Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2024 General Rate Case
Application: A.22-05-___
Exhibit: SDG&E-23

PREPARED DIRECT TESTIMONY OF

DALE TATTERSALL

(REAL ESTATE, LAND SERVICES & FACILITY OPERATIONS)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

May 2022

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SUMMARY

REAL ESTATE, LAND SERVICES & FACILITIES (In 2021 $)	2021 Adjusted-Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
Total Non-Shared Services	12,514	15,156	2,642
Total Shared Services (Incurred)	21,930	23,052	1,122
Total O&M	**34,444**	**38,208**	**3,764**

FACILITIES (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
Total CAPITAL	**65,178**	**75,530**	**73,890**

Real Estate, Land Services & Facilities Operations (REL&F) forecasts San Diego Gas & Electric Company (SDG&E) expenses for Rents and Operating Expenses, Corporate Real Estate, Real Estate Planning, Facility Operations, Tribal Relations & Land Services, Real Estate Resources and associated Capital Programs. Notable factors that influence costs in REL&F are:

- Rents reflect continued current escalation rates on leases.
- Facility Operations maintenance costs reflect increased security, aging infrastructure repairs, and sustainability improvements.
- Tribal Relations and Land Services expenses are related to increased compliance with Tribal Land Transfer policy recently adopted by the California Public Utilities Commission (CPUC or Commission) and activities associated with 851 transactions. Capital Programs costs reflect increased compliance, safety, and security-related improvements, aging infrastructure, and facilities geographic consolidation strategy.

PREPARED DIRECT TESTIMONY OF DALE TATTERSALL (REAL ESTATE, LAND SERVICES & FACILITY OPERATIONS)

I. INTRODUCTION

A. Summary of Real Estate, Land Services & Facility Operations Costs and Activities

My testimony supports the Test Year 2024 forecasts for operations and maintenance (O&M) costs for both non-shared and shared services, and capital costs for the forecast years 2022, 2023, and 2024, associated with the Real Estate, Land Services & Facility Operations area for SDG&E. Tables DT-1 and DT-2 summarize my sponsored costs.

TABLE DT-1
Real Estate & Facility Operations, Dale Tattersall
Test Year 2024 Summary of Total O&M Costs

REAL ESTATE, LAND SERVICES & FACILITIES (In 2021 $)	2021 Adjusted-Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
Total Non-Shared Services	12,514	15,156	2,642
Total Shared Services (Incurred)	21,930	23,052	1,122
Total O&M	**34,444**	**38,208**	**3,764**

TABLE DT-2
Real Estate & Facility Operations, Dale Tattersall
Test Year 2024 Summary of Total Capital Costs

FACILITIES (In 2021 $)		Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
Total CAPITAL		**65,178**	**75,530**	**73,890**

Real Estate, Land Services & Facility Operations activities consist of the following seven (7) major cost categories:

1. **Rents and Operating Expenses** - are divided between shared and non-shared facilities. The shared facilities consist of the SDG&E Century Park campus, Rancho Bernardo Data Center (RBDC), and our offices located in Sacramento and San Francisco. The non-shared service portion of rents is associated with rent for telecommunication sites, branch offices (payment

centers), office buildings, multi-use and customer service facilities, trailers, and right of way easements.

2. **Tribal Relations & Land Services** - acquires, inspects, maintains, and protects land assets, including permanent easements, licenses, and leases that contain electric and gas infrastructure. Land Services also records all legal documents pertaining to the utility's land rights and provides land survey activity.

3. **Facility Operations** - provides O&M support for facilities, such as general offices, bases, multi-use sites, telecommunication sites, and branch offices, which all support the reliable delivery of electricity and gas to SDG&E customers.

4. **Security Operations -** provides security for our facilities, employees, and customers.

5. **Corporate Real Estate -** provides transaction management for leased/owned real property and other real estate asset management activities.

6. **Capital Programs** - develops, prioritizes, and forecasts facilities capital project budget requirements, constructs or improves current and future buildings, replaces or improves support infrastructure to maintain system integrity and meet operational needs, installs upgrades to offset maintenance costs, supports long-term facilities strategies, and supports sustainability practices.

7. **Real Estate Planning** - provides short-term planning (move management), occupancy tracking, minor furniture and space reconfigurations, and long-range strategic planning for future real estate needs and requirements.

B. Support To and From Other Witnesses

My testimony also references the testimony and workpapers of several other witnesses, either in support of their testimony or as referential support for mine. These include the following:

- Sustainability Policy testimony of Estela de Llanos (Exhibit (Ex.) SDG&E-02)
- RAMP to GRC Integration testimony of R. Scott Pearson and Gregory S. Flores (Ex. SCG-03/SDG&E-03, Chapter 2)
- Electric Generation testimony of Daniel Baerman (Ex. SDG&E-14)
- Fleet Services testimony of Arthur Alvarez (Ex. SDG&E-22)
- Safety, Risk and Asset Management System testimony of Kenneth J. Deremer (Ex. SDG&E-31)
- Shared Services Billing, Shared Assets Billing, Segmentation, and Capital Reassignments testimony of Angel N. Le and Paul D. Malin (Ex. SCG-30/SDG&E-34)

C. Organization of Testimony

My testimony is organized as follows:

- Section I provides an introduction and overview of the testimony.
- Section II provides detailed information about Risk Assessment Mitigation Phase (RAMP).
- Section III provides detailed information about Sustainability and Safety Culture.
- Section IV provides detailed information regarding the non-shared O&M costs for Facilities Operations, Tribal Relations & Land Services, Rents, and Security Operations.
- Section V provides detailed information regarding the shared O&M costs for Rents & Operating Expenses, Facilities Operations, Real Estate Planning, Corporate Real Estate, and Capital Programs.
- Section VI provides detailed information regarding SDG&E's Facilities Capital Projects.
- Section VII concludes the testimony.

II. RISK ASSESSMENT MITIGATION PHASE (RAMP) INTEGRATION

Certain costs supported in my testimony are driven by activities described in Southern California Gas Company (SoCalGas) and SDG&E's respective 2021 Risk Assessment

Mitigation Phase (RAMP) Reports (the 2021 RAMP Reports).[1] The 2021 RAMP Reports presented an assessment of the key safety risks for SoCalGas and SDG&E and proposed plans for mitigating those risks. As discussed in the testimony of the RAMP to GRC Integration witnesses R. Scott Pearson and Gregory S. Flores (Ex. SCG-03/SDG&E-03, Chapter 2), the costs of risk mitigation projects and programs were translated from the 2021 RAMP Reports into the individual witness areas.

While preparing the Real Estate, Land Services & Facilities Operations General Rate Case (GRC) forecasts, SDG&E continued to evaluate the scope, schedule, resource requirements, and synergies of RAMP-related projects and programs. Therefore, the final presentation of RAMP costs may differ from the ranges shown in the SDG&E 2021 RAMP Report. Table DT-3 provides a summary of the RAMP-related costs supported in my testimony.

TABLE DT-3
Summary of RAMP O&M Costs[2]

Real Estate, Land Services & Facilities Operations Summary of RAMP O&M Costs (In 2021 $)	BY 2021 Embedded Costs (000s)	TY 2024 Estimated Total (000s)	TY 2024 Estimated Incremental (000s)
SDG&E-CFF-5 Physical Security	1,342	1,799	508
Total RAMP O&M Costs	**1,342**	**1,799**	**508**

A. RAMP Risk and Cross-Functional Factor Overview

As summarized in Table DT-3 above, my testimony includes costs to mitigate the risks and cross-functional factors (CFFs) included in SDG&E's 2021 RAMP Report. This CFF is further described in Table DT-4 below:

[1] *See* Application (A.) 21-05-011/-014 (cons.) (RAMP Proceeding). Please refer to the RAMP to GRC Integration testimony of R. Scott Pearson and Gregory S. Flores (Ex. SCG-03/SDG&E-03, Chapter 2) for more details regarding the 2021 RAMP Reports.

[2] CFF-related information in accordance with the March 30, 2022, Assigned Commissioner Ruling in A.21-05-011/-014 (cons.) is provided in the RAMP to GRC Integration testimony of R. Scott Pearson and Gregory S. Flores (Ex. SCG-03/SDG&E-03, Chapter 2).

TABLE DT-4
RAMP CFF Chapter Descriptions

SDG&E-CFF-5 – Physical Security	Physical security encompasses the systems and activities that maintain the safety of employees, contractors, vendors, the public, SDG&E facilities, and infrastructure, through people, processes, and technology

In developing my request, priority was given to these key safety risks to assess which risk mitigation activities Real Estate, Land Services & Facilities Operations currently performs and what incremental efforts are needed to further mitigate these risks. While developing the GRC forecasts, SDG&E evaluated the scope, schedule, resource requirement, and synergies of RAMP-related projects and programs to determine costs already covered in the base year and those that are incremental increases expected in the test year.

