UCAN DATA REQUEST-07
SDG&E-SOCALGAS 2016 GRC – A.14-11-003-004
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: APRIL 23, 2015
DATE RESPONDED: MAY 12, 2015

CORPORATE CENTER AND OTHER SDG&E REAL ESTATE QUESTIONS

1) Please provide the entire benefit-cost analysis for the new corporate headquarters in Excel format (referenced in SDG&E-17, JCS-B-4 and following) with executable formulas showing the cash flow in each year, divided into rent, O&M costs, and capital costs.

Utility Response:

These responses/materials are deemed confidential Protected Materials, submitted under the signed NDA in this proceeding.

RESPONSE REMOVED DUE TO CONFIDENTIALITY

2) For each of the 11 proposals considered (identified on Exhibit SDG&E-17, JCS-B-1 and JCS-B-2), please provide (1) the location of the project; (2) base rent plus escalation and expected capital and O&M costs; and (3) the total cost and NPV.

Utility Response:
The location information is contained in Appendix B of the testimony.

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3) If not otherwise provided, please provide all future projections of numbers of employees by company used by SDG&E to develop the cost-benefit analysis of the corporate headquarters.

Utility Response:

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4) Please identify all costs of relocation and purchases of furniture and office equipment associated with the new headquarters by year. If those costs were not included in the cost-benefit analysis, please explain why not.

Utility Response:

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5) Please provide the "square footage space study" referenced on SDG&E-17 Workpaper 88. Specifically identify the year(s) to which it is expected to apply.

Utility Response:

The table shown below is for years 2013 - 2016.

SDG&E Cost Center 2100-0708
ALLOCATION TEMPLATE
2016 GRC

Causal - HQ Occpancy

Business Unit	Distribution of HQ Square Footage by BU	Business unit Allocations
SDGE	21,168	**7.82%**
SoCal Gas	-	**0.00%**
US Renewables	22,226	**8.21%**
Gas	39,372	**14.54%**
Mobile Gas	1,905	**0.70%**
LNG	10,584	**3.91%**
South America	7,832	**2.89%**
Mexico	23,920	**8.83%**
Global Retained	-	**0.00%**
Parent	139,855	**51.63%**
Corporate Retained	4,000	**1.48%**
Total	270,862	**100.00%**

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6) Please reconcile the test year headquarters rent and maintenance shown on SDG&E-17 Workpaper 89 with the initial year figures for rent ($8,900 escalating at 2% per year) and operating expenses in Exhibit JCS-B-5.

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7) Please explain why the parking subsidy for SDG&E employees is reduced on SDG&E-17, Workpaper 98. Are those subsidies going to be included in the cost of the new building?

Utility Response:

The subsidy is declining because the number of spaces needed for offsite parking and the monthly costs are decreasing. The subsidies are included in the cost for the new building as shown in the model.

8) Please provide calculations showing the basis of the allocation of the parking subsidy calculation (SDG&E-17, Workpaper 97).

Utility Response:

The calculations were based on an average number of employees (222) using the parking structure at $180 per month for 2014 which totaled annually to $480k. This amount estimated for 2015 was for only six months in 2015. See Question 7 above for 2016 explanation.

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9) Where are costs of relocation to the new building being requested in this case? In which cost center(s) are the costs contained? How much is capitalized? How much is expensed. How are costs allocated?

Utility Response:

The costs of relocation are not yet known, but the estimate for all costs is approximately $600,000, which are being booked in a Sempra cost center which will be expensed in 2015. The costs will be allocated based upon the business unit charge-up percentages plus the pro-rated amount of square footage allocated to each business unit.

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10) What is the relocation plan for the new building; i.e., number of employees relocated by month.

Utility Response:

Description		HQ 101 Floor	New Floor	Number of People	Move Phase	Date
Human Resources	Corporate	1	4	63	1	June 26-28
Deloitte & Touche	Corporate	2	5	8	1	June 26-28
AMEX	Corporate	2	5	2	1	June 26-28
Ops; AV; IT; PBX	SDGE/Utility	2	5	16	1	June 26-28
Security	Corporate	3	5	13	1	June 26-28
Audit	Corporate	9 & 10	6	35	1	June 26-28
Treasurer	Corporate	6	6	34	1	June 26-28
Corporate Development	Corporate	5	6	7	1	June 26-28
SE Controller	Corporate	7	7	47	1	June 26-28
SDGE Controller	SDGE/Utility	6	7	27	1	June 26-28
Tax	Corporate	7	8	59	1	June 26-28
SE Foundation	Corporate	10	8	3	1	June 26-28
SDGE Community Relations	SDGE/Utility	10	8	8	1	June 26-28
Project Controls	Corporate	6	9	12	1	June 26-28
Corporate Legal	Corporate	9	9	34	2	June 30
USGP IT	USGP	3, 8, 15 & 16	10	86	3	July 1
USGP	USGP	13, 14	11	51	3	July 2-5
USGP Trading	USGP	13	11	26	3	July 2-5
USGP	USGP	13, 14, 15	12	39	3	July 2-5
Sempra Int'l Controller	Sempra Int'l	2, 16	13	28	1	June 26-28
USGP Controller	USGP	15	11, 12	35	1	June 26-28
Sempra Int'l	Sempra Int'l	2, 16, 17	13	23	3	July 2-5
Sempra LNG	Sempra LNG	16, 17	14	56	3	July 2-5
Investor Rltns; External Affairs; Corp Secty; Governance; Compliance	Corporate	3, 10, 12, 18	15	35	1	June 26-28
Corporate SVP and VP	Corporate	18	15	16	4	July 6
Executives	Corporate	19	16	9	4	July 6

