulting from the proposed SDG&E MHP Program.

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

D.14-03-021 further reported that in the 17-year period between 1997, when a new statutory framework was codified to encourage conversion of MHP communities to utility ownership, and the issuance of D.14-03-021 in 2014, SDG&E had only converted four master-metered MHPs.²⁰ This is out of the approximately 300 master-metered MHPs within its service territory.

As of the Commission's D.14-03-021 through December 31, 2016 SDG&E has completed six MHP conversions, as reported in SDG&E's February 1, 2017 Mobilehome Park Utility Upgrade Program Report. SDG&E currently has an additional 16 MHPs in various stages of construction that will soon raise the total number of conversions to 23 MHPs and expects to have approximately 30 MHPs (representing approximately 10% of all known MHP spaces) converted or well into construction by the end of the MHP Pilot Program. The higher number of conversions under the MHP Pilot Program compared to conversions over the previous 17 years under the 1997 statutory framework

²⁰ D.14-03-021 at p. 5 and Finding of Fact No. 3 at p.61.

1 demonstrates the clear success of the MHP Pilot Program in driving conversions of MHPs to direct
2 utility service in SDG&E’s service territory.

3 **D. Successful Mobilization of Resources to Implement the MHP Program**

4 SDG&E mobilized a combination of internal and external resources to implement the MHP
5 Pilot Program. This effort required SDG&E to build a team consisting of account managers, designers,
6 project managers and construction contractor administrators, accounting and budgeting professionals.
7 It also required SDG&E to conduct an extensive and robust external sourcing effort that resulted in
8 executing agreements with nine To-The-Meter (“TTM”) contractors to install natural gas main and
9 service lines throughout MHPs up to individual meter locations. These selected contractors in turn had
10 to mobilize resources to support this effort by hiring qualified crews and acquiring the necessary
11 equipment, tools and trucks to support this work. TTM Contractors and SDG&E also worked together
12 to verify that crews either already were qualified or received the appropriate training and testing to
13 perform natural gas pipe construction work for SDG&E.

14 SDG&E also proactively recruited and expanded the pool of Beyond the Meter (“BTM”)
15 contractors²¹ to perform this scope of the work that includes the infrastructure to connect from the
16 meter to the connection to the mobilehome. Similar to the TTM contractors, BTM contractors also had
17 to build up their resources to support this effort by hiring qualified workers and acquiring the necessary
18 equipment, tools and trucks to support this work.

19 SDG&E also worked and coordinated with outside agencies, such as the California Department
20 of Housing and Community Development (“HCD”) and local jurisdictions to support MHP owners and
21 managers and to facilitate successful permitting and deployment of the MHP Pilot Program. HCD

²¹ Pursuant to D.14-03-021, BTM contractors are hired by the MHP owner/manager and not SDG&E; however, they are critical to the successful execution of the program.

1 informed SDG&E that they had to “staff up” to support the additional work load from the MHP Pilot
2 Program.

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

7 An interruption would result in these resources, including qualified construction workers, being laid off
8 or redeployed to other projects and locations.²² Starting the program up after any delay would require
9 significant effort and time to reach the level of effectiveness as when the program was running in full
10 force. Startup of the program would require remobilization and/or relocating contractors and
11 employees that may be engaged in other projects. An expedited approval of this Application will
12 maintain the current broad range of resources dedicated to supporting and implementing this important
13 safety program.

14 **E. Streamline MHP Residents’ Access to Utility Programs**

15 Before launching the MHP Pilot Program, SDG&E conducted a customer survey²³ of MHP
16 residents in SDG&E’s service territory to better understand this specific customer segment and help
17 guide the development of outreach and implementation plans. Among other things, the study revealed
18 that 87% of the MHP residents surveyed relied on natural gas for cooking, 92% of the MHP residents
19 relied on natural gas for water heating, 74% of the MHP residents relied on natural gas for space
20 heating, and 68% of the MHP residents relied on natural gas for clothes drying. SDG&E also learned

²² SDG&E meets regularly with its contractors on the MHP Program. During those meetings the issue of attracting and retaining a qualified and skilled workforce to support the program is discussed and how an interruption and subsequent startup of the program would be very challenging.

²³ An excerpt of the *Master Metered Mobile Home Conversion Program Quantitative Resident Analysis, August 2014* is provided as Attachment A.

1 that 39% of the MHP residents who responded to the study stated that their income was less than
2 \$25,000 a year, and the mean resident age of those surveyed was between 65-74 years old. Based on
3 this information, SDG&E recognized that the percentage of elderly and low income customers at MHP
4 communities would be considerably higher than our general population of customers. SDG&E also
5 recognized that customer awareness and outreach efforts to MHP residents regarding low income and
6 energy saving programs would be very important. These programs include:

- 7 • Medical Baseline Allowance Program: Provides lower rates for qualified residents who
8 use certain medical devices or who need space heating or air conditioning because of a
9 medical condition.
- 10 • California Alternate Rates for Energy (“CARE”): Provides a 20% discount on utility
11 bills for income qualified residents.
- 12 • Energy Savings Assistant (“ESA”) Program: Provides no-cost energy saving home
13 improvements and furnace repairs or replacement services for qualified limited-income
14 renters and homeowners.
- 15 • Appliance Rebates: Provides rebates (where available) to replace old appliances with
16 approved energy efficient appliances.

17 Appliance Service: Provides no-cost pilot lighting and appliance adjustment services. While
18 MHP residents have access to these customer assistance programs through their mobilehome park
19 owners or operator, it is often cumbersome for the MHP resident and SDG&E to coordinate these
20 services and programs through the MHP owner/operator middleman. This three-party process is less
21 desirable and less efficient compared with the MHP resident transacting directly with SDG&E. Direct
22 customer interaction with the utility facilitates: 1) the flow of information to and from the customer; 2)
23 the ability to expedite enrollment; 3) business transactions; and, 4) resolution of customer service

1 issues. Since SDG&E started the MHP Pilot Program, 74 new MHP residents have enrolled in CARE,
2 25 new MHP residents have enrolled in the Medical Baseline Program, two new MHP residents have
3 taken advantage of ESA Program. We have also measured the resident customer satisfaction for those
4 participating in the MHP Pilot Program and 75% have expressed either being satisfied or very satisfied
5 with their overall experience.²⁴

6 **F. Access to Enhanced Customer Services and Smart Meter Benefits**

7 Once MHPs are converted, the MHP residents will become direct customers of SDG&E and
8 will be served by Smart Meters,²⁵ Once these MHP residents sign up for MyAccounts²⁶, MHP
9 residents will, for the first time, have access to online energy tools that are customized based on
10 customers' energy use. The MHP residents will also be able to monitor their energy use on a daily
11 basis. In addition, the MHP residents will be able to view their bills online and have access to
12 information to help identify ways to save energy and money. Such customized customer information is
13 important to all customers, but especially to low-income customers and elderly customers who may be
14 on fixed incomes. As a direct customer of SDG&E, MHP residents will also be able to speak with an
15 energy service specialist regarding their individual energy use account.