Messrs. Pearson and Flores (Ex. SCG-03/SDG&E-03, Chapter 2) discuss all the risks and CFFs included in the SDG&E 2021 RAMP Report and the RAMP to GRC integration process.

B. GRC Risk and CFF Activities

Table DT-5 below provides a narrative summary of the forecasted RAMP-related activities that I sponsor in my testimony.

TABLE DT-5
Summary of RAMP CFF Activities

RAMP ID	Activity	Description
SDG&E-CFF-5-02	Contract Security	SDG&E employs contract security (security guards) to secure and protect assets and people. Security personnel are located at critical facilities and other work locations. Security personnel can also provide increased security capabilities as an overt deterrence during security incidents or emergencies. Security personnel may be deployed permanently at a facility based on factors such as criticality, facility population, or compliance; or temporarily based on factors such as the threat environment, criminal activity, and past incidents.

These activities are discussed further below in Section V.D.3, as well as in my workpapers. For additional information and a roadmap, please refer to Appendix B, which contains a table identifying by workpaper the TY 2024 forecast dollars associated with activities in the SDG&E 2021 RAMP Report that are discussed in this testimony.

The RAMP risk mitigation effort is associated with employing third party contract security personnel. For this mitigation effort, an evaluation was made to determine the portion, if any, that was already performed as part of historical activities (i.e., embedded base costs) and the portion, if any, that was incremental to base year activities. Furthermore, for the incremental activities, a review was completed to determine if any portion of incremental activity was part of the workgroup's base forecast methodology. The result is what SDG&E considers to be a true representation of incremental increases over the base year.

My incremental request supports the ongoing management of this risk that could pose significant safety, reliability, and financial consequences.

C. Changes from RAMP Reports

As discussed in more detail in the RAMP to GRC Integration testimony of Messrs. Pearson and Flores (Ex. SCG-03/SDG&E-03, Chapter 2), in the RAMP Proceeding, the Commission's Safety Policy Division (SPD) and intervenors provided feedback on the Companies' 2021 RAMP Reports. General changes to risks scores or Risk Spend Efficiency (RSE) values are primarily due to changes in the Multi-Attribute Value Framework (MAVF) and RSE methodology, as discussed in the RAMP to GRC Integration testimony. The RAMP-related activities described in my GRC testimony are consistent with the activities presented in the SDG&E 2021 RAMP Report.

III. SUSTAINABILITY AND SAFETY CULTURE

Sustainability, safety, and reliability are the cornerstones of SDG&E's core business operations and are central to SDG&E's GRC presentation. SDG&E is committed to not only deliver clean, safe, and reliable electric and natural gas service, but to do so in a manner that supports California's climate policy, adaptation, and mitigation efforts. In support of the legal and regulatory framework set by the state, SDG&E has set a goal to reach Net Zero greenhouse gas (GHG) emissions by 2045, adopted a Sustainability Strategy to facilitate the integration of

GHG emission reduction strategies into SDG&E's day-to-day operations and long-term planning, and published an economy-wide GHG Study that recommends a diverse approach for California leveraging clean electricity, clean fuels, and carbon removal to achieve the 2045 goals through the lens of reliability, affordability, and equity. The Sustainability Strategy serves as SDG&E's guide to enable a more just and equitable energy future in SDG&E's service territory and beyond. As a "living" strategy, SDG&E will continue to update the goals and objectives as technologies, policies, and stakeholder preferences change. See the Sustainability Policy testimony of Estela de Llanos (Ex. SDG&E-02). In this GRC, SDG&E focuses on three major categories that underpin the Sustainability Strategy: mitigating climate change, adapting to climate change, and transforming the grid to be the reliable and resilient catalyst for clean energy. SDG&E's goal is to contribute to the decarbonization of the economy by way of diversifying energy resources, collaborating with regional partners, and providing customer choice that enables an affordable, flexible, and resilient grid.

Many of the activities described in further detail in this testimony advance the state's climate goals and align with SDG&E's Sustainability Strategy. Specifically, the proposed Solar Energy Program, Fleet Hydrogen Fueling Program, and the Electric Vehicle Charging Program will drive progress in the area of Grid Transformation. SDG&E's Solar Energy Program will install onsite renewable generation at our owned facilities and will enable SDG&E to reach a net zero target for electricity by 2030. This program will also reduce GHG emissions and the carbon footprint, along with improving operations via reduced utility costs. SDG&E's Fleet Hydrogen Fueling Program will support SDG&E's Clean Fleet initiatives. By 2024, SDG&E plans to have two dedicated hydrogen filling stations for our hydrogen fuel cell electric service vehicles. This program will reduce GHG emissions and improve negative impacts to the climate. Lastly, SDG&E's Electric Vehicle Charging Program will construct infrastructure to support our SDG&E's electric vehicle (EV) needs. This program will also reduce GHG emissions and improve impacts to the climate.

Safety is a core value and SDG&E is committed to providing safe and reliable service to all its stakeholders. This safety-first culture is embedded in every aspect of the Company's work. In 2020, SDG&E commenced development and deployment of a Safety Management System (SMS), which better aligns and integrates safety, risk, asset, and emergency management across the entire organization. The SMS takes a holistic and pro-active approach to safety and expands

beyond "traditional" occupational safety principles to include asset safety, system safety, cyber safety, and psychological safety for improved safety performance and culture. SDG&E's SMS is a systematic, enterprise-wide framework that utilizes data to collectively manage and reduce risk and promote continuous learning and improvement in safety performance through deliberate, routine, and intentional processes.

SDG&E remains focused on identifying and implementing the most cost-effective solutions with the potential to make the greatest impact on reducing GHG emissions, while maintaining a safe and reliable energy system. SDG&E believes that safety, reliability, and sustainability are inextricably linked and fundamental to the Company's ability to continue to successfully operate. Please see the Sustainability Policy testimony of Estela de Llanos (Ex. SDG&E-02) for additional detail on SDG&E's Sustainability Strategy and the Safety, Risk and Asset Management System testimony of Kenneth Deremer (Ex. SDG&E-31).

IV. NON-SHARED COSTS

"Non-Shared Services" are activities that are performed by a utility solely for its own benefit. Sempra Energy Corporate Center (Sempra or Corporate Center) provides certain services to the utilities and to other subsidiaries. For purposes of this general rate case, SDG&E treats costs for services received from Sempra as Non-Shared Services costs, consistent with any other outside vendor costs incurred by the utility. Table DT-6 summarizes the total non-shared O&M forecasts for the listed cost categories.

TABLE DT-6
Non-Shared O&M Summary of Costs

REAL ESTATE, LAND SERVICES & FACILITIES (In 2021 $)			
Categories of Management	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
A. RENTS & OPERATING EXPENSES	4,856	5,451	595
B. TRIBAL RELATIONS & LAND SERVICES	883	906	23
C. FACILITY OPERATIONS	4,092	5,203	1,111
D. SECURITY	2,683	3,596	913
Total Non-Shared Services	**12,514**	**15,156**	**2,642**

A. Rents and Operating Expenses

TABLE DT-6
Summary of Rents & Operating Expenses

REAL ESTATE, LAND SERVICES & FACILITIES (In 2021 $)			
A. RENTS & OPERATING EXPENSES	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
1. RENTS & OPERATING EXPENSES	4,856	5,451	595
Total	**4,856**	**5,451**	**595**

1. Description of Costs and Underlying Activities

The non-shared services portion of rents and operating expenses is associated with lease payments for administrative offices, telecommunications sites, branch offices, office spaces, multi-use and customer service facilities, trailers, and right of way easements. All rents, except for right of way easements, are expected to increase by an average of 3% per year based on a combination of contractual increases and landlord estimates for operating expense increases. Right of way easements are expected to increase by an average of 6% per year based upon estimates received, including recent escalations for large properties, such as Bureau of Land Management (BLM), USDA Forest Service, and the railroads. Our post-pandemic real estate strategy includes the potential to reduce the number of leases in our portfolio to reflect a more flexible workforce.

2. Forecast Method

The forecast method developed for this cost category is zero-based because it is contingent upon the contractual provisions of the lease agreements.

3. Cost Drivers

- The cost drivers are contractual rents, along with contracted services and materials associated with leased facilities that are incurred by the owners of leased properties and charged to SDG&E through operating expense billings.

- The increase in costs from base year (BY) 2019 to TY 2024 reflects the impact of lease escalation and operating expenses driven by lease term rate schedules and market conditions.
- State minimum wage increases continue to incrementally raise costs associated with operating expenses.
- Supply chain pressures have also contributed to shortages in supplies, which have subsequently increased operating costs.
- Pursuant to filing A.21-11-017, we will be anticipating the closing of two of our leased branch offices at National City and downtown San Diego.
- Due to potential future flexibility in the locations and projected occupancy needs post pandemic, we will be potentially reducing the number of leased facilities in addition to those mentioned previously to accommodate the future needs of our employees.

