

Company: Southern California Gas Company (U 904 G)
Proceeding: 2024 General Rate Case
Application: A.22-05-015
Exhibit: SCG-19-R-2E

REVISED
PREPARED DIRECT TESTIMONY OF
BRENTON K. GUY
(REAL ESTATE & FACILITY OPERATIONS)

SECOND ERRATA

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



~~August 2022~~ May June 2023

TABLE OF CONTENTS

I.	INTRODUCTION	6
A.	Summary of Support Services Costs and Activities	6
B.	Support To and From Other Witnesses.....	9
C.	Organization of Testimony	9
II.	RISK ASSESSMENT MITIGATION PHASE INTEGRATION	10
A.	RAMP Risk and Cross-Functional Factor Overview.....	12
B.	GRC Risk and CFF Activities.....	12
C.	Changes from RAMP Report.....	13
III.	SUSTAINABILITY AND SAFETY CULTURE	14
IV.	NON-SHARED COSTS	15
A.	Rents and Operating Expenses.....	16
1.	Description of Costs and Underlying Activities	16
2.	Forecast Method.....	16
3.	Cost Drivers	16
B.	Real Estate	16
1.	Description of Costs and Underlying Activities	17
2.	Forecast Method.....	17
3.	Cost Drivers	17
C.	Facility Operations.....	18
1.	Description of Costs and Underlying Activities	18
2.	Forecast Method.....	20
3.	Cost Drivers	21
V.	SHARED COSTS	22
A.	GCT Rents	23
1.	Description of Costs and Underlying Activities	23
2.	Forecast Method.....	24
3.	Cost Drivers	24
B.	Microwave Rents [2200-2284.000]	25
1.	Description of Costs and Underlying Activities	25
2.	Forecast Method.....	25
3.	Cost Drivers	25
C.	Facilities-Monterey Park [2200-0696.000].....	26

1.	Description of Costs and Underlying Activities	26
2.	Forecast Method.....	26
3.	Cost Drivers	27
D.	Facilities GCT [2200-0735.000].....	27
1.	Description of Costs and Underlying Activities	27
2.	Forecast Method.....	27
3.	Cost Drivers	28
E.	Facilities Pico Rivera [2200-0766.000]	28
1.	Description of Costs and Underlying Activities	28
2.	Forecast Method.....	28
3.	Cost Drivers	29
VI.	CAPITAL.....	29
A.	Infrastructure & Improvements.....	30
1.	Description.....	30
2.	Forecast Method.....	34
3.	Cost Drivers	34
B.	Safety and Compliance	36
1.	Description.....	36
2.	Forecast Method.....	37
3.	Cost Drivers	37
C.	Sustainability and Conservation	37
1.	Description.....	37
2.	Forecast Method.....	39
3.	Cost Drivers	39
D.	Fleet Projects.....	39
1.	Description.....	40
2.	Forecast Method.....	40
3.	Cost Drivers	40
E.	Fleet Alternative Refueling Infrastructure	40
1.	Description.....	41
2.	Forecast Method.....	45
3.	Cost Drivers	45
VII.	CONCLUSION.....	46
VIII.	WITNESS QUALIFICATIONS.....	47

APPENDIX A - GLOSSARY OF TERMS	BKG-A-1
APPENDIX B – RAMP Activities by Workpaper (In 2021 \$)	BKG-B-1

SUMMARY

REAL ESTATE & FACILITY OPERATIONS (in 2021\$)			
O&M	2021 Adjusted-Recorded (\$000)	Estimated TY 2024 (\$000)	Change (\$000)
Non-Shared	27,401	27,371	-30
Shared	22,262	23,925	1,663
Total O&M	49,663	51,296	1,633

REAL ESTATE & FACILITY OPERATIONS (in 2021\$)			
Capital	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
Total CAPITAL	79,672	117,128 116,351	111,565 110,718

Summary of Requests

- Southern California Gas Company's (SoCalGas or the Company) total Test Year (TY) 2024 estimated Operation and Maintenance (O&M) for Real Estate & Facility Operations, including shared and non-shared services, is \$51.296 million. The TY request represents \$22.858 million for Real Estate, and \$28.439 million for Facility Operations.
 - Facility Operations' request of \$28.439 million, an increase from base year (BY) 2021 of \$0.468 million, is primarily driven by (1) labor required to manage general facility infrastructure, technology, and sustainability, (2) maintenance costs associated with a new building at the Pico Rivera facility, and (3) RAMP-related security measures at staffed facilities aimed at preventing workplace violence. The predominant and most reasonable forecast methodology is a three-year average because forecasted costs are expected to remain consistent over the three-year historical average. Facility Operations' O&M costs primarily include the operations and maintenance of SoCalGas's facilities throughout the service territory. The activity is necessary to support the Company's goal of providing safe and reliable service by ensuring that the employee work environment and customer-interfacing facilities are safely and properly maintained and operated.