16 **G. Implementing Cost Efficiency Strategies**

17 To promote cost efficiencies, SDG&E conducted an extensive and robust sourcing effort
18 whereby SDG&E invited 27 potential contractors to participate in a Request for Information (“RFI”).
19 After evaluating the RFIs, SDG&E then invited a subset of these suppliers to participate in a more
20 detailed Request for Proposal (“RFP”) phase. This resulted in SDG&E awarding agreements to seven

²⁴ An excerpt of the 2nd Semi Annual 2016 Mobilehome Park Customer Satisfaction Survey is provided as Attachment B.

²⁵ MHP customers may elect to opt-out of a Smart Meter pursuant to SDG&E’s Schedule No. E-SMOP.

²⁶ MyAccounts can be accessed at SDG&E’s website and allows customers to pay their bill online, schedule service appointments, print out a duplicate bill, extend their payment due date, and view, save and print their account history.

1 TTM contractors to perform the conversion work. Although SDG&E does not select or contract with
2 BTM contractors, SDG&E proactively recruited and expanded the pool of BTM contractors that MHP
3 owners/operators can select from to perform this work for which the MHP owner/operator is
4 responsible. SDG&E also held a number of contractor workshops for both TTM and BTM contractors
5 to inform contractors about the scope and rules of the program and how to format their bids and
6 identify all costs in accordance and compliance with the Commission-approved program tariff. In
7 addition, SDG&E instructed contractors on formatting invoices to ensure all reimbursable costs were
8 clearly identified consistent with the program rules and tariffs.²⁷

9 SDG&E has also established project teams that are responsible for working with our
10 contractors to go over all key project tasks project prior to commencement of the specific project and
11 has field personnel to observe contractor work to minimize change orders and better ensure contractors
12 are performing work according to SDG&E standards and the MHP Program Agreement²⁸. SDG&E
13 MHP Program Management Office²⁹ reviews all change orders and invoices for compliance with the
14 agreements and program guidelines. This program management has resulted in strong cost
15 management and has also contributed to the strong safety record which has resulted in no OSHA or
16 Lost Time Incidents over two and a quarter recorded years (January 1, 2015 – March 31, 2017) of the
17 program.

18 The controls SDG&E has established in implementing the MHP Pilot Program to maintain a
19 strong focus on cost management, safety and compliance will be maintained for the SDG&E MHP
20 Program.

²⁷ See SDG&E Rule 44: Mobilehome Park Utility Upgrade Program.

²⁸ The MHP Program Agreement is described and discussed further in the Chapter 2 prepared direct testimony of Linh-Chi Hua.

²⁹ The Program Management Office is described and discussed further in the Chapter 3 prepared direct testimony of Hector Moreno.

1 **V. RATIONALE FOR THE TARGET OF 6,600 SPACES AND PROGRAM PERIOD OF**
2 **SIX YEARS**

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

9 SED prioritized 168 MHPs that applied for the MHP Pilot Program in SDG&E's service
10 territory. There are 125 MHPs that expressed interest in participating in the MHP Program who are
11 currently on SED's waitlist. This represents 16,403 MHP spaces whose residents have not yet been
12 able to benefit from the MHP Pilot Program.

13 Given the unequivocal success of the MHP Pilot Program, SDG&E believes that its proposal to
14 extend the MHP Program over six years (2018-2023) and convert approximately an additional 6,600
15 MHP spaces to direct utility service will materially advance the Commission's efforts to enhance both
16 public safety and reliability in MHP communities.³⁰

17 As discussed previously, SDG&E's proposal to convert approximately 6,600 spaces over six
18 years maintains about the same pace of conversion assigned to SDG&E in the MHP Pilot Program.
19 Under the MHP Pilot Program, the Commission set a target of 10% of eligible MHP spaces over three
20 years (2015-2017). For SDG&E, 10% of the MHP spaces represented approximately 3,400 spaces.
21 Doubling both the number of spaces and duration of the program maintains the same pace of
22 conversions and avoids major changes to the current level of resources being used for the MHP Pilot

³⁰ CPUC Web Site on Mobilehome Park Program: "The CPUC opened a rulemaking proceeding (R.11-02-018) to examine what could be done to encourage owners of mobilehome parks and manufactured housing communities (both referred herein as MHPs) to upgrade aging gas and electric distribution systems in an effort to enhance both public safety and service reliability for MHP residents. www.cpuc.ca.gov/mhpupgrade/

1 Program. Maintaining the same pace as the MHP Pilot Program provides significant stability to the
2 many parties involved in supporting the MHP Program including the utility, the contractors performing
3 TTM and BTM work, the state agencies such as the HCD that provide most of the permitting and
4 perform inspections, and also SED's own resources to oversee the project. In addition, establishing a
5 conversion target of approximately 6,600 will allow SED the flexibility to select and prioritize the
6 specific MHPs they determine should be considered next for conversion.