B. Tribal Relations and Land Services

TABLE DT-7
Summary of Tribal Relations & Land Services Costs

REAL ESTATE, LAND SERVICES & FACILITIES (In 2021 $)			
B. TRIBAL RELATIONS & LAND SERVICES	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
1. TRIBAL RELATIONS & LAND SERVICES	883	906	23
Total	**883**	**906**	**23**

1. Description of Costs and Underlying Activities

Tribal Relations and Land Services primary functions include Right of Way & Records, Survey, and Land Management for non-fee land (land SDG&E does not own but has legal rights to occupy or use).

Right of Way & Records

Right of Way is responsible for the negotiation and acquisition of land rights in the form of easements, rights of way, licenses, and leases for electric and gas distribution and transmission

operating asset requirements, including overhead and underground gas and electric facilities, electric substations, switching facilities, and gas regulator stations, etc. New land rights for distribution and gas or electric capacity/reliability projects generate a need to acquire land rights from property owners. Easements, rights of way, and license or lease agreements that were not initially granted in perpetuity require renewal and are re-negotiated. Land rights when facility installations traverse lands owned by Bureau of Land Management, USDA Forest Service, and Bureau of Indian Affairs/Native American reservations, as well as military bases, ports, and, in some cases, railroads, are often granted for a specific term and not in perpetuity.

The Records department conducts all records research for new business activity, capacity/reliability projects, and customer inquiries. This research is utilized to interpret existing land rights and to determine if new land rights need to be acquired.

Land Management

Land Management responds to infractions (e.g., vehicle removal, gate/lock installation, or relocation of propane tanks under lines) of CPUC General Orders 95, 112, and 128, operating standards and utility-developed standards related to land rights (in the form of fee ownership, easements, licenses, and leases) for electric and gas distribution and transmission operating asset requirements, including overhead and underground gas and electric facilities, electric substations, switching facilities, and gas regulator stations, etc. Land Management also negotiates rights-of-way and easements, and assists in property acquisitions, necessary for electric and gas energy delivery facilities, and ensures and maintains the necessary access to those facilities. Full and unrestricted access ensures the Company's ability to properly maintain gas and electric distribution and transmission corridors, electric substations, and gas regulator stations, as well as perimeter and security fencing around these sites. Land Management also communicates with customers who request utility easement and required utility clearance information about their property, when maintenance activity will be occurring on or near their property, and to address the infractions relating to permanent or non-permanent structures that encroach upon the easement or access of utility vehicles to infrastructure.

Land Survey

Land Survey support is responsible for the management, service delivery, and quality assurance oversight of survey contractors. The Land Survey Department coordinates survey crews for many SDG&E departments and projects, reviews project designs to ensure adequate

land rights are in place for projects, and ensures that the quality of the deliverables meets the utility and industry standards. Land Survey also provides training for vendors and SDG&E departments, including Engineering groups and Project Management customer extension planners. Surveyors and new business right of way agents assist customer planners by locating property lines, governmental locations, and franchise areas and provide general instruction to new planners and right of way agents on the basics of encumbering property with easements for customer extensions.

2. Forecast Method

The forecast method developed for this cost category is 2021 base year. The base year forecast was selected due to a reorganization that occurred with this group in 2021. The reorganization resulted in the addition of Tribal Relations functions being added to this area and increased compliance process enhancements.

3. Cost Drivers

- The costs behind this forecast are driven primarily by the labor resources and professional services, records research, and materials required to effectively manage Land Service operations.
- Professional services from external contractors are required to complete right of way acquisition, research, survey, and land management services. External contractors are required due to the reduced number of internal Company resources and increased amount of internal capacity/reliability project work requiring easement acquisition to support SDG&E's efforts toward clean, safe, and reliable infrastructure. In 2019, SDG&E strengthened its process for compliance with Public Utilities Code Section 851. SDG&E assesses application of Section 851 when it receives requests impacting SDG&E land rights for assignment, sale, encroachment, or encumbrance. SDG&E has seen an increase in these requests as more complex development occurs within our service territory due to the reduced amount of developable open space and increased redevelopment in urban and suburban areas. This trend is anticipated to continue. In 2016, following the voluntary retirement enhancement program (VREP), the departure of highly

skilled land experts was not backfilled at levels necessary to support the highly technical and complex nature of this work. Skilled land experts are required to ensure developer projects are appropriately reviewed in accordance with Public Utilities Code Section 851 and the recently approved Tribal Land Transfer Policy, which are submitted to the CPUC for approval to ensure the protection of SDG&E land rights, as well as the safety and integrity of SDG&E infrastructure and ratepayer assets.

C. Facility Operations

TABLE DT-8
Summary of Facility Operations Costs

REAL ESTATE, LAND SERVICES & FACILITIES (In 2021 $)			
C. FACILITY OPERATIONS	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
1. FACILITY OPERATIONS	4,092	5,203	1,111
Total	**4,092**	**5,203**	**1,111**

1. Description of Costs and Underlying Activities

Facility Operations provides O&M support for utility facilities, including general offices, construction and operations centers, telecommunications sites, warehouse, and branch/bill payment offices. Maintenance support is either done by Company employees or by contracted services. The costs reflected above represent only the non-shared activities.

Facility services include the negotiation and management of contracted services, such as security, janitorial, landscaping, trash, and pest control. In addition to these contracted services, the utility hires contractors for services such as electrical, mechanical, structural, conveyance systems (elevators), HVAC systems, roofs, parking lot asphalt and concrete, fire safety systems, security and access control systems, back-up emergency generators, uninterruptable power systems, underground fuel storage tanks, fuel pumps, and garage equipment, including hoists and cranes.

Facility Operations cost changes from 2019 through 2024 continue to be primarily driven by the increases in labor wages, non-labor expenses coupled with improvements in enhanced

facility operations protocols, aging infrastructure supporting our facilities, a need for increased security at our Construction & Operations centers, and a focus on improving the sustainability of our facilities and operations.

The following summarizes the key activities of non-shared facilities.

Construction and Operations (C&O) Centers/Customer Service Operations

These facilities are the operating bases for SDG&E distribution, transmission, and customer service crews that provide energy delivery to customers. The Company has nine (9) C&O facilities at the following locations:

i) Beach Cities
ii) Eastern
iii) North Coast
iv) Northeast
v) Metro
vi) Orange County
vii) Kearny
viii) Mt. Empire
ix) Ramona

Branch Offices

This category represents four separately leased payment offices and two SDG&E-owned customer service locations to facilitate bill payment and customer walk-in inquiries.

Multi-Use or Special Purpose Facilities

1. Miramar facility provides storage capacity for electric and gas distribution equipment and houses fleet operations logistics, welding certification shops and classrooms, battery storage, and environmental (HAZMAT) operations.
2. Mission Control and Skills Training Center facility provides both classroom and field training for SDG&E personnel and the control center for distribution system operations, transmission system operations, and telecommunications.
3. Palomar generation is a combined cycle power plant that includes an office, warehouse, maintenance, and water treatment facility.
4. Desert Start Energy Center is a natural gas-powered electric generation facility located in Boulder City, Nevada. Lease payments for Generation Plant Desert Star are included in my O&M request. For detailed information regarding Generation Plant Desert Star, see the Electric Generation testimony of Daniel Baerman (Ex. SDG&E-14).

5. Kearny is a multi-use electric construction and maintenance facility for term hazardous waste (e.g., polychlorinated biphenyl or "PCB") storage.
6. Greencraig A&B buildings provide a variety of functions including housing a Protective Equipment Testing lab for high-voltage devices, environmental lab, gas engineering staff, Trouble Dispatch, Area Resource Scheduling (ARSO), automated meter operations (AMO) test labs, and AMO staff.
7. Moreno Valley Compressor Station is a facility in our portfolio that operates and maintains the safe flow of natural gas resources into our infrastructure to serve our customers.
8. Alpine Yard & Remote Field Office is a strategically located facility that operates as office space for personnel working on projects in our eastern service territory and provides storage and laydown areas for various construction projects.
9. Alpine Way Escondido is a research and development lab environment used for the study and testing of emerging technologies being considered for deployment in energy delivery, storage, information, security, and clean transportation.
10. Gillespie Field is an aircraft hangar that houses our Aviation Services group and associated equipment. The hangar has office space and storage area for aircraft that are used to patrol various remote areas of our electrical transmission and distribution assets and gas infrastructure, as well as, on occasion, to provide emergency assistance with fire suppression activities.

Office Space

Most leased and owned sites fall under the non-shared service category; however, there are a few shared facilities, including the Rancho Bernardo Data Center and the Century Park Complex.

