

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2024 General Rate Case
Application: A.22-05-015/-016 (cons.)
Exhibit: SDG&E-223

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

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



May 2023

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**REBUTTAL TESTIMONY OF
DALE TATTERSALL
(REAL ESTATE, LAND SERVICES & FACILITY OPERATIONS)**

I. SUMMARY OF DIFFERENCES

TOTAL O&M - Constant 2021 (\$000)			
	Base Year 2021	Test Year 2024	Change
SDG&E	34,444	38,208	3,764
CAL ADVOCATES	34,444	37,193	2,749

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	65,178	75,530	73,890	214,598	-
CAL ADVOCATES	64,123	62,598	44,641	171,362	(43,236)

II. INTRODUCTION

This rebuttal testimony regarding San Diego Gas & Electric Company's (SDG&E's) request for Real Estate, Land Services & Facilities Operations (REL&F) addresses the following testimony from other parties:

- The Public Advocates Office of the California Public Utilities Commission (Cal Advocates) as submitted by L. Mark Waterworth (Exhibit CA-11), dated March 27, 2023.

As a preliminary matter, the absence of a response to any particular issue in this rebuttal testimony does not imply or constitute agreement by SDG&E with the proposal or contention made by these or other parties. The forecasts contained in SDG&E's direct testimony, performed at the project level, are based on sound estimates of its revenue requirements at the time of testimony preparation.

With respect to O&M, SDG&E submitted direct testimony requesting approval for \$38.2 million in funding for the test year to support SDG&E's continuing operations. Cal Advocates recommended reductions to O&M specific to additional security personnel resources at five (5) locations. Cal Advocates' recommended reduction was \$1.015 million or \$37.1 million in TY

1 2024.¹ Cal Advocates' reasoning was based on the belief that because the guards are not
2 physically on site at this time, they must not be needed.² Cal Advocates does not refute the need
3 or the underlying reasons SDG&E provided for the request. Rather, Cal Advocates argues that
4 timing, notwithstanding not having a final decision on this proceeding from the CPUC, negates
5 the necessity. SDG&E shared specific data and information in direct testimony (Exhibit
6 SDG&E-23) and data requests showing the increasing trends of various events such as theft,
7 vandalism, and mischief over a period of years. SDG&E's primary concern is the safety of its
8 employees and customers, while providing clean, safe, and reliable service. Protecting
9 SDG&E's staff and the public at large and reducing theft and vandalism (as well as the
10 associated costs of such events) are why SDG&E maintains this request is warranted and
11 justified.

12 SDG&E's capital forecast was \$214.6 million total through TY 2024, in contrast to Cal
13 Advocates recommendation of \$171.4 million - a difference of \$43.2 million. Cal Advocates
14 suggested reductions to SDG&E's capital forecast included the Kearny Phase II and Mission
15 Skills Training facility projects. For reasons described further below, SDG&E disagrees with
16 Cal Advocates recommendations.

17 **A. Cal Advocates**

18 The following is a summary of Cal Advocates' position(s) on Real Estate Land Services
19 and Facilities Operations³:

- 20 • SDG&E forecasts \$3.596 million in Real Estate Security
21 Operations expenses. Cal Advocates forecasts \$2.581 million. The
22 \$1.015 million difference is due to Cal Advocates' opposition to
23 the presently unfilled proposed incremental increase in security
24 personnel.⁴

¹ Ex. CA-11 (Direct Testimony of L. Mark Waterworth on behalf of Cal Advocates), March 27, 2023, at 4.

² *Id.* at 31.

³ *Id.*

⁴ *Id.* at 5.

- For 2022 – 2024, Cal Advocates recommends a downward adjustment to the Real Estate capital forecast by \$250,000, \$2.5 million, and \$19.026 million, respectively. The difference is due to Cal Advocates’ recommendation that funding for the Kearny Mesa Master Plan Phase II project be requested in the next rate case.⁵
- For 2022 – 2024, Cal Advocates recommends a downward adjustment to the Real Estate capital forecast by \$805,000, \$10.432 million, and \$10.223 million, respectively. The difference is due to Cal Advocates’ recommendation that the proposed Skills Training Center completion date will occur in the post-test year and other more cost-effective alternatives exist.⁶

III. REBUTTAL TO PARTIES’ O&M PROPOSALS

A. Non-Shared Services O&M

NON-SHARED O&M - Constant 2021 (\$000)			
	Base Year 2021	Test Year 2024	Change
SDG&E	12,514	15,156	2,642
CAL ADVOCATES	12,514	14,141	1,627

1. Security Operations

a. Cal Advocates

Cal Advocates takes issue with the Test Year O&M forecast for Security Operations. Cal Advocates opposes the incremental increase of \$1.015 million for additional guards on site at each of the following C&O’s: Beach Cities, Eastern, Northcoast, Northeast, and Orange County.⁷ Cal Advocates’ position is that if an actual need existed, additional guards should have already

⁵ *Id.* at 6.

⁶ *Ibid.*

⁷ *Id.* at 31-32.

1 been hired to protect ratepayer assets.⁸ Cal Advocates states that given SDG&E's failure to act
2 (from the time its testimony was compiled to the date of the data request), there is a question
3 whether an actual need exists.⁹

4 SDG&E disagrees with Cal Advocates regarding the need for the additional security
5 guards. While it is true that these specific resources (additional security personnel) have not
6 been hired to date, there are several mitigating and substantiating factors that should be
7 considered by the Commission prior to removing this request from SDG&E's forecast.

8 Cal Advocates does not refute the need for the additional security guard services. Cal
9 Advocates' apparent rationale for rejecting SDG&E's request seems to be based on the timing of
10 when the guards are on site. Cal Advocates' argument suggests that as of January 2023, because
11 the additional personnel were not in service, they must not be needed. SDG&E's initial request
12 for funding was submitted on May 18, 2022. The fact that SDG&E has not hired these guards as
13 of January 2023 does not constitute an unwillingness or lack of urgency. SDG&E is requesting
14 authorization for this expenditure and needs to consider the amount of the expense in concert
15 with the timing of a final decision.

16 The timing of these security expenses in terms of the forecast should not or does not
17 negate the need for these critical resources. SDG&E has installed various physical security
18 systems at these locations to improve some of the conditions, but these are passive systems that
19 do not provide immediate response and live deterrence that would be provided by active guards.
20 The combination of the two types of security (passive and active) are what SDG&E are
21 recommending to protect its employees and ratepayers' assets.

22 SDG&E's direct testimony (Exhibit SDG&E-23) provided the number of security
23 incidents and issues at these specific locations to show the trends over time. Worsening
24 socioeconomic and geopolitical conditions are having a direct impact on SDG&E's ability to
25 provide safe, reliable services to SDG&E's customers. These locations serve customers in areas
26 throughout SDG&E's service territory that vary from underserved communities to those that are
27 affluent. All of these areas store and house material, equipment, and personnel that can be a
28 magnet for theft, arson, or even unauthorized housing in some cases.

⁸ *Id.* at 32.

⁹ *Ibid.*

1 The loss of material, equipment, or even fleet vehicles via theft, arson, or general
2 mischief/vandalism adds to the incremental expenses that are borne by all ratepayers.

3 **B. Shared Services O&M**

SHARED O&M - Constant 2021 (\$000)			
	Base Year 2021	Test Year 2024	Change
SDG&E	21,930	23,052	1,112
CAL ADVOCATES	21,930	23,052	1,112

4 **1. Shared Services O&M**

5 **a. CAL ADVOCATES**

6 Cal Advocates does not oppose the shared services forecast for TY2024.

7 **IV. REBUTTAL TO PARTIES' CAPITAL PROPOSALS**

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	65,178	75,530	73,890	214,598	-
CAL ADVOCATES	64,123	62,598	44,641	171,362	(43,236)

8 **A. Kearny Master Plan Phase II**

9 **1. CAL ADVOCATES**

10 Cal Advocates takes issue with the capital forecast for Phase II of the Kearny Master Plan
11 project. Cal Advocates asserts that SDG&E's justification to include Phase II of the Kearny
12 Master Plan as part of this rate case is inadequate.¹⁰ Cal Advocates states that SDG&E initially
13 identified a storage issue in preparing for the master plan in 2013. Yet, after almost a decade,
14 management decided to fund other projects.¹¹ Given this, Cal Advocates concludes storage is
15 not an overwhelming issue, and SDG&E has adjusted for any deficiencies for its storage
16 requirements. It is noted that Cal Advocates does not oppose Phase I of the Kearny Master Plan;

¹⁰ *Id.* at 45.

¹¹ *Id.* at 49.