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

13 The six-year duration also provides SED an opportunity to hold another application period for
14 all MHPs, including those that elected not to participate in the MHP Pilot Program or declined to
15 participate. As the MHP Pilot Program is better understood with actual results, those that decided not
16 to participate may have changed their minds and would welcome an opportunity to participate given the
17 success of the MHP Pilot Program. SDG&E has made enhancements and proposes improvements³¹
18 that are included in Ms. Hua's Chapter 2 prepared direct testimony for the SDG&E's MHP Program
19 that, if approved by the Commission, may persuade MHPs who were not able to participate or declined
20 to participate in the MHP Pilot Program, to participate SDG&E's MHP Program. The proposed six-
21 year period would also allow SED to revise its Form of Intent to include additional data that may help
22 SED better assess the MHPs to be included in the proposed MHP Program. The timing and

³¹ These include allowing a payment assignment directly to the MHP owner's BTM contractor to avoid the MHP owner operator from financing the upfront cost and updates to the MHP Agreement that better clarify responsibilities.

1 implementation of any new application period must not be allowed to delay or disrupt the pace of
2 conversions. SoCalGas proposes that it be allowed to continue to convert MHPs from the currently
3 prioritized SED waitlist (category 2 first, then those in category 3) until such time that SED issues a
4 new reprioritized MHP waitlist. For these reasons, SDG&E submits that a six-year program would
5 allow more time to accommodate these efforts and options.

6 **VI. CONCLUSION**

7 In conclusion, SDG&E is pleased to report that the MHP Pilot Program has been a success in
8 enhancing the safety and reliability of utility service to many MHP communities and has increased the
9 number of conversions to direct utility service, and thus the program should be continued by approving
10 this Application. The MHP Program has a high level of interest from MHP owners who seek SDG&E
11 to provide direct utility service to their residents. SDG&E's MHP Program uses a combination of
12 external and internal resources to implement the program to provide reasonable costs and reflect
13 competitive prices. The MHP residents further benefit from enhanced access to SDG&E's customer
14 assistance programs and services, and by directly transacting with the utility. Lastly, the proposal to
15 convert approximately 6,600 MHP spaces during a six-year period is a reasonable target. For these
16 reasons, SDG&E requests the Commission promptly approve SDG&E's Application.

17 **VII. WITNESS QUALIFICATIONS**

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

1 I have been employed by SoCalGas/SDG&E since 1986 and have held various positions of
2 responsibilities including Director of Supply Management and Supplier Diversity for SDG&E, Director
3 of Commercial and Industrial Services for SDG&E and Interim Director of Commercial and Industrial
4 Services for SoCalGas.

5 I received a Bachelor of Science Degree in Chemical Engineering from California State
6 University, Northridge and a Master's Degree in Business Administration from Pepperdine University.

7 I have previously testified before this Commission.

Attachment A



A  Sempra Energy utility™



MASTER METERED MOBILE HOME CONVERSION PROGRAM

QUANTITATIVE RESIDENT ANALYSIS
JULY/AUGUST 2014

REPORT
PERPARED BY



**Background and
Objectives**

**Current Resident
Outlook**

**Conversion
Program
Reaction**

**SDG&E Customer
Programs**

Appendix

Background & Objectives

Background

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

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

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

Research Objectives

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

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

Methodology & Sample

- 102 unique mobile home residents completed a 10-minute telephone survey between July 18th and August 6th, 2014.
- Survey was offered in Spanish to those who preferred it.
 - 8% of all interviews were conducted in Spanish
- Sample was acquired by Davis Research through a direct mail database vendor.
- Screening requirements:
 - 18 years of age or older
 - Household decision maker
 - Reside in SDG&E service territory
 - Primary residence is a mobile home or manufactured home located in a mobile home park
- Significance testing (2-tailed t-distribution) performed at the 95% confidence level

Key Findings

Current Outlook

- ✓ Residents rated their mobile home park slightly higher (86%) than they rated SDG&E (77%). They were highly satisfied with the way they currently pay their utility bills, with only about 1 in 10 being dissatisfied.
- ✓ Residents like the fact that they receive a single bill for gas and electric that is included among their other monthly park fees/dues.

Interest in Conversion and SDG&E Customer Programs

- ✓ Although residents were satisfied with how they pay their gas and electric bills, reaction to the mobile home park conversion plan was still highly positive. Those who were interested outweighed those that were uninterested by a margin of more than 2 to 1.
- ✓ Interest in the program was even higher among some segments of mobile home residents. Younger residents (under 65), those with Internet access and those with a lower rating of their mobile home park were all more likely to be interested in converting to direct SDG&E customers.
- ✓ Residents felt the main benefits of the program would be better efficiency and lower rates and discounts.
- ✓ Residents were most concerned about having to pay an additional bill, along with the possibility of higher rates.
- ✓ Many residents were already familiar with the discount and rebate programs offered to direct SDG&E customers, and better than a majority were interested in learning more about the programs if their mobile home underwent conversion.
- ✓ Residents were divided as to whether they would have influence over their park's decision to sign up for the conversion program. While more than half felt they would have no influence, one third felt they would have at least some influence, with the remainder undecided.

Mobile Home Resident Survey Demographics

Gender	
Male	26%
Female	74%

Age	
Under 44	7%
45-54	4%
55-64	13%
65-74	30%
75-84	32%
85+	14%

Marital Status	
Single, never married	13%
Divorced, separated	19%
Married, w/ partner	37%
Widowed	29%
Other	2%