2. Forecast Method

A 3-year historical average was selected as the basis for our TY 2024 forecast. The three-year historical average was used as it most accurately represents year over year cost increases, particularly with respect to labor and supply/material costs, protocol changes to

operations, and a facility infrastructure that requires increased maintenance - a trend that is expected to continue through 2024.

3. Cost Drivers

Expanding on the underlying activities and the subsequent costs of our operations, some specific items that increase costs include, but are not limited to:

- Annual increases in the minimum wage for all labor pushes rates upward.
- Supply chain shortages for commodities, such as personal protective equipment, cleaning and disinfection products, and paper products.
- Utilizing market-based renewable energy credits and carbon offsets to facilitate our compliance-related sustainability initiatives.
- Maintenance and increased capacity of security and access control systems to meet the North American Electric Reliability Corporation – Critical Infrastructure Protection (NERC-CIP) requirements and to respond to geopolitical events and trends.
- Maintenance of additional back-up emergency generators and uninterruptable power systems at critical facilities.
- Increased storm water management activities because of environmental requirements at sites with Storm Water Protection Plans and Storm Water Management Plans, as described in the Sustainability Policy testimony of Estela de Llanos (Ex. SDG&E-02).
- Repairs and maintenance of aging infrastructure, such as asphalt, concrete, flooring, equipment, and painted structures, coupled with the requirement to test all materials for lead and asbestos prior to conducting work that will disturb the material.

D. Security Operations

TABLE DT-9
Summary of Security Operations Costs

REAL ESTATE, LAND SERVICES & FACILITIES (In 2021 $)			
D. SECURITY	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
1. SECURITY	2,683	3,596	913
Total	**2,683**	**3,596**	**913**

1. Description of Costs and Underlying Activities

The need to provide security for our facilities, employees, and customers continues to escalate. SDG&E's C&O centers are experiencing frequent security-related issues, typically on weekends and nights. The primary concern is for the safety of our personnel that work at these locations, our customers that visit these locations, and the continuous, reliable, and safe operations of our assets and systems. Security Operations provides 24/7/365 services that monitor on-site conditions and immediate response to issues that arise, while simultaneously working with local law enforcement and Sempra Corporate Security.

(a) Description of RAMP Activities

RAMP-related costs for Security Operations include the costs for contract security. As described in Table DT-5 above, SDG&E employs contract security (security guards) to secure and protect assets and people. Security personnel are located at critical facilities and other work locations. Security personnel can also provide increased security capabilities as an overt deterrence during security incidents or emergencies. Security personnel may be deployed permanently at a facility based on factors such as criticality, facility population, or compliance; or temporarily based on factors such as the threat environment, criminal activity, and past incidents.

Table DT-10 below provides the RAMP activities, their respective cost forecasts, and the RSEs for this workpaper. For additional details on these RAMP activities, please refer to my workpapers (Ex. SDG&E-22-WP 1RE004.000).

TABLE DT-10
RAMP Activity O&M Forecast by Workpaper

REAL ESTATE, LAND SERVICES & FACILITIES (In 2021 $)						
Workpaper	**RAMP ID**	**Description**	**BY2021 Embedded Base Costs (000s)**	**TY2024 Estimated Total (000s)**	**TY2024 Estimated Incremental (000s)**	**GRC RSE**
1RE004.000	SDG&E-CFF-5 - 02	Contract Security	1,342	1,798	456	
Total			**1,342**	**1,798**	**456**	

2. Forecast Method

The forecast method developed for this cost category is the three-year historical average, adjusted for anticipated security increases through TY 2024. The three-year average most closely reflects our need for increased security officers and associated budgetary needs.

3. Cost Drivers

- Increased security for our C&O centers to provide on-site staffed services that monitor and actively provide an immediate response to all threats, issues, and concerns. These services are combined with passive technology that has been deployed such as CCTV cameras, intrusion sensors, card access, and fencing.
- Wage escalation due to increases in the minimum wage statutes.
- Geo-political issues and societal changes that directly affect our security and the need to employ more guards, installing temporary measures to control crowds, or thwart theft and vandalism.

V. SHARED COSTS

As described in the Shared Services Billing, Shared Assets Billing, Segmentation, and Capital Reassignments testimony of Angel N. Le and Paul D. Malin (Ex. SCG-30/SDG&E-34), Shared Services are activities performed by a utility shared services department (i.e., functional area) for the benefit of: (i) SDG&E or SoCalGas, (ii) Sempra, and/or (iii) any affiliate subsidiaries. The utility providing Shared Services allocates and bills incurred costs to the entity or entities receiving those services.

Table DT-11 summarizes the total shared O&M forecasts for the listed cost categories.

TABLE DT-11
Shared O&M Summary of Costs

REAL ESTATE, LAND SERVICES & FACILITIES			
(In 2021 $) Incurred Costs (100% Level)			
Categories of Management	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
A. FACILITY OPERATIONS	5,272	5,541	269
B. CORPORATE REAL ESTATE	728	601	-127
C. CAPITAL PROGRAMS	52	149	97
D. REAL ESTATE PLANNING	1,026	1,307	281
E. SHARED SERVICES RENTS & OPERATING EXPENSES	14,852	15,454	602
Total Shared Services (Incurred)	**21,930**	**23,052**	**1,122**

I am sponsoring the forecasts on a total incurred basis, as well as the shared services allocation percentages related to those costs. Those percentages are presented in my shared services workpapers, along with a description explaining the activities being allocated. See workpapers (Ex.SDG&E-23-WP). The dollar amounts allocated to affiliates are presented in our Shared Services Policy and Procedures testimony. See Shared Services Billing, Shared Assets Billing, Segmentation, and Capital Reassignments testimony of Angel N. Le and Paul D. Malin (Ex. SCG-30/SDG&E-34).

A. Facility Operations

TABLE DT-12
Summary of Facilities Operations – Shared Services Costs

REAL ESTATE, LAND SERVICES & FACILITIES			
(In 2021 $) Incurred Costs (100% Level)			
A. FACILITY OPERATIONS	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
1. FACILITY OPERATIONS	5,272	5,541	269
Incurred Costs Total	**5,272**	**5,541**	**269**

1. Description of Costs and Underlying Activities

Facility Operations shared services costs pertain primarily to the Century Park Complex, Rancho Bernardo Data Center (RBDC), Sempra Headquarters building (Sempra HQ), and Real Estate Resources. Facilities Operations expenses consist of labor and non-labor categories. SDG&E outsources facility engineering labor and janitorial services at RBDC and Sempra HQ to supplement employee staffing and to address the size and complexity of the systems and buildings.

Century Park

Our Century Park (CP) campus is a multi-building property located in the Kearny Mesa area that acts as the utility corporate headquarters among other functions. Primarily consisting of offices for staff, it also houses our Climate Resiliency Center (CRC), Wildfire Mitigation Program (WMP), Emergency Operations Center, seminar rooms for internal and external events, Customer Contact Center (CCC), Engineering, Customer Programs, Construction Services, Project Management and Planning, and Accounting departments, to name a few.

Rancho Bernardo Data Center

The RBDC is a key SDG&E shared facility because of its critical contribution to the continued safety and reliability of our operations. It houses approximately 250 employees, operates around the clock, and serves SDG&E, SoCalGas, Sempra HQ, and certain affiliates. Maintenance costs are shared based upon usage studies provided by the IT department.

Sempra HQ Building

Corporate Facilities Maintenance manages building maintenance services for Sempra HQ on behalf of Sempra. Through affiliate billing orders, all associated maintenance costs are allocated to the Corporate Center.

Real Estate Resources

Real Estate Resources supports the workplace technology tools known as Integrated Work Management Software (IWMS). IWMS enables an integrated approach towards effectively managing all aspects of Corporate Real Estate: project management, maintenance management, sustainability management, space planning, portfolio management, lease management, work order management, and transactions management and reporting, which support the building portfolio. Real Estate Resources also supports the implementation of a

centralized building management hardware and software system that provides a complete picture of all major facility assets at our staffed sites.

2. Forecast Method

The 3-year historical average is most appropriate because it considers the most recent trends in both labor and non-labor costs required to operate these facilities.

3. Cost Drivers

The cost drivers behind this forecast are driven primarily by labor resources, incremental security, supplies, and material to operate 24/7/365 in the case of the RBDC, coupled with maintaining the approximately 315,000 square-foot Sempra HQ that houses the corporate offices and some affiliates. Additionally, labor resources and materials are required to effectively and continuously update and service self-developed software applications, which are necessary for the effective management of the Real Estate portfolio.

- Labor wages continue to increase annually to support the state minimum wage statutes.
- Maintenance services have increased due to additional equipment required at RBDC, specifically racks of servers that require additional HVAC and electrical services.
- Prices paid for the materials and supplies regularly used in our services have increased.
- Planned and unplanned maintenance for modules required to support the enterprise level building information management systems.
- Licensing costs for software and storage requirements.
- Records retention for capital construction projects.
- Implementation of an enterprise-wide Energy Management System that will provide real-time systems data acquisition and response capability in a centralized location.