1 however, Cal Advocates recommends that SDG&E should request Phase II, and possibly Phase
2 III, in the next rate case.¹²

3 SDG&E disagrees with Cal Advocates opposition of Phase II of the Kearny Master Plan.
4 Cal Advocates' rationale for rejecting the inclusion of Kearny Phase II is based on erroneous
5 assumptions of SDG&E's intentions related to this project and the master plan in totality. Please
6 note that Cal Advocates did not refute the necessity of the project. In other words, the existing
7 conditions on the site are real and do negatively impact SDG&E's operations.

8 First, inadequate cost/benefit justification for the project was cited as a reason for
9 dismissing the requested funding. Cost/benefit analysis is not a requirement in GRCs for the
10 Commission to determine the reasonableness of a certain project. Further, Cal Advocates
11 simultaneously did not refute that the current conditions of the facility require SDG&E to lease
12 additional off-site space at the Caspian property (as referenced in the response to data request
13 PAO-SDGE-091-LMW, Question 7d)¹³ as a workaround for obstacles created by a lack of
14 proper facilities and racking/storage areas at the Kearny property. Additionally, Cal Advocates
15 did not refute that SDG&E is currently using unimproved areas vacated by a relocated substation
16 and decommissioned Peaker plant to store material and equipment. These unimproved areas,
17 however, will be improved as a part of Phase I to provide parking and other functions described
18 in SDG&E's work papers (Exhibit SDG&E-23-CWP) and data request responses concerning
19 Phase I (Data Request PAO-SDGE-064)¹⁴, requiring alternative, additional means of storing
20 affected materials and equipment to be addressed by the warehouses and other facilities
21 constructed in Phase II. These measures have allowed SDG&E to bridge from the original
22 Master Plan creation in 2013 to today; however, project storage needs have continued to grow
23 organically, and related storage needs now transcend the temporary additional capacity afforded
24 by these measures.

25 In summary, the benefits include handling material/equipment multiple times because of
26 site constraints/congestion, preservation of materials and equipment by relocating them indoors,
27 improving safety and traffic flow by building interior racking allowing for increased vertical

¹² *Ibid.*

¹³ *See* Appendix B at DT-B-35.

¹⁴ *Id.* at DT-B-7 – DT-B-20.

1 storage, and improving labor efficiency. It is for these reasons that the absence of a numerical
2 description of the benefits should not preclude the inclusion of Phase II.

3 Secondly, Cal Advocates cites the lack of committed spend as an indication of
4 “uncertainty” as to whether the project will be completed on schedule, and thus within this rate
5 case cycle.¹⁵ Cal Advocates also suggests that “management’s ability to reprioritize projects”
6 may jeopardize Phase II, presumably based on committed costs to date, as well as citing the
7 reprioritization of the CP5 Refresh as an example of Management’s prerogative to reprioritize
8 capital projects.¹⁶ Of note, the CP5 Refresh was deferred due the 2020 pandemic, as would be
9 prudent for any business whose employees were working remotely, and as a result, it is irrelevant
10 to the discussion of the merits of the Kearny Master Plan.

11 SDG&E has fully committed to completing the Kearny Master Plan Phase II project by
12 December 2024, as communicated in direct testimony (Exhibit SDG&E-23), as well as in the
13 response to data request PAO-SDGE-064, Question 2c.¹⁷ The project is currently underway and,
14 through March 2023, has incurred \$811 thousand in programming, design, and permitting costs,
15 with the last major project milestone completed being the submittal of an engineering (or
16 grading) permit application to the City of San Diego. The design of vertical warehouse
17 construction is continuing towards a scheduled construction permit application submittal to the
18 City of San Diego in August 2023. Construction costs, which comprise the majority of the
19 project spend, are scheduled to be incurred in 2024.

20 In summary conclusion, the Kearny Master Plan Phase II Project is progressing
21 consistently with the timetable provided in the capital work paper (Exhibit SDG&E-23-CWP,
22 page 312) and SDG&E’s response to data request PAO-SDGE-064-LMW-SDGE23, Question
23 2c, and its current cost-to-date is reflective of this progress. Furthermore, SDG&E has
24 implemented short-term solutions towards deferring the significant spend required of a project of
25 this nature, allowing for the deferral of the Phase II implementation until now.

¹⁵ Ex. CA-11 (L. Mark Waterworth) at 48.

¹⁶ *Ibid.*

¹⁷ *See* Appendix B at DT-B-9.

1 **B. Mission Skills Training Center**

2 **1. Cal Advocates**

3 Cal Advocates takes issue with the capital forecast for the Mission Skills Training Center
4 Building Expansion project. Cal Advocates is opposing the project for the following reasons: (a)
5 the belief or opinion that SDG&E may not actually hire the required training personnel to be
6 housed in the new facility and teaching in the additional classrooms, (b) SDG&E's current
7 footprint can be utilized to address their current and future training needs, and (c) Cal Advocates
8 does not "feel or think" that this project will be completed and in service by the end of TY
9 2024.¹⁸

10 SDG&E disagrees with Cal Advocates' position on this project. First, as provided in
11 SDG&E's response to data request PAO-SDGE-064-LMW, Question 6, SDG&E has doubled
12 the number of apprentice lineman classes and has increased additional compliance-driven
13 training implemented by Gas Operations.¹⁹ SDG&E may elect to also utilize third-party
14 contractors to provide the required training. SDG&E is compelled to provide training and
15 continuous education, as well as certifications for employees and contractors, and the amount of
16 compulsory and compliance-related courses or subjects is increasing. This project will provide
17 the necessary facilities to accommodate the additional personnel and instructors. SDG&E does
18 not want to hire additional personnel and not plan for their eventual workspaces, which is what
19 Cal Advocates seems to be suggesting. Citing the number of personnel hired as of Q1 2023 as a
20 basis for rejecting this project is not a valid reason for suggesting the project is not warranted.

21 Secondly, Cal Advocates did not offer a detailed space planning or programming study of
22 their own to validate the assertion that SDG&E's current footprint can adequately address the
23 training needs. Specifically in previous direct testimony (SDG&E-23-CWP, pages 335-340) and
24 data request PAO-SDGE-064-LMW_SDGE-23, Question 6, the use of off-site classroom and
25 instructional spaces was mentioned as an alternative to provide additional incremental facilities
26 for overflow conditions.²⁰ Scheduling, reserving, and potentially paying for/renting these spaces
27 can be inefficient for teachers and students and expensive for ratepayers. Additionally, when

¹⁸ Ex. CA-11 (L. Mark Waterworth) at 50-54.

¹⁹ See Appendix B at DT-B-16.

²⁰ *Id.* at DT-B-16-17.

1 SDG&E speaks of full capacity, SDG&E is speaking specifically of facilities with existing office
2 and classroom space, which would include Building F (both administrative office and two-story
3 classroom buildings) and Building G (as referenced in data request PAO-SDGE-091-LMW,
4 Question 3a).²¹ Other buildings identified in data request PAO-SDGE-091-LMW, Question 3a,
5 serve other functional needs that cannot be compromised through conversion to office or
6 classroom space. To further clarify, temporary trailers were mobilized to assist with both
7 classroom overflow and maintaining social distancing during the outset and duration of the
8 pandemic.

9 The trailers are not a viable long-term or permanent solution and are neither cost-
10 effective nor compatible with the overall site development plans. The trailers occupy valuable
11 site space that is now precluded from being used for additional field-based, hands-on training
12 facilities.

13 Third, Cal Advocates states that they do not agree that the project will be completed by
14 the end of TY 2024. The reasons offered are delays, reprioritization of authorized capital
15 investments, and the scale/complexity of the project. Each of these arguments is based on
16 conjecture or opinion. To be fair, no one has a crystal ball into the future, and while SDG&E
17 respects these thoughts regarding the possibility of future events that may or may not come to
18 fruition, these are not sound reasons for dismissing the need for this project.

19 SDG&E has committed to completing the Mission Skills Training Building Expansion
20 Project by December 2024, as communicated in direct testimony (Exhibit SDG&E-23), as well
21 as in the response to data request PAO-SDGE-064-LMW, Question 2c. The project is currently
22 underway and, through March 2023, has incurred \$400 thousand in programming and design
23 costs, with the last major project milestone completed being the approval of the schematic
24 design. The engineering (grading) permit is scheduled to be submitted in May 2023. The design
25 for vertical building construction is continuing through the design development phase and the
26 construction permit application submittal to the City of San Diego is scheduled for August 2023.
27 Construction costs, which comprise the majority of the project spend, are scheduled to be
28 incurred in 2024. Completion of the project in 2024 will allow SDG&E to eliminate the need for
29 off-site training spaces and mobile trailer leases.

²¹ *Id.* at DT-B-22.

