

**ORA DATA REQUEST
 ORA-SDGE-030-LMW
 SDG&E 2019 GRC – A.17-10-007
 SDG&E RESPONSE
 DATE RECEIVED: NOVEMBER 27, 2017
 DATE RESPONDED: DECEMBER 12, 2017**

Exhibit Reference: SDG&E-22

SDG&E Witness: Tattersall

Subject: Various Projects

Please provide the following:

1. Referring to SDG&E’s workpaper page 64, 00710A.001 - Business Unit Expansion Blanket 2017 - 2019, please provide the following:
 - a. The historic data for 2012-2016 for this category.
 - b. Identify specific projects justifying the increase in 2019 and as compared to the 2017 and 2018 forecasts.

SDG&E Response 1:

- a. This category includes all projects proposed under Budget Code 00710.0 Workpaper Detail 00710A.001. The nature of projects typically covered under Budget Code 00710.0 is generally described on page 61 of the workpapers. Generally speaking, Workpaper Detail 00710A.001 provides blanket funding for planned and unknown future projects with estimated values less than \$1M. The historical data provided in the table below thus includes projects ordinarily covered by this blanket funding. Costs are expressed in constant dollars.

	Constant\$ (000)				
Workpaper Detail 00709A.001	2012	2013	2014	2015	2016
Totals	746	1061	239	825	1288

- b. The primary reason for the increase in this category is the inclusion of \$4M proposed for the expansion of SDG&E’s Mission Skills Training Facility. This category also includes an estimated allowance of \$2.5M, proposed to cover emergent and as-yet unspecified projects for improving or remodeling acquired work areas as necessary to accommodate departmental growth/contraction or changing business requirements.

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2. Referring to SDG&E's workpaper page 65, 00710A.002 - Greencraig II Tenant Improvements, please provide the following:

- a. Provide the plans for the project that ties out to the forecasted project cost.
- b. Provide a cost/benefit analysis showing how ratepayers will benefit from this type of project.
- c. Provide current pictures of the location subject to remodel and the proposed look after the remodel.
- d. Provide a breakout of costs by activity type that ties out to the forecasted request. For example, cost of expansion of the existing 2nd floor mezzanine area and tenant improvement construction across the entire expanded area, cost of demolition, cost of tenant improvement construction to the first floor, cost of new electrical, cost of HVAC, cost of modular walls and raised flooring for spatial flexibility, cost of finishes, cost of furniture consistent with company ergonomic standards, cost of audio visual and security systems, cost of IT equipment, cost of infrastructure, and cost of cabling.
- e. Provide justification for why this project is considered necessary, and beneficial to ratepayers.
- f. If this project is not approved, what would be the impact to utility operations? Please provide specific examples.
- g. Please contact the originator of this data request to arrange a field visit to review the current space, and take pictures to have a record of the current office environment.
- h. Does SDG&E already allow employees to request an ergonomically designed office space?
- i. How will SDG&E use the additional space?
- j. Provide examples why SDG&E's current space is inadequate justifying the increase in square footage.

SDG&E Response 2:

- a. The project is being implemented in phases, with plans ranging in progress from completed and permitted to in-progress development of construction documentation. SDG&E can provide both hard and electronic copies of all phase plans during the site visit scheduled for 14-15 DEC 2017.
- b. Estimated forecast costs have been submitted as part of SDG&E's testimony and further detailed in SDG&E's response to questions 2.d. By consolidating SDG&E's Area Resource Scheduling Operations (ARSO), Service Dispatch and Advanced Meter Operations (AMO) personnel from three separate locations to one (Greencraig) SDG&E is estimating approximately \$400,000 in avoided operations costs annually. Other benefits (alternatives / avoided costs) are detailed in Question 2.f.

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SDG&E Response 2:-CONTINUED

- c. SDG&E can provide pictures of the facility before the start of improvements and take those of current progress during the site visit scheduled for 14-15 DEC 2017.
- d.