B. Corporate Real Estate

TABLE DT-13
Summary of Corporate Real Estate Costs

REAL ESTATE, LAND SERVICES & FACILITIES			
(In 2021 $) Incurred Costs (100% Level)			
B. CORPORATE REAL ESTATE	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
1. CORPORATE REAL ESTATE	728	601	-127
Incurred Costs Total	**728**	**601**	**-127**

1. Description of Costs and Underlying Activities

The Corporate Real Estate Manager and staff provide strategic asset management, transaction management, lease negotiation, and administration services for SDG&E, Corporate Center, and other affiliates upon request. The primary responsibility of Corporate Real Estate is to provide transaction support and due diligence to ensure the utility is acquiring leased or owned real property at the best possible terms and conditions. The utility facility portfolio includes low and high-rise office buildings, construction and operating centers, bases, telecommunications sites, data centers, fleet garages, warehouses, and bill payment branch offices. We are re-evaluating our long-term leasing portfolio because of the pandemic and planning for future changes in our workforce needs relative to space and occupancy.

2. Forecast Method

The forecast method used for this category is the three-year historical average. This method is the most appropriate as it reflects the anticipated labor and non-labor expenses that support the activities of this department. We also take into consideration the multi-year variability that is inherent to market fluctuations, economic conditions, and changing business drivers encountered in this field.

3. Cost Drivers

The costs behind this forecast are driven primarily by labor resources, services, and materials required to effectively manage Corporate Real Estate. Specifically, business changes

experienced due to the pandemic, regulatory/statutory compliance, and some affiliate reorganizations have impacted our resources via changing job requirements. Examples include:

- Regulatory compliance with Public Utilities Code Section 851 and the recently adopted CPUC Tribal Land Transfer Policy have created a need to clearly identify and protect our property rights and ratepayer assets while advancing other interests within the framework of the laws that guide these transactions.
- Some management of third-party telecommunications licenses has been insourced to improve how we monitor the execution, payments, and conditions associated with our Corporate Real Estate assets.
- As buildable land within our service territory becomes scarcer each year, developers have focused on pursuing infill construction projects. Oftentimes such projects are adjacent to an SDG&E easement or fee-owned property and the developer seeks a land right from SDG&E. These situations require a significant amount of the Company's resources to evaluate each proposal from a safety and operational perspective. If the decision is made to provide the requested land right, the Company must expend additional financial and staff time resources to pursue CPUC approval under Public Utilities Code Section 851.
- Certain affiliates have requested our support in relocating administrative offices. This consists of coordination with third-party consultants and property owners to find the right property and ensure appropriate terms of the lease.

C. Capital Programs

TABLE DT-14
Summary of Capital Programs Costs

REAL ESTATE, LAND SERVICES & FACILITIES			
(In 2021 $) Incurred Costs (100% Level)			
C. CAPITAL PROGRAMS	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
1. CAPITAL PROGRAMS	52	149	97
Incurred Costs Total	**52**	**149**	**97**

1. Description of Costs and Underlying Activities

This organization is responsible for overall planning, budgeting, scheduling, tracking, and the implementation of authorized capital construction projects internal to our facilities, which support SDG&E and affiliates. The group consists of a Real Estate Capital Planning Manager, Project Managers, Budget Analyst, Project Coordinators, and numerous contractors.

2. Forecast Method

The forecast method used for this category is the three-year historical average. The three-year historical average accurately reflects the costs associated with current staffing level and non-labor requirements.

3. Cost Drivers

The costs for this forecast are driven primarily by labor resources, professional services, and materials required to effectively manage Capital Programs.

- The quantity, size, and complexity of projects requiring support has increased, requiring additional resources to effectively manage and properly execute such projects efficiently, safely, and within budget.
- Affiliate support to facilitate moves, capital improvements, and space planning has increased.
- Statutory compliance with sustainability efforts for our infrastructure and facilities requires additional resources for planning, budgeting, and execution. See the Sustainability Policy testimony of Estela de Llanos (Ex. SDG&E-02).

- Integrating, coordinating, and building additional infrastructure at our facilities to support our fleet goals and the subsequent adoption of a zero-emissions fleet (ZEV (Zero Emission Vehicles) by 2035. See the Fleet Services testimony of Arthur Alvarez (Ex. SDG&E-22).
- Additional investments in safety, reliability, and maintenance for replacement of aging or failing assets and infrastructure.

D. Real Estate Planning

TABLE DT-15
Summary Real Estate Planning Costs

REAL ESTATE, LAND SERVICES & FACILITIES			
(In 2021 $) Incurred Costs (100% Level)			
D. REAL ESTATE PLANNING	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
1. REAL ESTATE PLANNING	1,026	1,307	281
Incurred Costs Total	**1,026**	**1,307**	**281**

1. Description of Costs and Underlying Activities

The Real Estate Planning group provides space and site planning services to SDG&E, some affiliates, and Corporate Center. Long-term site and facility space plans are developed with operating and support departments, and alternatives are explored with respect to property acquisitions and facility expansions or upgrades, as well as surplus property assessment and disposition. This group also coordinates with our Moves, Adds, and Changes (MAC) team for employee moves involving furniture and equipment. In addition, this group works with business unit leaders to assist in developing an annual Facilities Capital Project Plan based on current business priorities.

2. Forecast Method

The forecast method used for this category is the three-year historical average. This method was selected as being the most representative of the types of costs experienced for this activity, such as lease expirations and terminations, associated tenant improvements, and remodeling of existing spaces for densification and improved workflow efficiencies/adjacencies.

3. Cost Drivers

The cost for this forecast is driven primarily by labor resources and materials required to effectively address continuous improvements and changes required for the Real Estate portfolio. These drivers include:

- The quantity, size, and complexity of projects requiring support has increased, requiring additional resources to effectively manage and properly execute such projects efficiently, safely, and within budget.
- Affiliate support has increased to facilitate moves, capital improvements, and space planning.
- SDG&E labor force has increased, requiring additional resources and expenses.
- Space for Climate Resiliency and Wildfire Mitigation Programs.
- Strategic Site Master Planning changes to accommodate Distributed Energy Storage programs, such as battery storage and micro-grid applications.
- Post-pandemic space planning requires increased expenses to support our future workforce needs, including reconfiguration of existing space and furniture systems, new occupancy models, and the integration of technology, such as way-finding and reservation systems to accommodate a more mobile, transitory, and flexible workforce.
- Planning for lease portfolio changes.

E. Shared Rents and Operating Expenses

TABLE DT-16
Summary Shared Rents and Operating Expenses

REAL ESTATE, LAND SERVICES & FACILITIES			
(In 2021 $) Incurred Costs (100% Level)			
E. SHARED SERVICES RENTS & OPERATING EXPENSES	**2021 Adjusted-Recorded (000s)**	**TY2024 Estimated (000s)**	**Change (000s)**
1. SHARED SERVICES RENTS & OPERATING EXPENSES	14,852	15,454	602
Incurred Costs Total	**14,852**	**15,454**	**602**

1. Description of Costs and Underlying Activities

The shared services portion of rents and operating expenses is associated with lease payments for the Century Park Complex, Sacramento, and San Francisco office locations. All rents are expected to increase by an average of 3% per year based on a combination of contractual increases and landlord estimates for operating expense increases. Our post-pandemic real estate strategy includes the potential to reduce the number of leases in our portfolio to reflect a more flexible workforce.

2. Forecast Method

The forecast method developed for this cost category is the zero-based method because it is based upon the contractual provisions of the lease agreements.

3. Cost Drivers

- The cost drivers are contractual rents, along with costs of contracted services and materials associated with leased facilities that are incurred by the owners of leased properties and charged to SDG&E through operating expense billings.
- The increase in costs reflects the impact of lease escalation and operating expenses driven by lease term rate schedules and market conditions.
- State minimum wage increases continue to incrementally raise costs associated with operating expenses.
- Due to potential future flexibility in the locations and projected occupancy needs post pandemic, we will be potentially reducing the number of leased facilities to accommodate the future needs of our employees.

VI. CAPITAL

SDG&E's focus on hardening and reinforcing the systems serving our facilities will help ensure that we continue to deliver safe, reliable energy to our customers by improving critical power infrastructure and mechanical components required for consistent operational readiness. Keeping our customers and employees safe from various environmental, societal, and operational conditions requires that we invest in our portfolio. Capital requirements have also been considered for implementing our sustainability strategy to achieve net zero energy, net zero waste and water stewardship by 2030. Our real estate, and specifically our lease portfolio, will

be optimized from space and occupancy perspectives to accommodate a hybrid schedule for some of our workforce. Improvements to existing C&O centers will replace aging infrastructure and buildings, maximize space utilization for improved parking, storage, and traffic flow while simultaneously increasing safety and efficiency for operations that provide the resources to support our customers. SDG&E is in the process of evaluating the costs and benefits of potentially relocating our North Coast C&O Center located in Carlsbad, California to an alternative location as part of our real estate portfolio improvements.