1 Finally, Cal Advocates also suggests that SDG&E remove this project from consideration
2 in this proceeding and submit it for consideration via a separate Tier 2 advice filing for recovery.
3 In short, Cal Advocates supports cost recovery, but is requesting it be approved and recovered
4 via an advice letter. Capital projects of this nature should be approved and authorized through
5 the GRC process and not pushed to an alternative process. As such, SDG&E reiterates that this
6 GRC proceeding should be the appropriate mechanism for addressing rate recovery.

7 **V. CONCLUSION**

8 To summarize, the Commission should adopt SDG&E's forecast for both O&M and
9 Capital as reasonable. Cal Advocates' proposed reduction of the additional security personnel
10 expenses should be rejected because safety cannot be compromised or understated within the
11 context of the threats and dangers SDG&E faces while serving our customers.

12 Cal Advocates' proposed reductions to SDG&E's capital forecast should be denied, as
13 SDG&E has provided sufficient justification and substantiation for the forecast. Cal Advocates'
14 rationale for reducing SDG&E's forecast and funding for specific projects is based on beliefs or
15 thoughts about how certain things may occur in the future. SDG&E is confident that it can
16 perform and execute as expected given the Commission's approval and authorization.

17 This concludes my prepared rebuttal testimony.

APPENDIX A
GLOSSARY OF TERMS

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GLOSSARY OF TERMS

ACRONYM	DEFINITION
C&O	Construction and Operations Centers
CP	Century Park
CPUC	California Public Utilities Commission
DR	Data Request
REL&F	Real Estate, Land Services and Facilities
TY	Test Year

Appendix B

SDG&E Responses to Data Requests

PAO-SDGE-051-LMW_Q1

PAO-SDGE-064-LMW_Q2-7

PAO-SDGE-091-LMW_Q3-7

Appendix B

SDG&E Response to PAO-SDGE-051-LMW_Q1

Data Request Number: PAO-SDGE-051-LMW

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 8/26/2022

Date Responded: 9/12/2022

1. Per Workpaper (W/P) pg. 31 (Security), SDG&E's 2022 forecast included \$1.015 million for increased non-labor security as follows: "RAMP CFF-5 - Add 24/7/365 guards on site at each of the following C&O's: Beach Cities, Eastern, Northcoast, Northeast, Orange County. Non-RAMP portion - Add 24/7/365 guards on site at each of the following C&O's: Beach Cities, Eastern, Northcoast, Northeast, Orange County". Based on this please answer/provide the following:

a. An explanation why increased security is needed (e.g., increased theft, greater number of sites). In completing an explanation if a rationale for increased costs is greater number of sites, then provide the additional site and cost per site. If increased theft the extent of the increase in theft justifying additional security.

SDG&E Response 1a:

Additional security is needed due to an increase in the number of various incidents that SDG&E is seeing at each of these sites. Please see attachment file "PAO-SDGE-051-LMW_SDGE-23 Attachment_Question 1a Security Incidents" for details of the incidents that have occurred at each of the C&O sites from 2018 through 2021.

b. How many guards are in SDG&E's current contracted security force?

SDG&E Response 1b:

SDG&E currently has 110 guards on contract.

c. How many additional guards will be added justifying the proposed additional \$1.015 million?

SDG&E Response 1c:

SDG&E is requesting to add 5 additional guards. One at each of the sites mentioned: Beach Cities, Eastern, Northcoast, Northeast and Orange County.

d. To date, how much of the of the \$1.015 million was spent?

Data Request Number: PAO-SDGE-051-LMW

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 8/26/2022

Date Responded: 9/12/2022

SDG&E Response 1d:

\$0 of the \$1.015 million has been spent to date. SDG&E plans to bring on the additional security guards by the end of the year.

e. Quantified cost support (inclusive of calculations) how the \$1.015 million increase was determined.

SDG&E Response 1e:

Please see attachment file "PAO-SDGE-051-LMW_SDGE-23 Attachment_Question 1e_Security Calculation_Confidential." **This document is considered Confidential and Protected materials pursuant to PUC Section 583, D.21-09-020 and GO66-D (Rev. 2).**

SDG&E Data Request: PAO-SDGE-051-LMW_SDGE-23_3834

Question #1a

C&O Security Incidents

C&O	2018	2019	2020	2021
Beach Cities C&O 4848 Santa Fe St				
BURGLARY / THEFT	2		2	
SUSPICIOUS ACTIVITY		1	1	
TRESPASSING	2		1	
UNFRIENDLY INCIDENT / WORKPLACE VIOLENCE		2		
VANDALISM				
Eastern C&O 904 West Main Street				
BURGLARY / THEFT				
SUSPICIOUS ACTIVITY	3	1		
TRESPASSING		1		
UNFRIENDLY INCIDENT / WORKPLACE VIOLENCE		2	3	2
VANDALISM		1		
North Coast 4600 Carlsbad Blvd				
BURGLARY / THEFT			1	1
SUSPICIOUS ACTIVITY			2	
TRESPASSING				
UNFRIENDLY INCIDENT / WORKPLACE VIOLENCE				3
VANDALISM			1	
Northeast C&O 571 Enterprise St				
BURGLARY / THEFT	1		1	7
SUSPICIOUS ACTIVITY		2	3	
TRESPASSING	1	1		2
UNFRIENDLY INCIDENT / WORKPLACE VIOLENCE	1	2		5
VANDALISM				
Orange County C&O 662 Camino De Las Mares				
BURGLARY / THEFT				1
SUSPICIOUS ACTIVITY				
TRESPASSING				
UNFRIENDLY INCIDENT / WORKPLACE VIOLENCE				
VANDALISM				
Grand Total	10	13	15	21

Appendix B

SDG&E Response to PAO-SDGE-064-LMW_Q2-7

Data Request Number: PAO-SDGE-064-LMW

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 8/31/2022

Date Responded: 9/15/2022

2. Regarding the capital projects identified in the attached table please provide the following information:

- a. Is the project approved by management indicating regardless of the outcome of this GRC that the project will be started and completed. Or is the project subject to management discretion and funding, indicating projects may or may not actually be started and completed within this current GRC cycle.
- b. Does the project provide any cost savings? If no, then why not? If yes, the amount of savings, support for the calculation of those savings, and where in the current GRC those savings are recognized.
- c. A project timeline showing start date, completion milestones, and completion date.
- d. At what stage is the project in its project life cycle? In providing an answer, please describe SDG&E's project life cycle process, phases, and a description of what each phase means.
- e. Were any alternatives considered? If no, then why not? If yes, then provide a description of the alternative considered, the cost, and why SDG&E chose not to adopt the alternative.
- f. Were any of the project costs subject to competitive bidding? If no, then why not? If yes, then please provide the metrics used and results of the bidding process.

Capital Project and Category (in \$000's)	2022	2023	2024
Business Unit Expansion - Kearny Phase 1	1,133	6,502	1,000
Business Unit Expansion - Kearny Phase 2	250	2,500	19,026
Business Unit Expansion – Skills Train Expand	805	10,432	10,223
Clean Transportation - Hydrogen Fueling	0	500	6,587
Sustainability Program	12,397	1,300	5,363

SDG&E Response 2a:

It is SDG&E's intention to complete all the projects included in the attached table before December 2024, however, the projects remain subject to management discretion. The Commission recognizes, however, that actual spending may differ from GRC authorized amounts: "The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs." (D.20-01-002 at p. 38.) SDG&E prudently and efficiently manages its costs over the GRC cycle and executes projects to the best of its ability.

Data Request Number: PAO-SDGE-064-LMW

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

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SDG&E Response 2b:

Kearny Master Plan Phase 1:

The project scope consists primarily of paving and parking improvements, enhanced security with a new guard station and security fencing, a 4-bay canopy or weather protection of heavy boom trucks, and a climbing pit for ongoing safety training, none of which will result in lower operating costs at the Kearny C&O Center. This phase will also provide a sitewide upgrade of existing stormwater conveyance and filtration infrastructure, enhancing public health and safety and improving environmental protections. While these improvements should improve safety and environmental compliance, SDG&E has not estimated tangible cost savings (whether direct or avoided) at this time.

Kearny Master Plan Phase 2:

There is potential that this project will result in avoided costs for unscheduled and unforeseen repairs on the older structures that will be demolished and replaced with new structures as a part of this project scope. This phase of the project will also provide a sitewide upgrade of underground electrical power and telecommunication infrastructure, enhancing reliability and safety of site operations. While these improvements should improve safety and operational readiness, SDG&E has not estimated tangible cost savings (whether direct or avoided) at this time.

