ORA DATA REQUEST
ORA-SDGE-032-LMW
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: NOVEMBER 27, 2017
DATE RESPONDED: DECEMBER 26, 2017

Exhibit Reference: SDG&E-22, Rents and Operating Expenses
SDG&E Witness: Tattersall
Subject: Rent Expense
Please provide the following:

1. Referring to SDG&E's testimony page RDT-18 line 9 to 16, please provide/answer the following:

   a. For the increase of 5% (for rents other than easements), and the 10% increase (for easements), provide a breakout of the 2017-2019 estimates segregated by rents other than easements, and easements that ties to the 2017-2019 amounts forecasted.

   b. All 3rd party documents (e.g. lease agreements, estimates from the property owners, etc.) justifying the increase from the 2016 base year to the 2017, 2018, and 2019 forecast years.

   c. What are the actual rents for this category broken out by rents other than easements and easements for 2017 thru November, 2017?

   d. If rents are expected to increase by 5% and 10% per year, why is the 2017 expense forecast greater than the 2018 forecast?

SDG&E Response 1:

a: The table below breaks out the 2017 – 2019 estimates segregated by rents other than easements and easements

	2017	2018	2019
Rents (other than easements)	15,745	15,543	15,942
Easements	2,608	2,657	2,869
	18,353	**18,200**	**18,811**

b: Please find the 3rd party lease excerpt documentation associated with the office leases in the attached PDF file ("Lease Documentation"). The documentation contains contracted lease escalations by location.

c: 2017 financial information will not be available until after SDG&E makes its 10-K filing with the SEC in early 2018.
d: The lease forecast in 2018 is lower than the lease forecast in 2017 primarily due to the decommissioning of the RB Annex and Environmental Lab office locations as well as the reduction of leased space at the Lightwave office location.

SDG&E Response 1:-Continued

The reductions in lease amounts at the three locations listed above are partially offset by contracted lease increases at other office locations.

The attached spreadsheet "Q1d – 2017 – 2019 Rent Comparison" compares the budgeted costs reflected in the GRC testimony by location.

The spreadsheet highlights that the year-over-year contractual rent and OpEx increases <u>included in the GRC forecast</u> are typically less than the 5-10% referenced in the testimony. The 5-10% referenced in testimony is a "high end, not to exceed estimate" where the forecast estimates themselves fall into the range of 0-3% increase.

Year-over-year increases (or decreases) beyond the 0-3% range are driven primarily by either the initiation of a new lease, facility decommissioning, or the expansion or contraction of leased space.

The 2017 actual costs will most likely exceed the 2017 GRC forecasted amounts, and hence fully support the percentage increase in forecast from 2016 actual costs.