Activity Description	Cost
Demolition and abatement	\$ 412,476
Structural expansion of the existing 2nd floor mezzanine area	\$ 2,108,387
Tenant improvement construction across the expanded 2nd Floor mezzanine	\$ 5,448,720
Tenant improvement construction to the first floor	\$ 6,356,564
Architectural & Engineering fees	\$ 829,589
City Plan Check, Permits and Inspections	\$ 85,000
Furniture consistent with company ergonomic standards	\$ 2,500,000
Audio visual systems	\$ 430,000
Security Systems	\$ 205,000
IT equipment	\$ 525,000
IT Cabling	\$ 370,000
Signage, Artwork & Plants	\$ 75,000
Specialty Equipment (Warehouse Storage Racking, Lab and Fitness Equipment)	\$ 185,000
Project Management	\$ 1,082,948
Inter-departmental Support	\$ 58,135
Subtotal	\$ 20,671,819
Project Contingency	\$ 2,067,182
Project Forecast Total	\$ 22,739,001

Sub-trades (Included in Tenant Improvement Construction Costs Above)	Cost
Cost of new electrical	\$ 2,853,387
Cost of New HVAC	\$ 2,541,917
Cost of modular walls and raised flooring for spatial flexibility	\$ 1,604,922
Cost of finishes	\$ 1,612,811

- e. This project is necessary to further consolidate SDG&E's geographic footprint, reduce SDG&E's overall facility square footage, increase labor efficiencies and allow groups currently residing at the Environmental Lab, Kearny PET Lab, Miramar (AMO), Metro (ARSO) and Northeast (ARSO) facilities to consolidate into one facility. The space can also be used as "swing" space for the planned refreshes of Century Park between 2018-2020. After 2020, Gas Operations residing at Miramar will move to the site to complete the planned occupancy. The project will be beneficial to ratepayers due to the resulting reduced maintenance costs and increased labor efficiencies.

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SDG&E Response 2:-CONTINUED

- f. SDG&E did consider alternatives, all of which would be costlier than the proposed project. Specifically, SDG&E considered renewing the Miramar lease past 2020, leasing additional short-term swing space to house employees during capital construction on SDG&E's Century Park campus for other capital projects, and then future investments in tenant improvements (TI) at the Miramar and ARSO/Service Dispatch locations as opposed to relocating these personnel to Greencraig. The Miramar facility is 40-plus years old and if SDG&E was to stay in that location the annual rent was expected to increase 4 times what SDG&E is currently paying to market rates because SDG&E signed the original lease in 1975. This is an estimated average net increase of \$ 800,000 annually just for Miramar. The estimated TI investment in the Miramar facility would be approximately \$20M to provide similar conditions and approximately \$1.6M at ARSO/Service Dispatch to do the same.
- g. A site visit is scheduled for 14 DEC 2017.
- h. SDG&E's ergonomics program is designed to fulfill CA standard 5110 requirements. Internally, SDG&E uses a "Request for Special Equipment Process," which Safety and Employee Care Services uses for individual requests for ergonomic equipment. SDG&E's ergonomic prevention strategy includes an on-going and phased-in upgrade to adjustable desks as buildings are refreshed, with the goal of reducing/eliminating future injuries.
- i. The Greencraig facility will be used to consolidate SDG&E's geographic footprint to the Kearny Mesa area and consolidate various groups from five (5) different locations into one (1).
- j. This not an increase in square footage to SDG&E's portfolio given the uses for the space provided herein. SDG&E's intentions are to vacate/relocate to Greencraig:
- Environmental Lab (Nancy Ridge) – 8,800 square feet
 - Miramar – 75,000 square feet
 - Kearny PET Lab – 3,000 square feet
 - AMO Operations (Miramar site) – 5,000 square feet

Totaling approximately 92,000 square feet for a net reduction of 2,000 square feet.