Skills Training Expansion:

The scope of this project includes the construction of a net-new 16,000 sf building, which will be designed to be a net zero energy facility - meaning it will self-generate enough energy to sustain its energy consumption over the course of a year. It will also seek to minimize water usage through means such as more efficient fixtures and rainwater harvesting. Similarly, diversion of building waste from landfill either through the use of sustainable and recyclable materials will be a project goal. As a result, operating costs for items such as water, trash collection, janitorial and other ongoing maintenance-related items for a newly constructed training facility are to be expected, albeit at reduced levels.

SDG&E Sustainability Program:

The photovoltaic installations associated with the Sustainability Program are expected to reduce electric service consumption at SDG&E facilities, with the Ramona and Mountain Empire C&Os expected to be “net zero” upon being placed in service. Savings driven by the reduced electrical usage will be balanced and later settled in SDG&E’s Energy Resource Recovery Account (ERRA) filing with the CPUC, which occurs outside of the Test Year (TY) 2024 GRC.

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Clean Transportation Hydrogen Fueling:

Once constructed, the hydrogen fueling station located at the Kearny C&O Center is expected to reduce fueling costs by approximately \$4,000 per vehicle, per year for each of the 3 hydrogen vehicles that SDG&E is expected to have in-service starting in 2025.

SDG&E Response 2c:

Please refer to attachment file "PAO-SDGE-064-LMW-SDGE-23 Attachment Question 2c." The attached file includes a project timeline showing start date, completion milestones, and completion date. In response to Question 2d, the attachment also includes the current phase for each project.

SDG&E Response 2d:

Please refer to the response to Question 2c.

SDG&E Response 2e:

There were no alternatives examined for either of the Kearny Master Plan Phases 1 & 2, as SDG&E owns the property and it is located in a central location of San Diego that facilitates responsiveness and proximity to the entirety of SDG&E's service territory. See response to Question 7a for a description of alternatives considered for the Skills Training Expansion. Acquisition of new properties for expansion within proximity to the identified needs would be difficult to attain and cost prohibitive, as well as time prohibitive if any property would require entitlements beyond existing zoning permissions. The hydrogen fueling project is related to a specific alternative fueling initiative as an option to compressed natural gas; as such, no alternative was considered. The solar generation projects are required to achieve SDG&E Facilities sustainability goal of net zero energy usage by 2030. While SDG&E is focused on reducing its energy consumption and purchasing energy credits, solar generation is the safest sustainable option for the on-site generation necessary to offset annual consumption.

SDG&E Response 2f:

SDG&E launches competitive bidding for Master Construction Service Agreements (MSA) on an approximately 3-year cycle. MSAs are awarded to successful general contractors based on a variety of metrics, including fee percentages, labor rates, staff experience, and safety record. Once these agreements are in place, SDG&E selects from this general contractor pool for the implementation of projects and, in some cases, will conduct competitive bidding amongst these general contractors for award of specific projects. The general contractors are required to competitively bid on subcontractor

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trades whose estimated work value exceeds \$25,000. Historically, SDG&E has selected architectural and engineering design resources on a sole-source basis, leveraging existing knowledge and familiarity with our facilities and associated design standards.

Kearny Master Plan Phases 1 and 2 were sole sourced to a design firm to expedite the projects such that they would be completed prior to the end of 2024. As such and given the heavy focus on sitework involved in these projects, an award was made to an architectural firm with in-house civil engineering services, believing there would be cost and coordination efficiencies delivered in marrying the site warehouse design development within a single firm. SDG&E has already selected a general contractor from its MSA pool to provide preconstruction services in support of these projects, including coordination of design-build warehouse services in coordination with the architectural firm.

The Skills Training project was subject to competitive bidding from architectural firms. A final decision on the award is pending.

The hydrogen fueling station project currently remains in the scoping phase and selections for design services have not yet been made.

Engineering design services for SDG&E's photovoltaic generation projects were not competitively bid and were based primarily on availability of resources in 2021, when the design and construction industry rebounded in the latter stages of the pandemic and availability of design resources was in short supply. Construction services were awarded from the pool of MSA contractors and competitive bidding of subcontractor trades followed per standard procedure.

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3. Per SDG&E's Workpaper pg. 300 (Kearny Plan) SDG&E states as its Business Purpose: "SDG&E's relocation and expansion of its existing substation on its Kearny Construction & Operations (C&O) property, coupled with the decommissioning of an onsite Peaker plant, creates an opportunity to optimize existing operations on the site, accommodate future growth, consolidate employees from other locations and improve traffic circulation. The business purpose of this phase of the Kearny Master Plan development involves wholesale renovations to the southeastern-most and northwestern-most corners of the Kearny C&O property." Based on this, please answer/provide the following:

- a. To date, has the onsite Peaker plant been decommissioned? If no, when does SDG&E plan to start decommissioned?
- b. To date, has the substation been relocated? If no, when does SDG&E plan to start relocation and have relocation/expansion costs been requested as part of this GRC
- c. Describe how traffic circulation is improved? Is SDG&E currently experiencing a congestion issue?
- d. What future growth is SDG&E anticipating?
- e. What employees does SDG&E anticipate consolidating, and were any cost savings recognized as part of this GRC?
- f. To date, how much of the \$1.133 million and \$250,000 forecasted for the Kearny Plan in 2022 is spent.
- g. Is this the same Kearny Plan proposed back in 2017 as part of SDG&E's previous GRC. If yes, why was the project postponed?

SDG&E Response 3a:

Yes, the Peaker plant has been decommissioned.

SDG&E Response 3b:

Yes, all work associated with the relocation of the substation has been completed.

SDG&E Response 3c:

The traffic flows and circulation will be improved by relocating the heavy equipment and fleet entrance to the western perimeter of the property from the east. Currently, the east entrance is shared between pedestrian, public, heavy equipment, and fleet traffic. Creating a new ingress/egress at the western perimeter for heavy equipment and fleet

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traffic will allow for a separate on-site circulation path for these vehicles and should alleviate some of the current congestion and improve safety. The realignment is also being coordinated with electric charging infrastructure planned for fleet vehicle procurement forecasts, a battery storage facility that has been recently placed in service at Kearny, and to leverage the vacated spaces created by relocating the existing substation and decommissioning the generation facilities.

SDG&E Response 3d:

Kearny C&O is the primary transmission-related management and crew headquarters and the growth addressed in this phase is that of on-site storage of equipment and materials, necessitated by the growth of transmission-related maintenance and project needs over time, as well as staff growth. SDG&E anticipates that this project will provide the spaces required to consolidate on-site storage footprints for an expanding inventory of equipment, materials, and personnel currently residing within the facility, which has been adversely impacted due to the site conditions and changes mentioned in response to Question 3c. The consolidation will be largely achieved with vertical storage racking within prefabricated warehouse structures.

SDG&E Response 3e:

Given that the scope of Phases 1 & 2 is focused on sitework and storage warehouses, consolidation of employees from other locations is not a substantial focus of these phases. SDG&E notes, however, that electronic control technicians (ECTs) relocated from their previous headquarters at the Mission Control Facility are intended to be housed in the new warehouse for System Protection and Maintenance (SPM), which will relieve occupancy pressure within the existing office building and allow for growth of this unit. While SDG&E anticipates some consolidation of footprint storage area of various components mentioned in responses to Questions 3c and 3d, SDG&E has not included specific cost savings associated with this project in the GRC forecast.

SDG&E Response 3f:

Through the month of July 2022, Kearny Master Plan Phase 1 has incurred \$294,778 in direct costs, with a revised year-end forecast of \$900,000 against the \$1.3M originally forecasted in 2022. There have been no costs incurred on the Kearny Master Plan Phase 2; however, design and programming efforts are expected to commence in September 2022.

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SDG&E Response 3g:

Yes, the Kearny Master Plan included in the TY 2019 GRC is the same initiative included in the 2024 GRC proposal. In the TY 2019 GRC, SDG&E requested funding for the design and permitting, with the costs for construction falling outside of the TY 2019 GRC. Per the TY 2019 GRC Decision (D.19-09-051), funding for the Kearny Master Plan was not approved, with the Commission recommending the project be presented for review in the TY 2024 GRC. Please see D.19-09-051, Section 25.2.3.19 at pages 434-435.

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4. Per SDG&E's Workpaper pg. 300 (Kearny Plan Phase 1) SDG&E states as its Project Justification: "The various improvements to be made to these regions will improve undeveloped area vacated by the relocated substation and decommissioned Peaker plant, supplementing current Fleet and Operations core functions, and providing greater flexibility for parking and large fleet vehicle maintenance and storage needs. In addition to providing additional surface grade parking stalls at both areas, this first phase of the overall development will increase site security around the Northeast corner of the property, including a new entry with guard station and upgraded security fencing." Based on this, please answer/provide the following:

- a. What current Fleet and Operation core functions will be supplemented and what (if any) cost saving will ratepayers realize.
- b. Is one of the primary benefits in this Phase more parking?