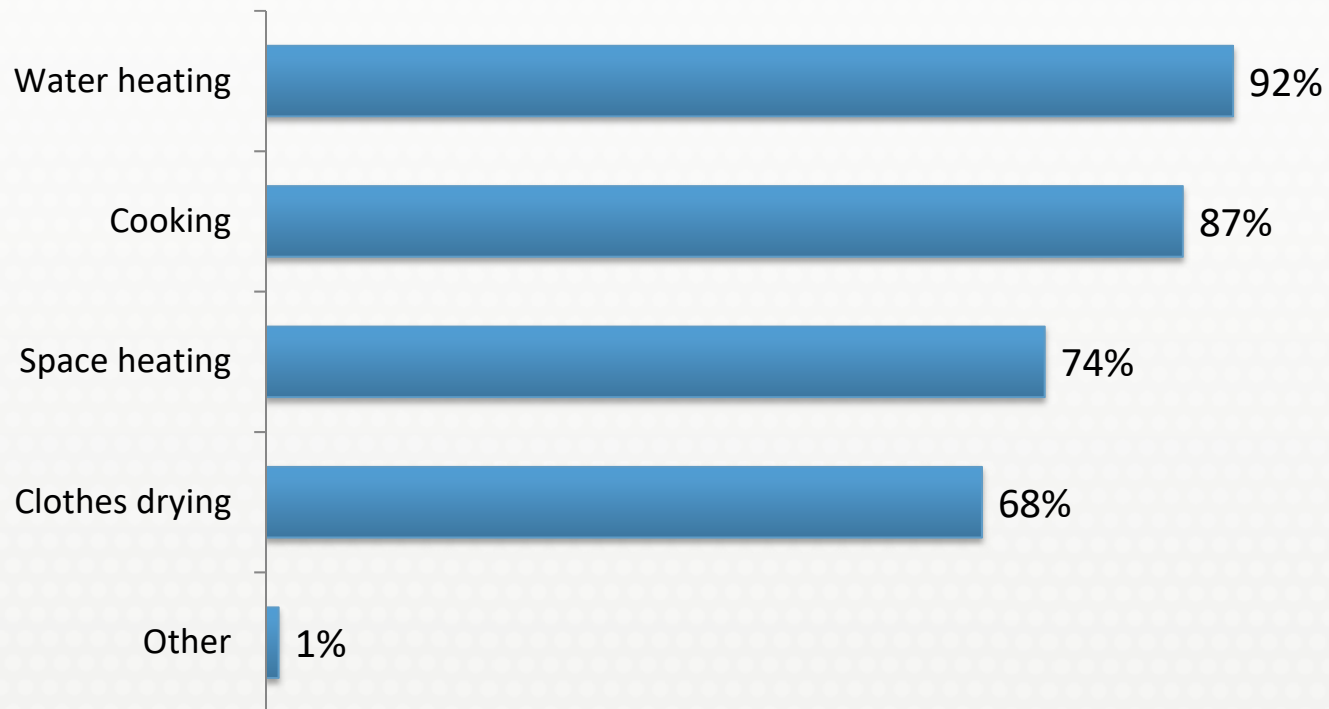
Income	
Less than \$25,000	39%
\$25,000 to \$50,000	30%
\$50,000 or more	16%

Language of Interview	
English	92%
Spanish	8%

Ethnicity	
White/Caucasian	81%
Hispanic/Latino	13%
African-American	1%
American Indian	1%
Other	3%
Prefer not to say	1%

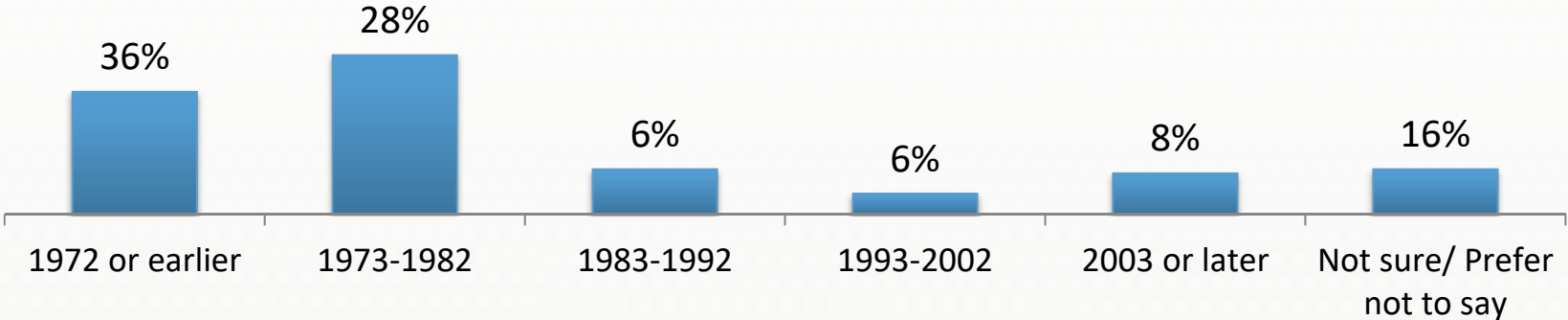
Natural Gas Usage

Uses for Natural Gas

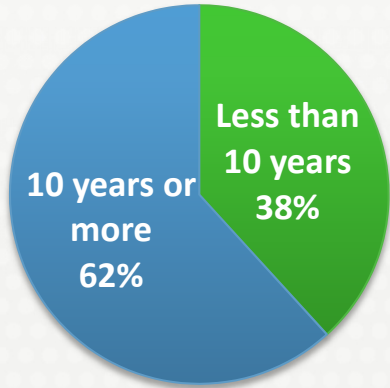


Mobile Home Park Profile

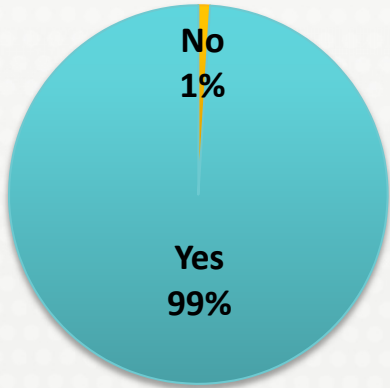
When was your mobile home park built?



How long have you been living at current park?



Does mobile home park have common areas?



Attachment B

MobileHome Park Utility Upgrade Program

Resident Satisfaction Survey

Prepared by Jamie Loosbrock, Customer Research & Analytics
November, 2016

Objective and Methodology

Beginning in August 2016, residents of mobile home parks that have recently completed the MobileHome Park (MHP) Utility Upgrade Program are given the opportunity to take a survey to share feedback regarding their experience. They can either complete the survey online or request a paper survey to be mailed in. **As of November, 2016, total of 98 park residents have completed the survey: 52 in the first wave (August) and 46 from the second wave (November). The total breakdown by park to date is as follows: Trico 42, Pleasant Valley 19, Heart of the Hills 14, Shady Lane 7, Greenfield 4, Crestview Estates 1, Westward Ho 1, and the remaining unknown.**

The objective of the survey is to measure resident satisfaction with program, to better understand what is working well and to allow for improvements to be made in future park conversions. The survey covered several areas:

- Amount of information received through forums conducted prior to the start of construction
- Experience with SDG&E and their crews during the construction period
- Satisfaction with the SDG&E's gas appliance safety check and Smart Meter installation
- Ease of applying to be a direct customer of SDG&E
- Overall quality of service
- Whether their opinion of SDG&E has changed positively, negatively, or not at all after completing the utility upgrade