Table DT-17 summarizes the total capital forecasts for 2022, 2023, and 2024.

TABLE DT-17
Capital Expenditures Summary of Costs

FACILITIES/OTHER (In 2021 $)				
Categories of Management	**2021 Adjusted-Recorded (000s)**	**Estimated 2022 (000s)**	**Estimated 2023 (000s)**	**Estimated 2024 (000s)**
A. Land	0	74	74	74
B. Structures & Improvements	12,866	11,049	20,725	5,343
C. Safety and Environmental	3,709	2,168	5,508	1,958
D. Miscellaneous Equipment	2,335	3,385	1,700	1,700
E. Security Systems	5,060	5,833	2,713	2,713
F. Infrastructure and Reliability	12,307	8,099	6,593	5,687
G. Remodel / Relocate / Reconfigure	9,592	13,537	6,069	2,494
H. Business Unit Expansion	2,121	3,522	24,322	34,631
I. Clean Transportation Infrastructure	593	1,516	4,068	12,227
J. Land Services Archibus System	1,659	1,500	1,500	1,500
K. SDG&E Sustainability Program	4,202	14,495	2,258	5,563
Total	**54,444**	**65,178**	**75,530**	**73,890**

The SDG&E Capital summary for actuals 2021 are 54.4 million, and the estimated forecasts for 2022, 2023, and 2024 are $65.2million, $75.5 million, and $73.9 million, respectively. The capital summary above includes budget codes, each of which has two components:

a. **Blanket budgets:** Defined as the average, aggregate 3-year historical spend on projects less than $1M, covered under a singular workpaper. Planned projects less

than $1M will be a part of this component and will draw from the funding. Uncommitted, available portions of the blanket budget will be proposed for emergent and heretofore unknown, unplanned projects less than $1M.

b. Specific Projects: Defined as individually specified, known projects with definitive scope and budgets greater than $1M, each of which will be addressed through their own individual workpapers.

The table only includes those facilities projects in the Commission's jurisdiction. Costs shown are direct costs inclusive of employee labor and corresponding vacation and sick leave. The key drivers for SDG&E facility capital projects are:

1. Regulatory compliance and the necessity for our facilities to support the operational reliability and safety of our electric and gas assets.
2. Continuous improvements, changes, and technological advances in our industry requires investments in our real estate portfolio to facilitate the current and future trends in the functions of facilities including space requirements, equipment, environmental and sustainability considerations (such as Leadership in Energy and Environmental Design (LEED) Certification, energy efficiency, installing renewable energy sources to power our buildings, eliminating waste streams to avoid landfills, decreasing water consumption, supporting changing demographics and post pandemic occupancy trends of a changing workforce, supporting our fleet vehicles' transition to zero-emission with electric vehicle (EV) charging and hydrogen fuel cell electric vehicle (FCEV) fueling infrastructure), and external geopolitical and societal factors that impact the safety and security of our customers, employees, and systems.
3. Strengthening and improving the existing aging infrastructure for existing C&O centers, improving operations by maximizing space (which also helps traffic flow and increased safety), implementing sustainable systems, equipment, and practices that reduce our carbon footprint and facilitate compliance with local, state, and federal climate change legislation.
4. Life cycle replacements for mechanical, plumbing, and electrical systems and equipment.

A breakdown of the costs contained in each of the budget codes shown is provided in the associated capital work papers (CWP) (Ex. SDG&E-22-CWP). Detailed discussion of each of these budget codes follows.

A. Land Blanket (Budget Code: 700)

TABLE DT-18
Summary of Land Blanket Costs

FACILITIES/OTHER (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
1. Land	74	74	74
Total	**74**	**74**	**74**

1. Description of Costs and Underlying Activities

This budget funds minor landscape projects on unoccupied fee-owned property to support Company operations, manage and protect Company property, reduce water use and improve conservation efforts, and maintain or improve the value of Company real property.

2. Forecast Method

The forecast method used for this category is the three-year historical average. This method is the most appropriate because it reflects the most current cost attributes (labor wages, materials, equipment, escalation including inflationary factors) that address both internal and external customer business requirements (planned and unplanned).

3. Cost Drivers

The underlying cost drivers for these capital projects depend on the scope of the individual projects. The projects in this blanket are used to replace or improve fencing, drainage systems, perimeter walls, landscaping, and retaining walls at electric substations. Due to the increased water shortages in our service territory, typical landscaping projects have evolved from removal of diseased plants to complete removal of existing plant materials and sprinkler irrigation systems and replacement with drought tolerant plants and drip irrigation systems.

Documentation of these cost drivers is included in the capital work papers. See Ex. SDG&E-22-CWP.

B. Structures & Improvements Blanket (Budget Code: 701)

TABLE DT-19
Summary of Structures & Improvements Blanket Costs

FACILITIES/OTHER (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
2. Structures & Improvements	11,049	20,725	5,343
Total	**11,049**	**20,725**	**5,343**

1. Description of Costs and Underlying Activities

This budget funds building and/or site modifications, upgrades, and improvements to support corporate business initiatives, to extend the life of the asset, or to increase the functionality of a building or site. These projects vary from year to year based on need, but address the capital replacement or addition of basic, exterior facilities construction components, including lighting, fencing, manual gates, liquid fueling systems, paving, roofing, doors, windows, and storage racking or sheds. Each year's requirements are prioritized to manage and protect facility assets, keep employees safe, and optimize real estate value. Scope of work may include modernization projects and/or projects that offer best alternatives for cost avoidance compared to other scenarios.

2. Forecast Method

The forecast method developed for this cost category is a combination of zero-based and historical based. This method is the most appropriate because it reflects the must current cost attributes (labor wages, materials, equipment, escalation including inflationary factors) that address both internal and external customer business requirements (planned and unplanned). Zero-based refers to projects with specific scope and budgets, which will be accompanied by a specific project workpaper if valued over $1M or will be covered by a blanket budget if less than

$1M. The remaining uncommitted funding in a blanket budget is proposed to cover emergent and heretofore unknown projects that will arise and must be financially planned for.

3. Cost Drivers

The underlying cost drivers for these capital projects depend on internal and/or external customer and business requirements (planned and unplanned) that are required to effectively operate our business. Some specific cost drivers include:

- Aging infrastructure that escalates maintenance costs and requires replacement due to remaining useful life.
- Geo-political environmental changes, which require increased and improved security measures.
- Safety incidents and avoidance/mitigation.
- Energy efficiency and sustainability initiatives related to specific components such as lighting, roofing, and windows mentioned above.
- Degrading site conditions due to usage requiring improvement or replacement.

Documentation of these cost drivers is included in the capital work papers. See Ex. SDG&E-22-CWP.

C. Safety/Environmental Blanket (Budget Code: 703)

TABLE DT-20
Summary of Safety/Environmental Blanket Costs

FACILITIES/OTHER (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
3. Safety and Environmental	2,168	5,508	1,958
Total	**2,168**	**5,508**	**1,958**

1. Description of Costs and Underlying Activities

This budget includes safety and environmental compliance related expenditures that fund building and system modifications, site upgrades, and other facility improvements necessary to achieve zero OSHA (Occupational Safety and Health Administration) recordables, Lost Time

Incidents (LTI), Controllable Motor Vehicle Incidents (CMVI), and Notices of Violations or Citations of an environmental nature. To help achieve this, investments in various applications that eliminate or mitigate safety and environmental issues are required. Compliance with OSHA safety regulations, environmental codes, jurisdictional authorities, and site conditions predicated by safety or environmental incidents/accidents will be managed within this budget. Projects consist of implementing and/or replacing pedestrian/vehicular traffic controls (such as signage, crosswalks, and gates/access controls to direct the flow on our sites), addressing slips, trips, and falls within the office environment caused by aging flooring or substandard surfaces, installing handrails, and changing ingress/egress points. Projects related to stormwater management include installation of curbs, berms, containment pads, storm drain piping, awnings, downspouts, and filtration systems. Compliance-related improvements to liquid fuel storage and dispensing systems would also be covered by this budget code.

2. Forecast Method

The forecast method developed for this cost category is a combination of zero-based and historical based. This method is the most appropriate because it reflects the most current cost attributes (labor wages, materials, equipment, escalation including inflationary factors) that address both internal and external customer business requirements (planned and unplanned). Zero-based refers to projects with specific scope and budgets, which will be accompanied by a specific project workpaper if valued over $1M or will be covered by a blanket budget if less than $1M. The remaining, uncommitted funding in a blanket budget is proposed to cover emergent and heretofore unknown projects that will arise and be financially planned for.