SDG&E Response 4a:

Vacated spaces specifically for the old substation footprint and decommissioned generation plant will provide the additional space needed to create the new employee and fleet parking and traffic circulation. SDG&E does not anticipate any ratepayer savings as a result of these improvements.

SDG&E Response 4b:

Yes.

5. Per SDG&E's Workpaper pg. 307 (Kearny Plan Phase 2) SDG&E states as its Project Justification: "The purpose of the project is to increase interior storage capacity and concurrently create conditioned interior storage capacity through the design and construction of new warehouse structures. The project will also enable continuation of subsequent Master Plan phases involving new construction through the demolition of aged and operationally inflexible existing structures." Based on this, please answer/provide the following:

- a. How is SDG&E's current storage deficient, justifying an increase in interior storage capacity?
- b. Why is there a need for new warehouse structures? What is wrong with the current structures?
- c. Is part of the justification allowing SDG&E the ability to demolish aged and operationally inflexible existing structures and then in future rate cases request funding for new ones?

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SDG&E Response 5a:

Transmission-related projects have increased with time and growth, creating the necessity for more storage area. To mitigate the exposure to exterior elements - namely weather-related and potential safety/security - SDG&E needs to increase the size of existing storage facilities and move equipment and materials to secure, interior space and, in some cases, conditioned space. Many materials and pieces of equipment are disparately stored in shipping containers; consolidating within warehouses will allow for more efficient and secured inventorying and movement of these items. Additionally, due to the recent implementation of a battery storage project and its footprint impact to the site, ground storage and parking are constrained from future growth, requiring vertical onsite storage for the site to accept more inventory and parking. Operations have been required to relocate displaced equipment and material to various areas throughout the facility, making the coordination of managing the inventory difficult, impacting safety, and creating inefficiencies. Phase 2 of the Kearny Master Plan strategically reorganizes the site into discreet storage areas for each of the groups headquartered at the site and allows for secured vertical, more efficient, and traceable storage of an expanding support inventory.

SDG&E Response 5b:

The existing structures were built circa 1960 and are spatially inefficient and well past their useful life in terms of maintenance. They are deficient in size and have exposed interior structural elements that limit vertical racking configurations and forklift access, compromising the safety and efficiency of storage and are unable to accommodate continued inventory growth at the site.

SDG&E Response 5c:

Phase 2 of the Kearny Master Plan involves the demolition of two structures whose functions will have been relocated through the completion of new structures built during this 2nd phase. Demolition of these structures will create a new site area required for the construction of another warehouse and an operations support island that are a part of Phase 3, which will be included in the next rate case filing.

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6. Per SDG&E's Workpaper pg. 335 (Mission Skills Training Expansion), SDG&E states as its Business Purpose: "The current facility is at maximum capacity and cannot meet the needs of staff driven employee growth (15-20 new FTEs planned in the next 3 years) or the increased training demands driven by additional compliance, wildfire mitigation and new equipment technology requirements." Based on this please provide/answer the following:

- a. Is SDG&E asserting that it is proposing building a completely new \$20 million facility to meet the needs of 15 – 20 FTE's that are "planned" in the next 3 years.
- b. Describe the increased training demands driven by additional compliance.
- c. Describe the wildfire mitigation and new equipment technology requirements.

SDG&E Response 6a:

The new building is a proposed 2-story expansion to the existing buildings comprising the SDG&E's Skills Training Center. The new building will supplement the existing buildings with additional functional space necessary to support the 15-20 new, permanent FTEs necessary to administer an expanding curriculum. These spaces include general office space and workstations, classrooms, instructor break rooms, meeting rooms, focus rooms for 1x1 consultations, virtual reality training rooms, and a wellness room.

SDG&E Response 6b:

SDG&E has doubled the number of classes for the apprentice lineman program in order to expand SDG&E's Qualified Electrical Worker (QEW) pool as contemplated in SDG&E's Memorandum of Understanding with IBEW 465. To administer additional apprentice lineman classes, additional FTE administrative support and Skills Training Instructors are required. Additionally, Electric Regional Operations (ERO) and Gas Operations have both created Safety Centers in support of compliance with our Serious Incident and Fatality (SIF) program at the Skills Training Center, requiring additional space for Safety Advisors and support staff. There is also additional compliance-driven training being implemented by Gas Operations in support of electrical hazard awareness and Equipotential Zone (EPZ), and personal protective grounding, requiring additional space for students and instructors. In support of complying with Occupational Safety and Health Administration/Department of Transportation (OSHA/DOT) regulations around hoisting, rigging, and signaling, the Skills Training Center began a program to address training all utility operations (Equipment Operations, Electric-Distribution, Transmission, Substation, Gas Distribution and Transmission, Fleet, and Logistics), likewise needing additional classroom space to complement on-site, hands-on heavy equipment operations training. In support of SIF compliance, Skills Training has added additional EPZ/Personal Protective Bonding classes for the line side, with hands on training being

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conducted in the training yard and classroom. The Skills Training Center has also begun conducting 2-day orientations for electric contractors around standards, equipment, and methods, in support of safety, compliance, reliability, and wildfire mitigation, which will continue annually. In order to support our Office of Energy Infrastructure Safety goals around “building a better lineman,” Skills Training will be introducing Substation and System Protection modules for all apprentice lineman and Electric Troubleshooters in support of safety and reliability.

SDG&E Response 6c:

Every line side employee, including management, will be trained to understand and support all facets of the Public Safety Power Shut-off (PSPS) program, including processes such as reporting potential damage to the Electric Distribution Operations Control Center and Incident Command Structure, and operational roles such as patroller, observer, and aviation protocol. In addition to individualized training, the Skills Training Center needs space to support additional instructors and students in mock tabletop exercises involving PSPS, responses to wildfires, and load curtailment. Virtual Reality Training has also been introduced as another PSPS training tool, necessitating its own specialized classroom training environment. In partnership with SDG&E’s Methods groups, Skills Training will also be building out a covered conductor area in SDG&E’s yard to support training our line side on proper work methods on covered conductors. In order to support the Office of Energy Infrastructure Safety’s goals around “building a better lineman,” Skills Training will be introducing Substation and System Protection modules for all apprentice lineman and Electric Troubleshooters in support of safety, system knowledge, reliability, and wildfire mitigation. These new site-based training initiatives will also require complimentary classroom space for instruction and engineering support. Lastly, SDG&E has continued to improve all training in support of compliance with its Wildfire Mitigation Program by instituting modernized training in support of PSPS, Drone Investigation, Assessment and Repair (DIAR), Damage Assessment, Electric Failure Report, and SDG&E’s Overhead QC inspections.

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7. Per SDG&E's Workpaper pg. 335 (Mission Skills Training Expansion), SDG&E states as its Project Justification: "The Skills Training facility is at maximum capacity and needs more classroom space, office space, technological modernization and locker/shower room capacity to support an expanding curriculum, instructor staff and student throughput necessary to keep pace with new compliance and safety requirements and maintain satisfactory customer service levels." Based on this, please answer/provide the following:

- a. Did SDG&E consider any alternatives to spending \$20 million for a new facility that may meet its purported increased needs. If yes, what were those alternatives, and why did SDG&E not consider those. If no, then why did SDG&E not consider any alternatives?
- b. What are the new compliance and safety requirements that would justify the building of a new \$20 million facility?
- c. How are customer service levels not maintained satisfactory given SDG&E's lack of a new Skills Training Facility

SDG&E Response 7a:

SDG&E thoroughly reviewed the existing space and classrooms for occupancy and space. Alternatives such as mobile trailers were considered to accommodate the growth, along with training schedule variations to avoid having to build a new facility. Due to the need for office/cubicle space to house the staff growth in combination with the additional increases in training/classrooms, the mobile trailer alternative was eliminated from consideration. The mobile trailers would require significant temporary tenant improvements, an even larger horizontal footprint that would encroach upon existing outdoor, as well as infrastructure investments, furniture, fixtures, and AV equipment, which subsequently is why SDG&E opted to construct a new 2-story building capable of housing all the various requirements.