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11) How much new furniture and office equipment is being purchased per relocated employee? In which cost center(s) are the costs contained? Provide workpapers supporting the purchases, with specific items purchased and unit costs to the extent possible.

Utility Response:

Approximately $10,500 per relocated employee is being spent on furniture for the entire building including cubicles, offices, conference rooms and common areas. All costs are being captured in a Sempra cost center (1100-0032). Workpapers associated with the costs are not finalized as of May 11, 2015.

12) Please identify the number of employees housed at SDG&E's corporate headquarters at for every six months from December 31, 2011 to the end of 2014 as well as at the end of the latest available month by corporate entity (SDG&E, SoCalGas, SEU, Corporate, and unregulated).

Utility Response:

Below is a table of the number of employees housed at the SDG&E corporate headquarters for year-end December 2011 – 2014.

	2011	2012	2013	2014
SDG&E	1,696	1,747	1,697	1,524
SCG	2	1	-	1
Sempra Energy	3	5	8	5
Total Employees	**1,701**	**1,753**	**1,705**	**1,530**

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13) It is stated that the Greencraig facility "is currently being used to house a variety of administrative functions and overflow space to accommodate short term projects and temporary facilities during major facility remodels." (Ex. SDG&E-17, p. JCS-7). Please identify the number of employees, by company, using this facility as a result of the change in office headquarters, for each year from 2013 to 2018.

Utility Response:

All the employees housed in in the Greencraig facility are SDG&E employees. None of the employees housed at this facility were relocated here as a result of the office headquarters.

14) Please explain why the HQ Corporate Center's electric utility expenses declined consistently from 2009-2013. (SDG&E-17, Workpaper 27) Identify all individual investments made to improve energy efficiency in excess of $25,000 and their projected paybacks.

Utility Response:

The utility expenses declined beginning in 2011 due to Sempra Energy subscribing to a Demand Response - Critical Peak Pricing agreement with SDG&E which lowered our electric rate for normal operating days and a much higher rate if and when Demand Response – Critical Peak Pricing events where called. Sempra Energy also received a credit of approximately $200,000 from SDG&E during this period related to an SDG&E refund to customers.

2008 LIGHTING-Replacement:
HQ 17, 18, 19 LED Lighting Installation: This project replaced all of the cold cathode soffit lighting on the 17th, 18th and 19th floors of the HQ building with energy efficient LED lighting. The cold cathode lighting system was comprised of 19 different lamp types. The LED system has 2 lamp types. The energy savings of the LED system over the cold cathode will be approximately $14,000 per year. The cold cathode lamps have a 40,000 hour life, the LED have 80,000.

2009 LIGHTING- Replacement:
HQ Energy Efficient Lighting Phase I: This project will address lighting issues at the HQ facility by replacing all stairwell light fixtures with 3 lamp T8 fixtures with motion and light sensors. The fixtures will have one 2 foot lamp lit at all times to provide minimum code light level and when motion is detected the two 4 foot lamps will light to provide addition light. After 5 minutes of no motion, the 4 foot lamps will turn off. The light sensor will reduce the lamp output as natural daylight enters the stairwell saving additional energy. Also, there will be 587 50 Watt MR 16 Halogen lamps replaced with 10 Watt LED lamps. The cost of this project is $60,845 and the projected payback was approximately 2 years.

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15) Please explain why the HQ corporate Center's electric utilities are expected to increase in the new building relative to the old building's recorded figures in 2012-2013, given that the new headquarters building is presumably more energy-efficient due to Title 24.

Utility Response:

Estimated electric costs for the new building were not able to be accurately estimated at the time of the rate case filing because the energy modeling for the new building was not completed. Expenses in 2015 are expected to be somewhat higher because we will be in the existing building for 7 months of the year. While the new building is expected to be more energy efficient, the electric utilities costs are expected to remain flat in 2016 due to higher rates from SDG&E, operating the building extended hours due to post-move after-hours construction, construction punch-list activities and after hours/weekend events.