3. Cost Drivers

The underlying cost drivers for these capital projects are contingent on safety or environmental incidents/accidents that unfortunately occur within the facilities, proactively addressing deficiencies identified through annual self-assessments, compliance-related updates through agencies such as OSHA, Title 24 California building codes, stormwater management inspections from third parties, or enhancements that are required to address geopolitical events posing some threat to the Company's physical assets, employees, or customers. See Ex. SDG&E-22-CWP.

D. Miscellaneous Equipment Blanket (Budget Code: 705)

TABLE DT-21
Summary of Miscellaneous Equipment Blanket Costs

FACILITIES/OTHER (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
4. Miscellaneous Equipment	3,385	1,700	1,700
Total	**3,385**	**1,700**	**1,700**

1. Description of Costs and Underlying Activities

This budget funds the purchase and installation of miscellaneous equipment that does not fall under the scope of any other capital project. This equipment supports the effective operations of the requesting department. The blanket benefits numerous departments throughout the Company by funding equipment purchases, both planned and unplanned due to breakdowns or technology obsolescence, which enable employees to work efficiently and effectively. Included in this budget code are new or replacement equipment, such as kitchen, audio visual, specialized mechanical equipment used in the fleet garages (reels, jacks, or hoists), and lab equipment for sampling of soils and wastewater.

2. Forecast Method

The forecast method developed for this cost category is a combination of zero-based and historical based. This method is the most appropriate because it reflects the most current cost attributes (labor wages, materials, equipment, escalation including inflationary factors) that address both internal and external customer business requirements (planned and unplanned). Zero-based refers to projects with specific scope and budgets, which will be accompanied by a specific project workpaper if valued over $1M or will be covered by a blanket budget if less than $1M. The remaining, uncommitted funding in a blanket budget is proposed to cover emergent and heretofore unknown projects that will arise and must be financially planned for.

3. Cost Drivers

The underlying cost drivers for these capital projects depend on internal customer business requirements (planned and unplanned), changing conditions and reliability of equipment, new code requirements, vendor estimates, and technology obsolescence and equipment failure requiring replacement. Documentation of these cost drivers is included in the capital work papers. See Ex. SDG&E-22-CWP.

E. Security Blanket (Budget Code: 707)

TABLE DT-22
Summary of Security Blanket Costs

FACILITIES/OTHER (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
5. Security Systems	5,833	2,713	2,713
Total	**5,833**	**2,713**	**2,713**

1. Description of Costs and Underlying Activities

This budget includes security-related expenditures in its entirety, and funds building modifications, upgrades, and facility improvements to safeguard SDG&E-occupied and publicly accessible facilities and sites, protect employees and Company property, and reduce corporate liability. Project requirements are prioritized based on corporate security, as well as operational needs for safety, reliability, and end-user recommendations. Scope of work may vary from year to year, based on identification of risks. Common project types covered in this budget code are access control systems, cameras, video recorders, turnstiles, hardware, and controlled automated gates.

2. Forecast Method

The forecast method developed for this cost category is a combination of zero-based and historical based. The forecast method developed for this cost category is a combination of zero-based and historical based. This method is the most appropriate because it reflects the most current cost attributes (labor wages, materials, equipment, escalation including inflationary factors) that address both internal and external customer business requirements (planned and

unplanned). Zero-based refers to projects with specific scope and budgets, which will be accompanied by a specific project workpaper if valued over $1M or will be covered by a blanket budget if less than $1M. The remaining, uncommitted funding in a blanket budget is proposed to cover emergent and heretofore unknown projects that will arise and must be financially planned for.

3. Cost Drivers

The underlying cost drivers for these capital projects depend on internal customer business requirements (planned and unplanned) and changing conditions. These conditions are often predicated by threat levels, risk assessments, incident history, geographic locations of some assets, the criticality of the site/facility to our operations, reliability of equipment, and vendor estimates. Documentation of these cost drivers is included in the capital work papers. See Ex. SDG&E-22-CWP.

F. Infrastructure & Reliability (Budget Code: 708)

TABLE DT-23
Summary of Infrastructure & Reliability Blanket Costs

FACILITIES/OTHER (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
6. Infrastructure and Reliability	8,099	6,593	5,687
Total	**8,099**	**6,593**	**5,687**

1. Description of Costs and Underlying Activities

This budget funds building facility infrastructure to support basic building operations, as well as requirements specific to the business unit operations and initiatives. Projects include replacement of systems and major equipment affecting reliability and the comfort, health, and safety of employees at numerous sites throughout the portfolio. These projects vary from year to year based on need, but address replacement of basic building infrastructure and systems. Each year requirements are prioritized to maintain compliance, mitigate risk of equipment failure, manage facility assets, keep employees safe, and optimize real estate value. Common project types covered in this budget code are chillers, boilers, air handlers, HVAC replacements, generators, UPS systems, electrical distribution systems, and computer room infrastructure.

Scope of work may include modernization projects and improvements to implement best practices, maintain uninterrupted operation of critical facilities, and/or offer best alternatives for cost avoidance compared to other scenarios.

2. Forecast Method

The forecast method developed for this cost category is a combination of zero-based and historical based. This method is the most appropriate because it reflects the most current cost attributes (labor wages, materials, equipment, escalation including inflationary factors) that address both internal and external customer business requirements (planned and unplanned). Zero-based refers to projects with specific scope and budgets, which will be accompanied by a specific project workpaper if valued over $1M or will be covered by a blanket budget if less than $1M. The remaining, uncommitted funding in a blanket budget is proposed to cover emergent and heretofore unknown projects that will arise and must be financially planned for.

3. Cost Drivers

The underlying cost drivers for these capital projects depend on internal customer business requirements (planned and unplanned), changing conditions and reliability of equipment, new code requirements, and vendor estimates. To serve critical sites, projects may involve the reinforcement or addition of emergency backup power systems, Uninterruptible Power Systems (UPS), Automatic Transfer Switches (ATS), and secondary stand-alone service feeds. Documentation of these cost drivers is included in the capital work papers. See Ex. SDG&E-22-CWP.

G. Remodels & Reconfigurations (Budget Code: 709)

TABLE DT-24
Summary of Remodels & Reconfigurations Blanket Costs

FACILITIES/OTHER (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
7. Remodel / Relocate / Reconfigure	13,537	6,069	2,494
Total	**13,537**	**6,069**	**2,494**

1. Description of Costs and Underlying Activities

This budget funds changes to occupied facilities needed to provide adequate and efficient office space and work environments for employees. Requirements are based on business needs and functionality requirements to meet business and resource objectives. Space standards and guidelines are used to manage space allocations and modifications effectively in reconfigurations. Ergonomics are considered in the upgrades to provide improved working conditions and safety for employees.

2. Forecast Method

The forecast method developed for this cost category is a combination of zero-based and historical based. This method is the most appropriate because it reflects the most current cost attributes (labor wages, materials, equipment, escalation including inflationary factors) that address both internal and external customer business requirements (planned and unplanned). Zero-based refers to projects with specific scope and budgets, which will be accompanied by a specific project workpaper if valued over $1M or will be covered by a blanket budget if less than $1M. The remaining, uncommitted funding in a blanket budget is proposed to cover emergent and heretofore unknown projects that will arise and must be financially planned for.

3. Cost Drivers

The underlying cost drivers for these capital projects depend on internal customer business requirements (planned and unplanned), changing employment conditions, external geopolitical and societal factors, emerging Company initiatives or major project needs, facility consolidation strategies, aged conditions of existing work areas, spatial and workflow efficiencies, environmental and sustainability considerations such as LEED Certification, market pricing for construction and furniture, and associated vendor estimates. Documentation of these cost drivers is included in the capital work papers. See Ex. SDG&E-22-CWP.

H. Business Unit Expansions (Budget Code: 710)

TABLE DT-25
Summary of Business Unit Expansions Blanket Costs

FACILITIES/OTHER (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
8. Business Unit Expansion	3,522	24,322	34,631
Total	**3,522**	**24,322**	**34,631**

1. Description of Costs and Underlying Activities

The purpose of this blanket is to fund building and facility expansions and improvements that are necessary to support the Company's growing business objectives and initiatives. The projects identified include master planning, expansion, relocation, building construction, and facility consolidation projects at various Company buildings/facilities. These projects are designed to satisfy current and future space requirements to appropriately house employees and provide expanded workspace and storage capacities to keep pace with Company growth.

2. Forecast Method

The forecast method developed for this cost category is zero-based. This method is the most appropriate because it reflects the most current forecast of specific projects that have been identified by our business units. Zero-based refers to projects with specific scope and budgets, which will be accompanied by a specific project workpaper if valued over $1M or will be covered by a blanket budget if less than $1M.