SDG&E Response 7b:

SDG&E has doubled the number of classes for the apprentice lineman program in order to expand the Qualified Electrical Worker (QEW) pool as contemplated in SDG&E's Memorandum of Understanding with IBEW 465. This will require additional administrative support and Skills Training instructors. Additionally, ERO and Gas Operations have both stood up Safety Centers in support of compliance with SDG&E's SIF program at Skills Training Center, requiring space for safety advisors and support staff. There is also additional compliance-driven training taking place on the Gas Operations side in support of electrical hazard awareness and EPZ/personal protective grounding, necessitating the additional space for students and instructors. In support of complying with OSHA/DOT regulations around hoisting, rigging, and signaling, Skills

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Training Center began a program this year to address training all operations (Equipment Operators, Electric-Distribution, Transmission, Substation, Gas Distribution and Transmission, Fleet, and Logistics), however additional space is needed for instructors, students, and space for the heavy equipment to support the training. In support of SIF compliance, Skills Training has added additional EPZ/Personal Protective Bonding classes for the line side, with hands on training being conducted in the training yard and classroom. In addition, Skills Training has begun conducting 2-day orientation for electric contractors around standards, equipment, and methods, in support of safety compliance, reliability, and wildfire mitigation, which will continue on an annual basis. In order to support the Office of Energy Infrastructure Safety's goals around "building a better lineman," Skills Training will be introducing Substation and System Protection modules for all apprentice lineman and Electric Troubleshooters in support of safety and reliability. Lastly, SDG&E has continued to improve all training in support of compliance with SDG&E's Wildfire Mitigation Program by instituting modernized training in support of PSPS, DIAR, Damage Assessment, Electric Failure Report, and SDG&E's Overhead QC inspections.

SDG&E Response 7c:

SDG&E is unable to provide a measurable metric pointing to a compromise in customer service levels as a result of not having an expanded Skills Training facility. As a result, SDG&E cannot assuredly state that customer service levels have been adversely impacted. By expanding and rebuilding skills training areas, however, SDG&E is integrating old and new technologies into the apprentice training curriculum and modernizing on-site training equipment to improve operation methods and knowledge of this equipment. This has an indirect positive impact on customer service because SDG&E's trainees are capable of maintaining and restoring service faster and safer through improved practices.

Project	Current Project Phase	Scoping				Project Lifecycle Phases			
		Start Date	End Date	Start Date	End Date	Start Date	End Date	Start Date	End Date
		Design/Permitting				Implementation			
Business Unit Expansion - Kearny Master Plan Phase 1	Design/Permitting	1/1/2018	6/8/2021	6/9/2021	12/1/2022	12/2/2022	12/2/2022	6/22/2023	
Business Unit Expansion - Kearny Master Plan Phase 2	Design/Permitting	4/21/2022	7/17/2022	7/18/2022	10/4/2023	10/5/2023	10/5/2023	12/19/2024	
Business Unit Expansion - Skills Training Expansion	Design/Permitting	9/28/2020	9/9/2022	9/12/2022	1/11/2024	1/12/2024	1/12/2024	11/18/2024	
Clean Transportation - Hydrogen Fueling	Planning	4/1/2023	11/9/2023	11/8/2023	4/14/2024	5/1/2024	5/1/2024	11/30/2024	
Sustainability Program - Miramar Bldg A PV	Implementation	4/5/2021	4/28/2021	4/29/2021	10/10/2022	10/11/2022	10/11/2022	1/20/2023	
Sustainability Program - Miramar Quest Garage PV	Scoping	9/12/2022	10/31/2022	11/1/2022	8/31/2023	9/1/2023	9/1/2023	12/31/2023	
Sustainability Program - Mission Bldg G PV	Project Complete	4/19/2021	6/6/2021	6/7/2021	11/21/2021	11/22/2021	11/22/2021	6/14/2022	
Sustainability Program - Mission Control PV	Scoping	8/1/2022	3/31/2023	4/1/2023	3/31/2024	4/1/2024	4/1/2024	9/30/2024	
Sustainability Program - Metro PV	Project Complete	7/8/2021	7/16/2021	7/17/2021	3/17/2022	3/18/2022	3/18/2022	7/25/2022	
Sustainability Program - Mountain Empire PV	Implementation	3/5/2021	5/6/2021	5/7/2021	9/21/2022	9/22/2022	9/22/2022	1/6/2023	
Sustainability Program - Ramona PV	Design/Permitting	3/5/2021	5/28/2021	5/29/2021	9/19/2022	9/20/2022	9/20/2022	11/24/2022	
Sustainability Program - RBDC PV Expansion	Scoping	4/22/2021	5/4/2021	4/1/2023	5/31/2024	6/1/2024	6/1/2024	11/30/2024	
Sustainability Program - RBDC Rooftop PV	Implementation	10/20/2021	10/28/2021	10/29/2021	6/28/2022	6/29/2022	6/29/2022	11/29/2022	
Sustainability Program - Beach Cities PV	Implementation	11/1/2021	11/9/2021	10/10/2021	7/10/2022	7/11/2022	7/11/2022	12/20/2022	
Sustainability Program - Eastern PV	Implementation	4/19/2021	6/4/2021	6/5/2021	10/31/2021	11/1/2021	11/1/2021	9/30/2022	

Project Phase Definitions
<p>Scoping The scoping phase is initiated upon receipt of a new project request and documents an understanding of expected project objectives, scope, results and deliverables to stakeholders and approvers, forming the basis for project prioritization and budget planning. On certain projects, it can include master site planning, localized space planning and/or high-level programming as required to develop a preliminary scope solution and enable a cost estimate.</p>
<p>Design/Permitting The design and permitting phase involves selection of design professionals and progression through the following commonly known design phases: schematic design, design development, construction documentation and construction bidding. Permitting typically starts towards the completion of construction documentation, generally occurring between the 65%-85% completion of construction documents, depending on the nature of the project.</p>
<p>Implementation Implementation commences with the requisitioning and creation of construction contracts, and extends through construction to beneficial occupancy, including the completion of FF&E and special system work, including IT infrastructure and cabling, audio-visual and security, culminating in turnover for beneficial occupancy or use to the project end-users.</p>

Appendix B

SDG&E Response to PAO-SDGE-091-LMW_Q3-7

Data Request Number: PAO-SDGE-091-LMW

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

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3. In response to PAO-SDGE-064-LMW Q.6a. SDG&E states “The new building is a proposed 2- story expansion to the existing buildings comprising the SDG&E’s Skills Training Center. The new building will supplement the existing buildings with additional functional space necessary to support the 15-20 new, permanent FTEs necessary to administer an expanding curriculum. These spaces include general office space and workstations, classrooms, instructor break rooms, meeting rooms, focus rooms for 1x1 consultations, virtual reality training rooms, and a wellness room.” Based on this, please provide/answer the following:

a. Currently, what comprises the existing Skills Training Center. In answering this question, please include the square footage of existing buildings, number of buildings, types and number of workstations, number of classrooms, number of break rooms, number of meeting rooms, number of focus room, number of virtual reality training rooms, number of wellness rooms, etc.)

SDG&E Response 3a:

The Skills Training Center currently consists of 8 different facilities, including permanent and temporary modular building structures. The table below summarizes the gross square foot area of each facility and the quantities of individual workstations and functional room types requested.

Building Name	Number of Floors	Gross SF	Work Stations	Class Rooms	Break Rms	Conf Rms	Focus Rms	VR Rms	Wellness Rms
Mission Bldg F Skills Training Admin Office Building	1	3,684	33	0	0	1	0	0	0
Mission Bldg F Skills Training Break Building	1	1,006	0	0	1	0	0	0	0
Mission Bldg F Skills Training 2-Story Classroom Building	2	27,422	11	12	0	0	0	0	0
Mission Bldg F1 Skills Training Temp Trailer	1	1,366	0	1	0	0	0	0	0
Mission Bldg F2 Skills Training Temp Trailer	1	1,334	0	1	0	0	0	0	0
Mission Bldg G Old Training Building	1	10,361	3	4	0	0	0	0	0
Mission Bldg H Skills Lineman Storage Warehouse	1	1,687	0	0	0	0	0	0	0
Mission Modular Bldg 02 Fitness Trailer	1	1,340	0	0	0	0	0	0	0

b. Considering SDG&E is proposing the addition of a 16,000 square foot (W/P pg. 335) 2-story expansion will SDG&E continue to use and maintain the existing buildings comprising the current SDG&E Skill Training Center?

SDG&E Response 3b.

Yes.

c. For the 15-20 new, permanent FTEs, provide a job description for each employee and in what year(s) does SDG&E plan on hiring the new personnel.

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SDG&E Response 3c.