Key Findings – Waves 1 & 2

- To date, just over 7 in 10 are satisfied with the **overall quality of service they have received from the utility**. After going through the upgrade, over 4 in 10 say they now have a higher opinion of SDG&E, while another 4 in 10 have not changed their opinion.
- Nearly three quarters are satisfied with the **amount of information** they received prior to the start of construction.
- Nearly two thirds reported an excellent or very good experience with the **construction crews**. Although a few shared some frustration, many offered positive comments about the courtesy and politeness of the workers.
- Seven in ten are satisfied with the **gas appliance safety check and smart meter installation**. Respondents in Wave 2 reported much higher satisfaction than Wave 1 (increased from 62% to 84%)
- **Applying to be a direct customer of SDG&E** appears to be a smooth process for the majority, with 9 in 10 continuing to rate the process as very or somewhat easy.

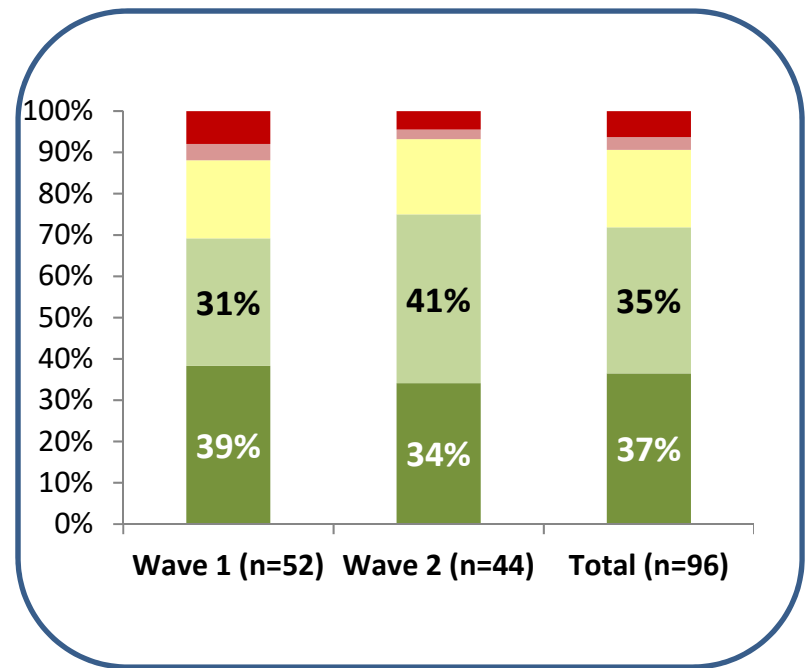
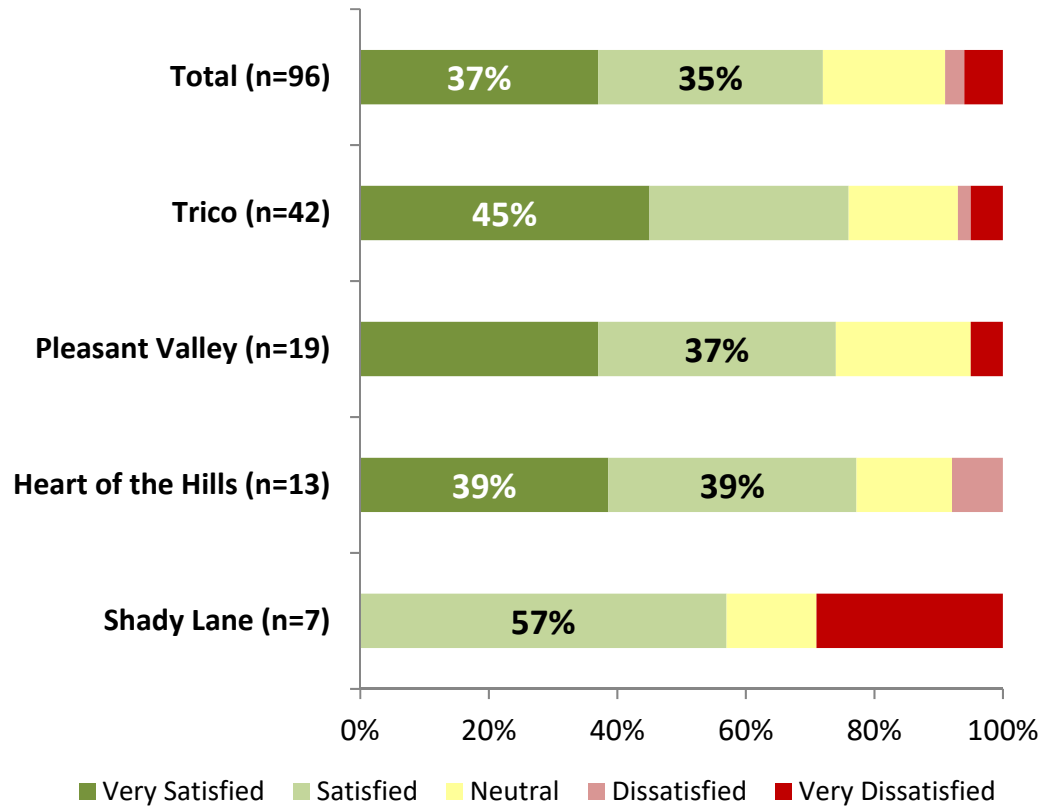


Overall Satisfaction with Quality of Service

Overall, just over 7 in 10 are satisfied with the overall quality of service they have received from the utility. Satisfaction has remained steady in comparing the two waves.

Q: Thinking about the entire experience, how satisfied have you been with the **overall quality of service** you have received from the utility?