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16) Please explain why Corporate Center utilities are allocated differently than the corporate center buildings themselves.

Utility Response:

The data center at HQ uses 14-16% of the energy and those costs are allocated before all other electric cost allocations are made.

17) Please provide the "square footage and electric and water usage studies" used to allocate costs of utilities (referenced on SDG&E-17, p. 28).

Utility Response:

Cost Center 2100-3029 - HQ 101 Ash Utility Charges			
Assumptions:			
1. All Electric charges are billed via direct billing orders			
2. $98k is retained and related to SDG&E's portion of the bill			
3. $40k in estimated water/sewage bills will be allocated based upon building occupancy			
SDGE Electric	98	0.710145	
Building Water & Sewer	40	0.289855	
	138		
Building Allocations			
HQ 101 Ash Allocations (rent and operatin		2013	
SDG&E (now including El Dorado)		9.38%	
SoCal Gas		0.00%	
Parent (Corporate Center, SEM, Comm		58.36%	
US Renewables		7.10%	
US Power (including Cameron LNG)		13.28%	
International (Mexico)		3.49%	
International (South America)		3.07%	
LNG (Cameron + ECA)		5.33%	
Pro-rata share of Water Bill:			Total Allocation
SDG&E (now including El Dorado)		2.72%	73.73%
SoCal Gas		0.00%	0.00%
Parent (Corporate Center, SEM, Comm		16.92%	16.92%
US Renewables		2.06%	2.06%
US Power (including Cameron LNG)		3.85%	3.85%
International (Mexico)		1.01%	1.01%
International (South America)		0.89%	0.89%
LNG (Cameron + ECA)		1.54%	1.54%
		28.99%	100.00%

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18) For each building rented by SDG&E that comprises the forecast for Account 1RE003.000, please provide (a) the actual number of square feet rented and total rent in the recorded years 2009-2013, recorded 2014, and the forecast years 2014-2016.

Utility Response:

Below is a table that comprises the recorded and forecast for base rent requested.

	Recorded						Forecast		
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2014**	**2015**	**2016**
Sq. Ft	732,477	732,477	732,477	769,179	769,179	769,179	769,179	769,179	766,219
Base Rent	$8,272,097	$8,573,849	$8,597,481	$9,993,735	$10,495,546	$10,658,316	$10,673,370	$11,066,933	$11,337,009
Land Leases	$1,226,063	$1,393,445	$1,363,671	$2,339,809	$2,708,771	$2,731,457	$2,958,229	$3,181,766	$3,294,558
Total Dollars	**$9,498,160**	**$9,967,294**	**$9,961,153**	**$12,333,545**	**$13,204,316**	**$13,389,773**	**$13,631,599**	**$14,248,699**	**$14,631,567**

19) Re SDG&E-17, Workpaper 20, the statement is "SDGE Rent for 2014, 2015, and 2016 "are contractual obligated."

a) Please provide a summary of the pricing terms for each contract that is part of the forecast "contractual obligated" rent for 2014-2016 and build up the forecast from each such contract. If SDG&E is estimating any kind of escalation factor from contract terms for any contract where the escalation is not fixed by the contract, please provide the estimated escalation factor and provide documentary support from an entity such as Global Insight that the estimate is accurate.
b) Please explain why SDG&E ACTUALLY spent $14,159,000 in 2014 in Account 1RE3.000 when it alleges on workpaper 20 of Exhibit SDG&E-17 that SDGE Rents for 2014 of $15,981,000 "are contractual obligated." If SDG&E failed to spend money that it was obligated to spend, please identify how much it failed to spend and why.
c) If SDG&E did not fail to spend money that it was obligated to spend, admit that SDG&E was in fact not actually "contractual obligated" to spend the money notwithstanding the characterization in its workpapers.
d) If SDG&E did not fail to spend money that it was obligated to spend, explain (with supporting documentation as available) why it was allowed to spend less.

Utility Response question 19 a:

SDG&E spent very close to what was forecast for base rent in the year 2014 (see table below). The variable component of the total spend is in operating expenses. These operating expenses include items such as janitorial supplies and services, maintenance/repairs, trash collection and etc. These operating expenses vary from year to year.

	Recorded	Forecast		
	2014	**2014**	**2015**	**2016**
Base Rent	$10,658,316	$10,673,370	$11,066,933	$11,337,009

Utility Response question 19 b:
The base rent is contractual based on a signed lease agreement. As part of this agreement, SDG&E is required to maintain and service the property. This falls under the category of "operating expense.. The amount of operating expenses can vary from year to year based on requirements.

Utility Response question 19 c:
SDG&E fulfilled their contractual obligation to maintain the property.

Utility Response question 19 d:
See response to Questions 19a & 19b.