SDG&E would like correct the previous response to data request “PAO-SDGE-064-LMW Q.6a”. SDG&E incorrectly stated that the 15-20 new positions are “new, permanent FTEs.” SDG&E would like to clarify that the 15-20 new positions will be a combination of FTEs as well as third-party contractors that will be located at this facility. The additional positions include 4 Industrial Athletic Trainers, 1 Electric Operations PMO Manager, 1 Team Lead, and 6-8 Project Mangers. These positions are anticipated to be filled by 2024. Please refer to the Electric Distribution – O&M testimony and workpapers of Tyson Swetek (Ex. SDG&E-12-R and Ex. SDG&E-12-WP-R) for job descriptions of the new positions.

d. Where does SDG&E plan to build the new facility?

SDG&E Response 3d.

Adjacent to the existing training facility located at SDG&E’s Mission Control site.

e. What permits are required to build the proposed training center?

SDG&E Response 3e.

Ministerial engineering and construction permits will be required from the City of San Diego Developmental Services Department. A Stormwater Pollution Prevention Plan will also be required to satisfy stormwater management requirements under the California Construction General Permit.

f. For each permit identified in e. above, how long does it take to get the permits?

SDG&E Response 3f.

SDG&E’s current schedule for the project is allowing for 8 months from the time of permit application submissions by SDG&E to permit issuance by the City of San Diego. SDG&E does not delineate amongst the permits and look for all to be received within this time.

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g. Has SDG&E secured all the permits?

SDG&E Response 3g.

No. SDG&E is currently designing the project towards submitting its permit applications. SDG&E, however, has already submitted a request for a substantial conformance review of the project by the City of San Diego, relative to conformance of the proposed project with the Conditional Use Permit that governs permitted uses of the property. The City has approved the request, indicating the project is a conforming use within the property.

h. How long does it take to have the permits approved?

SDG&E Response 3h.

See response to Question 3f. Within the 8 months allotted, SDG&E anticipates two resubmittals following review and comment by City staff of our initial permit application.

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4. The proposed new Skills Training facility is not scheduled for completion until 11/18/2024 (Response to PAO-SDGE-064-LMW Q.2c). This completion date also assumes the project will be completed on time and without incident delaying its construction. The completion date also assumes management will not reprioritize the project if an alternative is later found. Based on this future questionable completion date, please answer the following:

How, with its current Skills Training Center, and without a new skills training center, does SDG&E provide the “current” increased training demands driven by additional compliance, wildfire mitigation, and new equipment technology requirements noted in its responses to PAOSDGE-064-LMW Q.6b and Q6c. which are included below:

SDG&E Response 6b: SDG&E has doubled the number of classes for the apprentice lineman program in order to expand SDG&E’s Qualified Electrical Worker (QEW) pool as contemplated in SDG&E’s Memorandum of Understanding with IBEW 465. To administer additional apprentice lineman classes, additional FTE administrative support and Skills Training Instructors are required.

Additionally, Electric Regional Operations (ERO) and Gas Operations have both created Safety Centers in support of compliance with our Serious Incident and Fatality (SIF) program at the Skills Training Center, requiring additional space for Safety Advisors and support staff.

There is also additional compliance-driven training being implemented by Gas Operations in support of electrical hazard awareness and Equipotential Zone (EPZ), and personal protective grounding, requiring additional space for students and instructors.

In support of complying with Occupational Safety and Health Administration/Department of Transportation (OSHA/DOT) regulations around hoisting, rigging, and signaling, the Skills Training Center began a program to address training all utility operations (Equipment Operations, Electric-Distribution, Transmission, Substation, Gas Distribution and Transmission, Fleet, and Logistics), likewise needing additional classroom space to complement on-site, hands-on heavy equipment operations training. In support of SIF compliance, Skills Training has added additional EPZ/Personal Protective Bonding classes for the line side, with hands on training being conducted in the training yard and classroom.

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The Skills Training Center has also begun conducting 2-day orientations for electric contractors around standards, equipment, and methods, in support of safety, compliance, reliability, and wildfire mitigation, which will continue annually.

In order to support our Office of Energy Infrastructure Safety goals around “building a better lineman,” Skills Training will be introducing Substation and System Protection modules for all apprentice lineman and Electric Troubleshooters in support of safety and reliability.

SDG&E Response 6c: Every line side employee, including management, will be trained to understand and support all facets of the Public Safety Power Shut-off (PSPS) program, including processes such as reporting potential damage to the Electric Distribution Operations Control Center and Incident Command Structure, and operational roles such as patroller, observer, and aviation protocol. In addition to individualized training, the Skills Training Center needs space to support additional instructors and students in mock tabletop exercises involving PSPS, responses to wildfires, and load curtailment.

Virtual Reality Training has also been introduced as another PSPS training tool, necessitating its own specialized classroom training environment. In partnership with SDG&E’s Methods groups,

Skills Training will also be building out a covered conductor area in SDG&E’s yard to support training our line side on proper work methods on covered conductors. In order to support the Office of Energy Infrastructure Safety’s goals around “building a better lineman,”

Skills Training will be introducing Substation and System Protection modules for all apprentice lineman and Electric Troubleshooters in support of safety, system knowledge, reliability, and wildfire mitigation. These new site-based training initiatives will also require complimentary classroom space for instruction and engineering support.

Lastly, SDG&E has continued to improve all training in support of compliance with its Wildfire Mitigation Program by instituting modernized training in support of PSPS, Drone Investigation, Assessment and Repair (DIAR), Damage Assessment, Electric Failure Report, and SDG&E’s Overhead QC inspections

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SDG&E Response 4:

Currently, training that cannot be scheduled within the existing Skills Training Center is being held in various off-site locations when and where possible. This is not an ideal solution because off-site locations lack the physical and operational gas and electric equipment with which students can experience complete, hands-on component training. The lack of adequate space at the Skills Training Center has also hindered the annual training of employees in tabletop settings to better their emergency response in support of storm readiness, Wildfire Mitigation Plan (WMP), fire and Public Safety Power Shutoff (PSPS). It is inefficient to coordinate the scheduling and movement of instructors to these off-site locations as compared to their classes being headquartered at the Skills Training Center. Inconsistent data connectivity can also be problematic and disruptive at offsite locations.

Additionally, two temporary, double-wide trailers have been mobilized to the Skills Training Center for assistance in managing the additional class volume. These trailers, however, are impacting the available site footprint for outdoor, site-based training equipment, including that for personal protective bonding/EPZ, fire potential infractions, renewables, co-generation, Corrective Maintenance Program (CMP), Incident Command Structure (ICS), PSPS, storm readiness, emergency response, rigging, signaling, and hoisting. Continuing with off-site training would continue to impact the workforce (represented and management) through increased travel and non-productive time at other venues, as well as compromise the hands-on portion of certain training around equipment and methods that can only be obtained at the Skills Training Center.

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5. In response to PAO-SDGE-064-LMW Q.7a. (Alternatives Considered), SDG&E states: "SDG&E thoroughly reviewed the existing space and classrooms for occupancy and space. Alternatives such as mobile trailers were considered to accommodate the growth, along with training schedule variations to avoid having to build a new facility. Due to the need for office/cubicle space to house the staff growth in combination with the additional increases in training/classrooms, the mobile trailer alternative was eliminated from consideration. The mobile trailers would require significant temporary tenant improvements, an even larger horizontal footprint that would encroach upon existing outdoor, as well as infrastructure investments, furniture, fixtures, and AV equipment, which subsequently is why SDG&E opted to construct a new 2-story building capable of housing all the various requirements." Based on this response, please answer the following:

a. What are the costs of using mobile trailers requiring significant temporary tenant improvements, as well as infrastructure investments, furniture, fixtures, and AV equipment, and provide an explanation how the amounts were determined (inclusive of any calculations)?

SDG&E Response 5a:

Based on the costs incurred in purchasing and installing the two standard, temporary double-wide trailers referenced in Response 4 above, and factoring in the customized interior construction, plumbing, HVAC, and electric distribution that would be necessary to deliver upon the project program requirements, SDG&E believes that a trailer option would approximate a unit cost of \$405/sf for construction. All other factors being assumed to be equal (including engineering and design fees, AV, security, IT equipment, and sitework), the difference in the two costs is between that of the outer shell structure of a trailer and that of two-story permanent building construction. At a difference of \$42/sf across 16,000 sf, the possible savings of utilizing mobile trailers would approximate to a one-time capital expenditure saving of \$672,000. To provide the 16,000 sf area necessary to support the new building program, however, a quantity of 23 mobile trailers would be required. Notwithstanding the one-time potential capital savings, there is insufficient, available site space at the Skills Training Center to support the mobile trailers. The trailer footprint would eliminate the required parking spaces for occupancy code compliance.