(All responses to date)

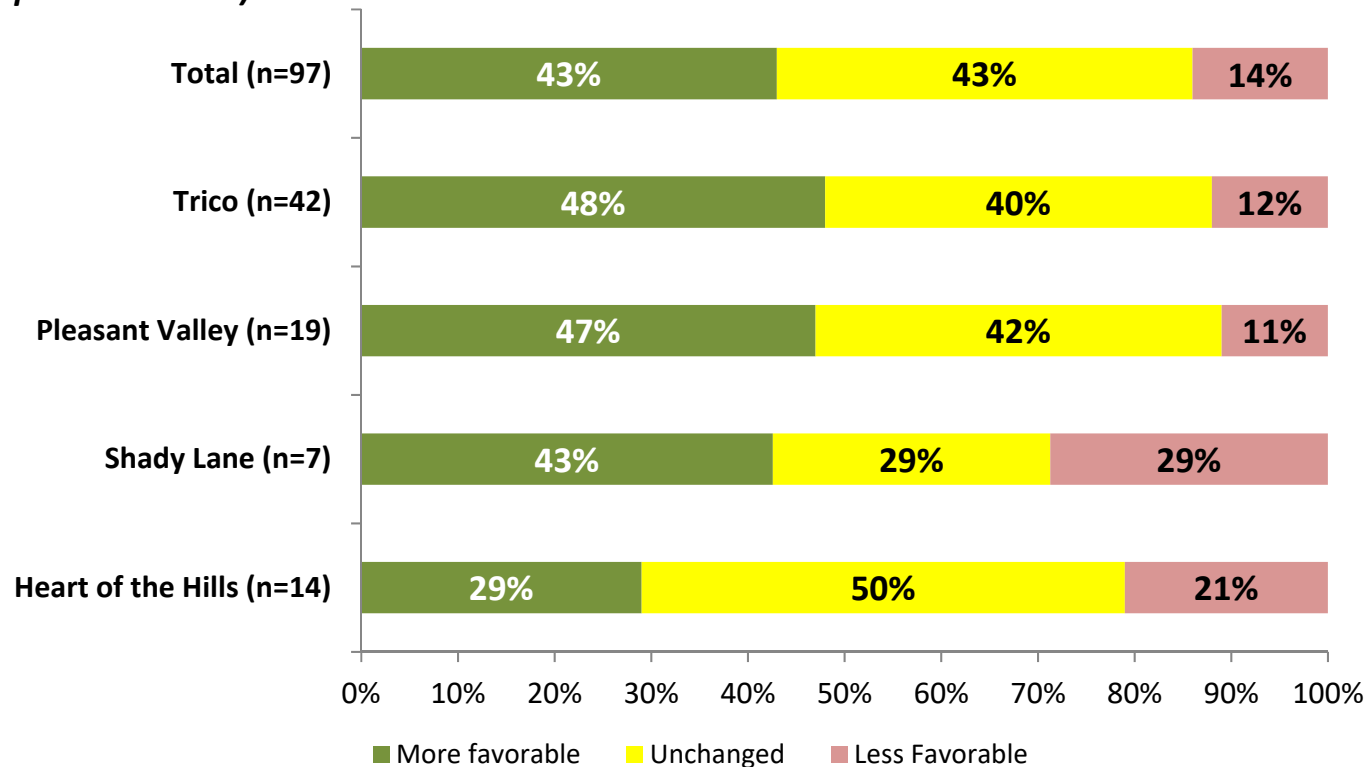


Note: Please use caution when interpreting results for sample sizes less than 30. May not be representative of all residents at those parks.

Favorability towards SDG&E

After going through the upgrade, over 4 in 10 have a more favorable opinion of SDG&E, while another 4 in 10 say their opinion has not changed. Results have remained steady when comparing the two waves.

Q: Thinking about your opinion of SDG&E before the upgrade compared to how you feel now, would you say your opinion of SDG&E is more favorable, unchanged, or less favorable?
(All responses to date)



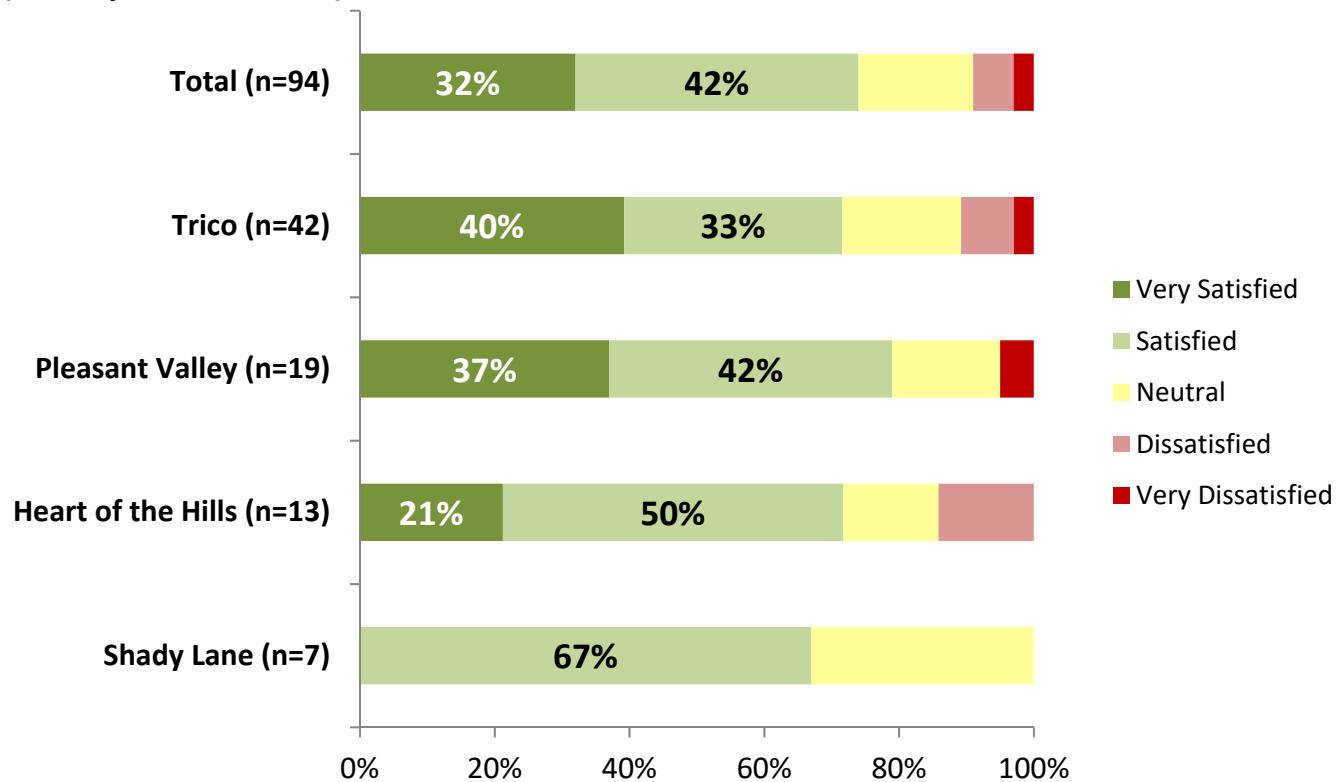
Note: Please use caution when interpreting results for sample sizes less than 30. May not be representative of all residents at those parks.