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3. Referring to SDG&E's workpaper page 67, 00710A.004 - Mission Critical Facility Consolidation & Expansion, please provide the following:

- a. Provide a cost breakout tying to the amount of the forecasted project (e.g. types of permits, design fees).
- b. What is the total cost of the project given all that is requested here is the roughly \$5 million?
- c. When is the project expected to commence and what venue will SDG&E use to obtain approval for the project?

SDG&E Response 3:

- a. A concept plan for the project has not yet been developed and will be dependent on a site selection. As a result, the forecast is based on high level assumptions. As the current footprints occupied by SDG&E's Grid Operations, Distribution Operations, Emergency Management and Network Operations functions occupy roughly 54 Ksf, a requirement of 50 Ksf for this project was assumed, in that some of the Grid Operations and Distribution Operations functions may be retained at their existing locations at the Mission Control facility. Construction, furniture, audio visual, security system and other special equipment costs (or implementation costs) were assumed to be \$1000/sf, particularly due to emerging video wall technology and the need to protect these functions with high levels of physical security. This represents an assumed, blended cost per square foot of combined office and operations control center functions that will need to be confirmed as concept plans are developed. Thus, construction costs, currently planned for 2020 and beyond were estimated to be \$50M (or 50 Ksf at \$1,000/sf). Planning, architectural and engineering services, and ministerial permitting fees (or pre-implementation activity costs) were assumed to be 10% of the implementation cost estimate. The forecast includes the launch of pre-implementation activities in 2018 and continuing through 2019, which explains the forecasted cost of \$5M across the two years.
- b. SDG&E's response to Item 3a clarifies the assumed basis and total forecasted cost of the project, as well as the basis for the \$5M requested for 2018 and 2019. SDG&E cannot accurately forecast a precise total cost estimate now. This initial request is to begin site selection, planning/programming, design documents, preconstruction activities and ministerial permitting. Through progress of these activities, SDG&E would be able to produce and refine a total cost estimate.
- c. As stated in or response to Item 3a above, SDG&E is anticipating a potential start of implementation activities in 2020 and the next GRC would be the venue requesting approval for implementation funding.

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4. Referring to SDG&E's workpaper page 43, 00710A.007 - Kearny Master Plan Phase 1, please provide the following:

- a. Provide a cost breakout tying to the amount of the forecasted project (e.g. types of permits, design fees).
- b. What is the total cost of the project given all that is requested here is the roughly \$4 million?
- c. When is the project expected to commence and what venue will SDG&E use to obtain approval for the project?

SDG&E Response 4:

- a. The forecast of roughly \$4M is based on a preliminary master plan that offers options for re-development of the Kearny Construction & Operations property. A 3-phased plan for redevelopment was suggested and the first phase of the plan has an estimated implementation cost (as defined in Item 3a above) of approximately \$20M. The \$4M forecast includes an approximation for pre-implementation costs (as defined in Item 3a above) at 10%, or \$2M, of the implementation costs. The additional \$2M included in the forecast is an allowance to cover re-assessment of the master plan program to address the following: current business conditions, final location and area of a relocated substation within the property, and the introduction of a battery storage facility to the property. The additional \$2M is also intended to cover planning and entitlement fees associated with an expected developmental permit requirement for the improvements (excluding substation and battery storage).
- b. SDG&E's response to Item 4a clarifies the assumed basis and total forecasted cost of Phase 1 of the project, as well as the basis for the \$4M requested for 2019 and 2020. SDG&E cannot accurately forecast a precise total cost estimate for any of the three project phases now. This initial request is to re-assess master planning, pursue entitlements and developmental permits, begin planning/programming, complete ministerial permitting, and conduct preconstruction activities as required. From these activities, SDG&E should be able to produce a total cost estimate for all (3) phases of the project. It is also possible that the number of phases will change after re-assessment of the master plan.
- c. SDG&E anticipates a potential start of implementation activities in 2020 and the next GRC would be the venue requesting approval for implementation funding.