The proposed concrete masonry construction of the new building, along with its roof structure, will not only provide enhanced weather protection, insulating capability, durability, vermin resistance, and reduced maintenance costs in comparison to mobile trailers, but it will also assist SDG&E in achieving its Sustainability Program goals. More specifically, an assemblage of standard trailers will not allow for achievement of

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LEED Silver certification or “net zero” energy consumption, which are part of the Sustainability Program charter. It is SDG&E’s intention to install roof-mounted photovoltaic panels on the roof of the new building towards providing enough on-site generation capacity to self-support the operations of the building. Proceeding with the trailer option would have also placed City approval of our Substantial Conformance Review submittal at risk. In a meeting to discuss their submittal review comments, the City expressed interest in understanding the intentions for exterior architecture of the building, indicating a preference for us to provide permanent construction similar to that which has already been approved for the Center, which is nestled within a residentially zoned area. They were satisfied when SDG&E expressed its intentions to have a similar design to the most recent expansion in 2004, which also include 2-story concrete masonry construction, and featured split-faced, multicolored, architectural concrete block. A concrete masonry, two-story structure was thus decided upon for its durability in facilitating the daily transition from field to classroom-based training, as well as for its value in avoiding displacement of existing site-based training functions and delivering upon SDG&E’s commitment to environmental stewardship.

b. Were temporary trailers the only alternative considered. If yes, then why only one alternative? If no, then what other alternatives were considered and why weren’t those alternatives chosen?

SDG&E Response 5b:

Yes. Temporary trailers were the only other option considered due to the importance of continuing classroom training at the Skills Training Center site, where students can quickly transition from an indoor classroom environment to outdoor, hands-on training areas where simulated, real-world conditions can be experienced.

c. Did SDG&E hire any consultants that can assist in optimizing space? If no, then why not?

SDG&E Response 5c:

While SDG&E has an in-house Real Estate Planning team that assesses end-user occupancy needs, a professional architectural design firm was hired to assist in validating the Skills Training Center Program requirements, draft preliminary space plans, and prepare and submit the Substantial Conformance Review package to the City of San Diego. SDG&E has since selected an alternative design professional to develop the design of the new building and prepare engineering and construction permit applications for submittal to the City of San Diego.

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d. Did SDG&E consider renting additional space? If no, then why not?

SDG&E Response 5d:

Yes. The Skills Training staff considered renting offsite space as discussed in response to Question 4.

e. Did SDG&E consider, with the employees working from home, that extra space may be available within other SDG&E owned/leased properties that could be used for SDG&E's training purposes. If no, then why not?

SDG&E Response 5e:

No. For the reasons stated in response to Question 4, the best method of training delivery is through joint classroom and hands-on, site-based training that is most efficiently provided at the Skills Training Center. The Skills Training Center also provides storage for training props, tools, and exhibits that are routinely wheeled or carried to the classroom environment.

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6. Pursuant to SDG&E's previous rate case A. 17-10-007/008, the language (pg. 417 and 418) in the proposed decision stated:

“We reviewed the testimony and arguments presented by SDG&E and the opposing arguments raised by ORA and TURN and find that both projects are more appropriately requested and undertaken during the next GRC cycle. We agree with all three parties that the projects are large in scope and as SDG&E states, cannot be completed within one GRC cycle. Because of the scope and complexity of these projects, we find that the projects need to be reviewed more thoroughly and that there is insufficient information to support a comprehensive review at this time. The projects are currently in the pre-planning and planning stages and the timeframe for obtaining necessary permits are mostly uncertain at this time. Although SDG&E is only requesting approval of pre-construction and pre-engineering portions of the projects in this GRC, we find that more information and detail are needed with respect to the actual projects and the different phases thereof which can then be more adequately presented in reviewed in the next GRC.” Based on this please provide/answer the following:

a. Outside its testimony, workpapers, and responses to Cal Advocates, does SDG&E have any additional information to support a more comprehensive review as outlined by the Commission in its previous decision? Or is this the extent of SDG&E's evidence supporting its request to fund the Kearny Mesa Plan?

SDG&E Response 6a:

Yes. SDG&E has substantially completed construction drawings that exhibit the scope of Phase 1, as well as a Phasing plan to exhibit the entirety of the proposed Kearny Master plan implementation. Phase 2 is currently in the Schematic Design phase, and drawing deliverables are pending.

b. Has SDG&E moved outside of its planning stages? If yes, to what extent? Please be specific as only referring to SDG&E's Design/Permitting stage lacks a level of comprehensiveness.

SDG&E Response 6b:

Yes. Through its contracted design professional, SDG&E has substantially completed construction documents and submitted engineering and construction permit applications

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for Phase 1 to the City of San Diego. Through its contracted design professionals, SDG&E is currently validating program requirements as a part of developing the schematic design for Phase 2. Phase 2 is currently in design development.

c. The Commission noted obtaining necessary permits was mostly uncertain at that time. Based on this finding, please answer the following:

- i. What permits are required for Phase 1 and Phase 2?
- ii. For each permit identified in b. above, how long does it take to get the permits?
- iii. Has SDG&E secured all the permits?

SDG&E Response 6c i:

Ministerial engineering and construction permits will be required from the City of San Diego Developmental Services Department. A Stormwater Pollution Prevention Plan will also be required to satisfy stormwater management requirements under the California Construction General Permit.

SDG&E Response 6c ii:

For Phase 1, SDG&E's current schedule for the project is allowing for 6.5 months from the time of permit application submissions by SDG&E to permit issuance by the City of San Diego. For Phase 2, the current schedule for the project is allowing for 8 months from the time of permit application submissions by SDG&E to permit issuance by the City of San Diego. SDG&E does not delineate amongst the permits and looks for all to be received within this time.

SDG&E Response 6c iii:

SDG&E has not yet received permits but has made applications as described in response to Question 6b above.

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d. Does SDG&E have any information outside its request for funding of Phase 3 of the Kearny Mesa Plan in the next GRC?

SDG&E Response 6d:

Yes, however SDG&E is respectfully requesting to provide information that is relevant to the current rate case only.

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7. In response to PAO-SDGE-064-LMW Q.5a and 5b. SDG&E states:

SDG&E Response 5a: Transmission-related projects have increased with time and growth, creating the necessity for more storage area. To mitigate the exposure to exterior elements - namely weather-related and potential safety/security - SDG&E needs to increase the size of existing storage facilities and move equipment and materials to secure, interior space and, in some cases, conditioned space. Many materials and pieces of equipment are disparately stored in shipping containers; 6 consolidating within warehouses will allow for more efficient and secured inventorying and movement of these items. Additionally, due to the recent implementation of a battery storage project and its footprint impact to the site, ground storage and parking are constrained from future growth, requiring vertical onsite storage for the site to accept more inventory and parking. Operations have been required to relocate displaced equipment and material to various areas throughout the facility, making the coordination of managing the inventory difficult, impacting safety, and creating inefficiencies. Phase 2 of the Kearny Master Plan strategically reorganizes the site into discreet storage areas for each of the groups headquartered at the site and allows for secured vertical, more efficient, and traceable storage of an expanding support inventory.

SDG&E Response 5b: The existing structures were built circa 1960 and are spatially inefficient and well past their useful life in terms of maintenance. They are deficient in size and have exposed interior structural elements that limit vertical racking configurations and forklift access, compromising the safety and efficiency of storage and are unable to accommodate continued inventory growth at the site.

Based on these responses, please provide the following:

a. The amount of cost avoidance and/or cost savings by increasing the size of existing storage facilities and move equipment and materials to secure, interior space and, in some cases, conditioned space.

SDG&E Response 7a:

SDG&E did not conduct any studies to quantify cost avoidance or savings derived from improving its onsite storage conditions.

b. The amount of cost avoidance and/or cost savings if operations is not required to relocate displaced equipment and material to various areas throughout the facility.

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SDG&E Response 7b:

SDG&E did not conduct any studies to quantify cost avoidance or savings derived from the more efficient management of stored equipment and material that this project will provide.

c. How long has SDG&E been aware of these storage issues and parking issues?

SDG&E Response 7c:

SDG&E has been aware of a need to improve its onsite storage locations and capacity since it first commenced preparation of a master plan for the property in 2013.

d. Considering Phase 2 of the Plan will not be complete until 12/2024 (and possibly later), how will SDG&E manage these issues with its current storage capability.

SDG&E Response 7d:

SDG&E has leased other facilities (including its Caspian and Ruffin Court sites) and is currently using unimproved areas at the Kearny site (vacated by the relocation of a substation and decommissioning of a Peaker plant) to store material and equipment, including temperature sensitive inventory requiring conditioned space. The remote locations are cost-inefficient from an operations perspective, in that crews and trucks are not headquartered at these sites and non-productive time is expended with crews traveling every morning to pick up and load materials and equipment from these sites. Response times to address emergency conditions can also be compromised as a result of off-site storage.