Information Received Prior to Construction

Nearly three quarters were satisfied with the information they received at the forums in advance of construction.

Q: SDG&E held two informational resident forums at your park. How satisfied are you with the **amount of information** you received *prior* to the start of construction?

(All responses to date)

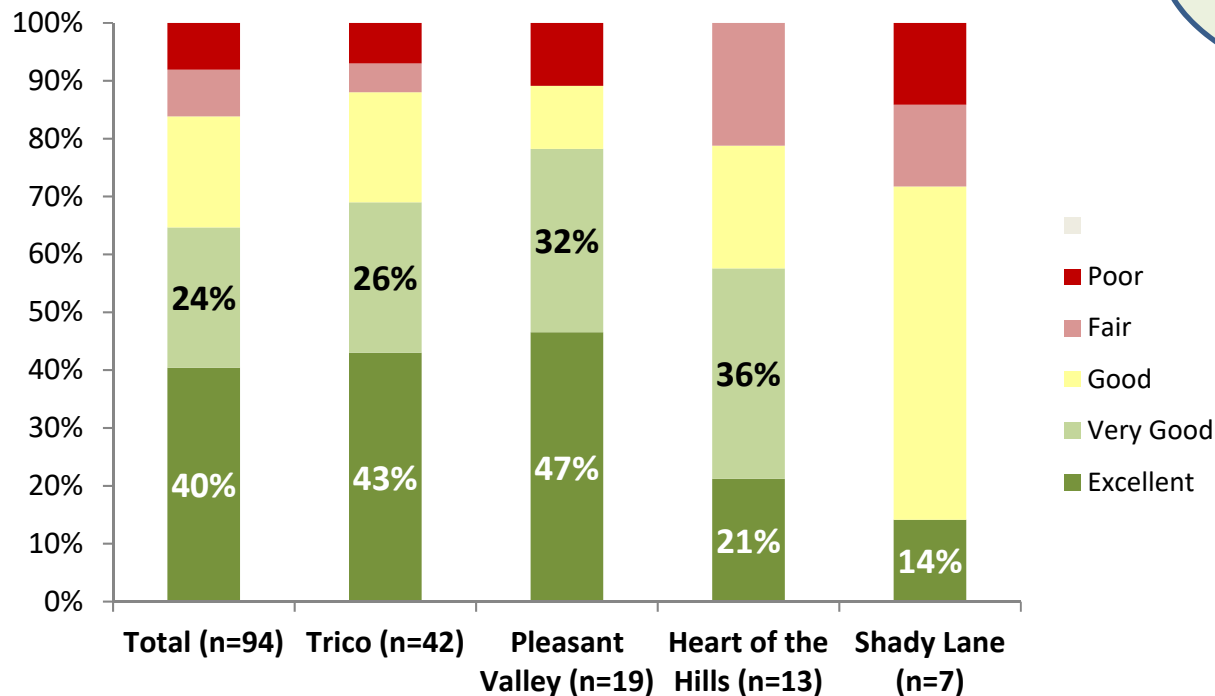


Note: Please use caution when interpreting results for sample sizes less than 30. May not be representative of all residents at those parks.

Experience with SDG&E and Crews During Construction

Overall, nearly two thirds reported an excellent or very good experience with the construction crews. Although a few shared some frustration, many commented on the courtesy and politeness of the workers.

Q: Taking into account that inconveniences can occur during construction, how would you rate your **overall experience with SDG&E and their crews** during the construction period?
(All responses to date)



"The workers were very polite and professional."
-Pleasant Valley resident

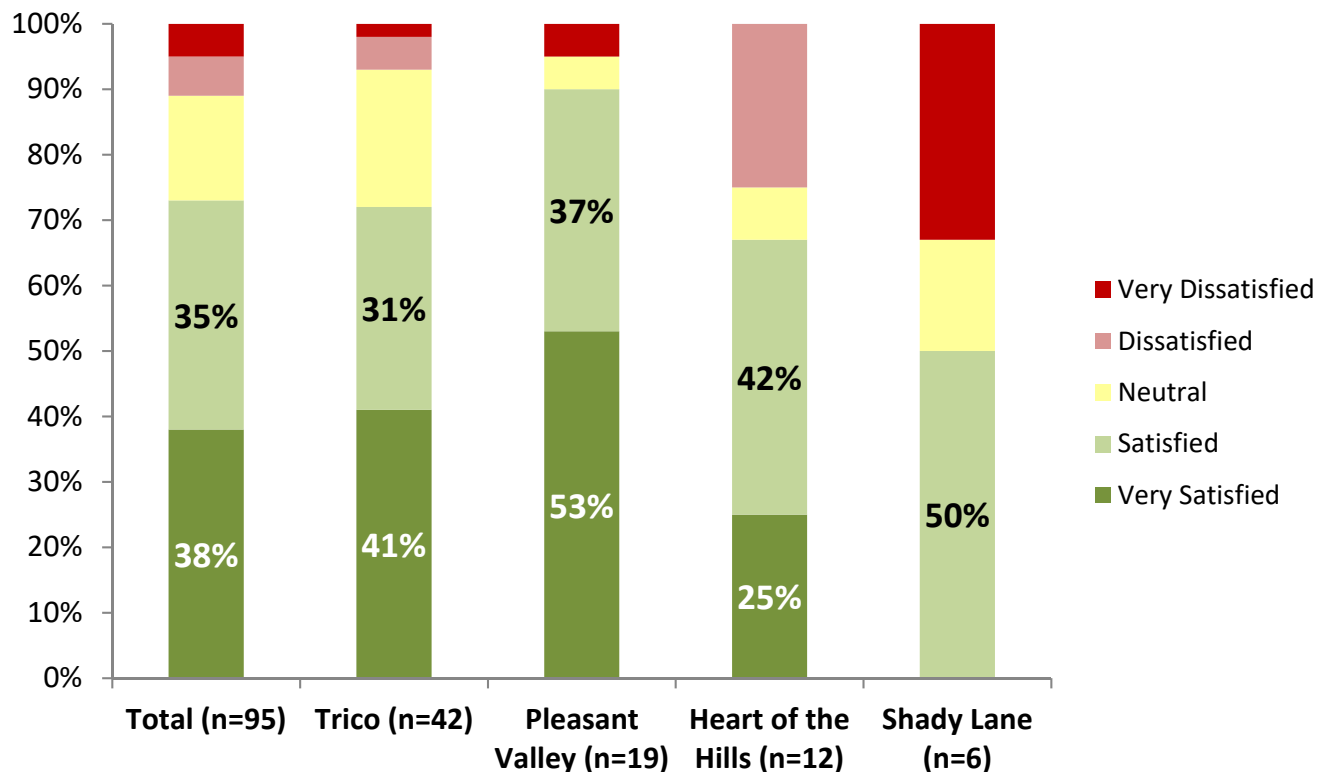
"The workers could have been a little more courteous with the treatment of our existing structures such as, gardens, gates, fixtures etc.."
-Heart of the Hills resident