3. Cost Drivers

The underlying cost drivers for these capital projects depend on internal customer business requirements (planned and unplanned), changing employment conditions, emerging Company initiatives or major project needs, facility consolidation strategies, aged conditions of existing work areas, spatial and workflow efficiencies, market pricing for construction and furniture, and associated vendor estimates. Documentation of these cost drivers is included in the capital work papers. See Ex. SDG&E-22-CWP.

I. Clean Transportation Infrastructure (Budget Code: 08729)

TABLE DT-26
Summary of Clean Transportation Infrastructure Costs

FACILITIES/OTHER (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
9. Clean Transportation Infrastructure	1,516	4,068	12,227
Total	**1,516**	**4,068**	**12,227**

1. Description of Costs and Underlying Activities

The purpose of this blanket is to implement installations of electric vehicle chargers and hybrid plug-in receptacles at occupied facilities across the SDG&E territory, both fee-owned and leased, for charging of both fleet and employee electric and hybrid vehicles (energy cost at employee expense).

2. Forecast Method

The forecast method developed for this cost category is zero-based This method is most appropriate because it depends on operational requirements estimated using Fleet forecast for EV vehicle purchases, employee EV adoption rates provided by Clean Transportation, and vendor estimates. See Fleet Services testimony of Arthur Alvarez (Ex. SDG&E-22).

3. Cost Drivers

The underlying cost drivers for these capital projects primarily are contingent on SDG&E Fleet Electric Vehicle purchases forecast, Fleet vehicle replacement progress, estimates of employee EV adoption rates, operational requirements, and vendor estimates. See Fleet Services testimony of Arthur Alvarez (Ex. SDG&E-22).

In line with SDG&E's sustainability strategy, SDG&E is adopting both electric and hydrogen FCEV fleet vehicles to reduce its carbon footprint. Hydrogen transportation requires hydrogen fueling stations. It is still early days for medium and heavy-duty FCEV adoption, especially in San Diego County. To support the procurement of zero emission hydrogen FCEVs (Fuel Cell Electric Vehicle), we will also need reliable fueling dedicated to our fleet in a location that meets our operational requirements. Documentation of these cost drivers is included in the capital work papers. See Ex. SDG&E-22-CWP.

J. Facilities Building Information Management (BIM) - Archibus System (Budget Code: 13746)

TABLE DT-27
Summary of Facilities BIM - Archibus System Costs

FACILITIES/OTHER (In 2021 $)	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
10. Land Services Archibus System	1,500	1,500	1,500
Total	**1,500**	**1,500**	**1,500**

1. Description of Costs and Underlying Activities

Archibus is an integrated work management system used by SDG&E to manage real estate assets across the enterprise portfolio. This effort will build and develop the necessary database modules to support RE Planning and Capital Programs. The design of each operating module within the system includes the ability to prepare extracts and reports used for metrics and other key performance indicators, as necessary.

2. Forecast Method

The forecast method developed for this cost category is based on a historical three-year average. This method is most appropriate because it reflects the most current equipment and software requirements needed to support this blanket budget.

3. Cost Drivers

The underlying cost drivers for these capital projects depend on requirements for equipment, end user operational requirements, software requirements, business/workflow changes and/or new modules within the real estate and facilities portfolio, building energy management systems (EMS) centralization, and vendor estimates. Documentation of these cost drivers is included in the capital workpapers. See Ex. SDG&E-22-CWP.

K. SDG&E Facilities Sustainable Operations (Budget Code: 21757)

TABLE DT-28
Summary of SDG&E Sustainability Program Costs

FACILITIES/OTHER (In 2021 $)				
K. SDG&E Sustainability Program	**2021 Adjusted-Recorded (000s)**	**Estimated 2022 (000s)**	**Estimated 2023 (000s)**	**Estimated 2024 (000s)**
11. SDG&E Sustainability Program	4,202	14,495	2,258	5,563
Total	**4,202**	**14,495**	**2,258**	**5,563**

1. Description of Costs and Underlying Activities

This budget includes environmental conservation and sustainability related expenditures that fund building and system modifications, site upgrades, infrastructure investments, and other facility improvements necessary to pursue goals of net zero energy, net zero waste, and water stewardship at our occupied facilities. The net zero energy initiative focuses on implementing renewable energy sources (electric) across the real estate portfolio to produce as much energy as the portfolio consumes. Net zero waste and water stewardship are critical components to help reduce landfill disposal and improve drought conditions. Improving our building operations and consumption profile (carbon footprint) via sustainable applications is also required due to numerous legislative mandates and directives at all levels of government.

2. Forecast Method

The forecast method developed for this blanket budget is zero-based, which is most appropriate because specific projects have been identified with defined scope and budgets.

3. Cost Drivers

The underlying cost drivers for capital projects under this blanket are contingent on proposed generation capacity and the mounting method (e.g., roof, ground, or canopy) utilized at each facility to meet a net zero power (electric) consumption level, the measures or applications required to be implemented for achieving water consumption reductions or stewardship, and proper identification of waste streams within the facility footprint that can be recycled, repurposed, or reused to divert from local landfills. Documentation of these cost drivers is included in the capital workpapers. See Ex. SDG&E-22-CWP.

VII. CONCLUSION

This testimony describes the activities of SDG&E's Real Estate, Land Services & Facility Operations functions and presents the forecast for both existing and anticipated new expenses for the GRC TY 2024. This testimony and my workpapers demonstrate the justification for the requested funding so that SDG&E can continue to meet its obligations to acquire, operate, and maintain its properties and facilities in an efficient, reasonable, safe, and responsible manner. I request the Commission approve funding for the expenses presented here. This concludes my prepared direct testimony.

VIII. WITNESS QUALIFICATIONS

My Name is Dale Tattersall, Manager – Facilities for SDG&E. The combined departments of my organization are responsible for managing all of the facilities operations, maintenance, and capital construction improvements and repairs. The shared services within my organization include real estate services for planning and facilities operations, maintenance, and capital programs for Corporate Headquarters.

I have a Bachelor's Degree from the University of Arizona, Tucson, majoring in Public Administration, and a Masters of Business Administration Finance from California Lutheran University, Thousand Oaks. I have a broad background in construction, contracting, project management, and the energy engineering field.

Within the Sempra family of companies, I have held numerous key technical and managerial positions with increasing responsibility in Commercial and Industrial Customer Services, Supply Management – Electric/Gas Portfolio, and Facilities Operations. In these various positions, I was responsible for energy efficiency projects at federal facilities, managing the sourcing, contracts, and spend for the utility in all electric and gas related purchasing, and the daily operations of our facilities including capital improvements, repairs, and land services responsibilities to support the organization. I have held my current position as Manager – Facilities since December 2014.

I have previously testified before the Commission in the TY 2019 General Rate Case.

APPENDIX A

Glossary of Terms

APPENDIX A
Glossary of Terms

Acronym	Definition
AMO	Automated Meter Operations
ARSO	Area Resource Scheduling
ATS	Automatic Transfer Switches
BLM	Bureau of Land Management
C&O	Construction and Operations Centers
CFF	Cross Functional Factor
CP	Century Park
EMS	Energy Management Systems
EV	Electric Vehicle
FCEV	Fuel Cell Electric Vehicle
GHG	Green House Gas
GRC	General Rate Case
HVAC	Heating, Ventilation and Air Conditioning
HQ	Sempra Energy Headquarters building
IAQ	Indoor Air Quality
IWMS	Integrated Work Management Software
LEED	Leadership in Energy and Environmental Design
MAC	Moves, Adds, and Changes
MAV	Multi-Attribute Value Framework
NERC-CIP	North American Electric Reliability Corporation – Critical Infrastructure
Protection	
O&M	Operations and Maintenance
OSHA	Occupational Safety and Health Administration
PCB	Polychlorinated biphenyl
RAMP	Risk Assessment Mitigation Phase
RBDC	Rancho Bernardo Data Center
REL&F	Real Estate, Land and Facilities
RSE	Risk Spend Efficiency
SDG&E	San Diego Gas & Electric Company
SMS	Safety Management System
SoCalGas	Southern California Gas Company
UPS	
VREP	

APPENDIX B

RAMP Activities by Workpaper

APPENDIX B
RAMP Activities by Workpaper

REAL ESTATE & FACILITIES RAMP Activity O&M Forecasts by Workpaper (In 2021 $)						
Workpaper	**RAMP ID**	**Description**	**BY2021 Embedded Base Costs (000s)**	**TY2024 Estimated Total (000s)**	**TY2024 Estimated Incremental (000s)**	**GRC RSE**
1RE004.000	SDG&E-CFF-5 - 02	Contract Security	1,342	1,798	456	
Total			**1,342**	**1,798**	**456**	