Note: Please use caution when interpreting results for sample sizes less than 30. May not be representative of all residents at those parks.

Gas Appliance Safety Check & Smart Meter Installation

In total, seven in ten are satisfied with the gas appliance safety check and smart meter installation. However, residents at Shady Lane and Heart of the Hills reported much lower satisfaction. Satisfaction has increased over time as well, as respondents in wave 2 reported much higher satisfaction than in wave 1 (increased from 62% to 84%).

Q: How satisfied are you with **SDG&E's gas appliance safety check and Smart Meter installation?**
(All responses to date)

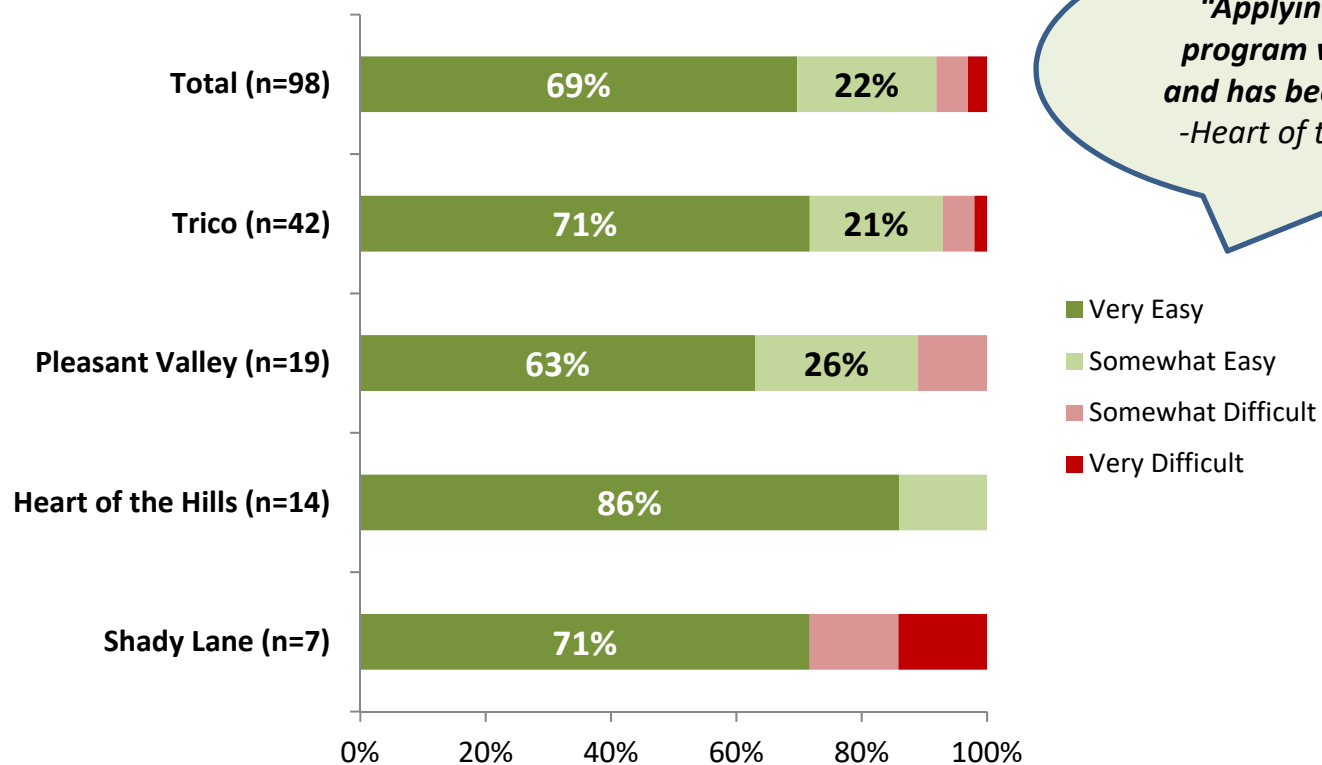


Note: Please use caution when interpreting results for sample sizes less than 30. May not be representative of all residents at those parks.

Ease of Applying to be a Direct Customer of SDG&E

Applying to be a direct customer of SDG&E appears to be a smooth process for the majority, with over 9 in 10 rating the process as very or somewhat easy.

Q: How easy was it to apply to become a **direct customer of SDG&E?**
(All responses to date)



*“Applying for the CARE program was very simple and has been a great help!”
-Heart of the Hills resident*

- Very Easy
- Somewhat Easy
- Somewhat Difficult
- Very Difficult

Note: Please use caution when interpreting results for sample sizes less than 30. May not be representative of all residents at those parks.