- Real Estate’s request of \$22.858 million, an increase from BY 2021 of \$1.165 million, is primarily driven by (1) contractual lease obligations and (2) labor and consulting services needed to manage the real estate portfolio, perform lease administration, and comply with Sarbanes-Oxley and other reporting requirements. The predominant and most reasonable forecast methodology is BY 2021 because commitments are contractually predetermined, and costs incurred in BY 2021 are generally an accurate baseline for anticipated future costs. Real Estate’s O&M costs primarily include all costs incurred to lease SoCalGas’s real estate portfolio. This activity, which mainly includes branch office and telecommunication site leases, is necessary to support the Company’s goal of providing safe and reliable customer service.
- SoCalGas forecasts Real Estate & Facility Operations capital costs of \$79.672 million for 2022, ~~\$117.128~~116.351 million for 2023, and ~~\$111.565~~110.718 million for 2024. The capital cost projections are for (1) infrastructure and other asset improvement, (2) safety and compliance, (3) sustainability and conservation, (4) fleet projects, and (5) fleet alternative refueling. The predominant and most reasonable forecast methodology is a three-year average because the implementation of capital improvements and upgrades demonstrated over the past three years reflects the amount of improvements anticipated in this rate case cycle. These activities are necessary to support the Company’s safety, workplace violence prevention, and net zero sustainability goals.

**SECOND ERRATA REVISED PREPARED DIRECT TESTIMONY OF
BRENTON K. GUY
(REAL ESTATE AND FACILITY OPERATIONS)**

I. INTRODUCTION

A. Summary of Support Services Costs and Activities

In this testimony, I sponsor SoCalGas's Real Estate and Facility Operations non-shared and shared services estimated O&M expenses for TY 2024. O&M costs are organized by non-shared and shared services. For TY 2024 non-shared services, Real Estate and Facility Operations requests \$27.371 million in O&M expense, a decrease of \$0.030 million below 2021 adjusted recorded costs. For TY 2024 shared services, Real Estate and Facility Operations requests \$23.925 million, an increase of \$1.663 million from 2021 adjusted recorded costs.

I also sponsor the Facility Operations capital request. The Facility Operations capital request is \$79.672 million in 2022, \$~~47.128~~116,351 million in 2023, and \$~~41.565~~110,718 million in 2024. Tables BG-1 and BG-2 below summarize my sponsored costs.

**TABLE BG-1
REAL ESTATE & FACILITY OPERATIONS
Test Year 2024 Summary of Total O&M Costs (In 2021 \$)**

	2021 Adjusted- Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
Total Non-Shared Services	27,401	27,371	-30
Total Shared Services (Incurred)	22,262	23,925	1,663
Total O&M	49,663	51,296	1,633

**TABLE BG-2
REAL ESTATE & FACILITY OPERATIONS
Test Year 2024 Summary of Total Capital Costs (In 2021 \$)**

	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
Total CAPITAL	79,672	47,128<u>116,351</u>	41,565<u>110,718</u>

The Company's territory encompasses approximately 24,000 square miles over diverse terrain throughout Central and Southern California – from Visalia to Arizona and the Mexican border. The Facility Operations and Real Estate groups are responsible for planning, acquiring, designing, constructing, operating, and maintaining over two million square feet of leased and

1 fee-owned property, comprised of 108 staffed locations, including general offices, bases, multi-
2 use sites, branch offices, and telecommunication sites.

3 Facility Operations and Real Estate are also tasked with providing the organization with
4 safe, compliant, reliable, and suitable working environments for its employees. Below is a
5 summary of the key activities performed by Facility Operations and Real Estate to provide
6 context for this GRC request.

- 7 a) Management of services and processes that support the core business of
8 SoCalGas.
- 9 b) Provide work environments that are safe, compliant, reliable, and suitable for the
10 Company's employees and their activities throughout the SoCalGas territory.
- 11 c) Provide safe, ADA (Americans with Disabilities Act)-compliant access for
12 customers and employees at SoCalGas's branch offices and construct new
13 buildings and modifications to facilities in compliance with the ADA's
14 requirements for accessible design.
- 15 d) Comply with federal, state, and local statutes and regulations pertaining, but not
16 limited, to air quality, hazardous materials management, fire life safety, and
17 natural resources.
- 18 e) Maintain proper training of facility maintenance personnel to comply with all
19 applicable rules and regulations.
- 20 f) Conduct regular maintenance activities at SoCalGas facilities and grounds for
21 energy efficiency, environmental, and safety purposes.
- 22 g) Meet the standards set by various air quality management districts that regulate
23 emergency standby generators, chillers, boilers, and heating ventilation and air
24 conditioning (HVAC) equipment.
- 25 h) Maintain and manage hazardous material business plans regulated by local
26 Certified Unified Program Agencies (CUPA).
- 27 i) Other compliance/regulatory items include:
 - 28 • Reciprocating Internal Combustion Engines/National Emission Standards
29 for Hazardous Air Pollutants (RICE/NESHAPS) maintenance
30 requirements for standby emergency generators.

- Air quality management districts and California Occupational Safety and Health Administration (CalOSHA) asbestos-containing building material abatement and management rules and compliance.
- California Code of Regulations Title 22, Section 66261.24 (Characteristic of Toxicity) identifies various hazardous materials, including heavy metals found in surface coatings, that require special handling during construction. Any construction or disturbance of building materials can be costly in order to maintain compliance with Title 22.
- Title 24 of the California Code of Regulations, known as the California Building Standards Code, contains the regulations that govern the construction of buildings in California. Any construction that must comply with Title 24 regulation can be costly due to the requirements to use new energy efficient technologies and construction methods.
- Zero Net Energy (ZNE) is a state mandate to reduce greenhouse gas emissions and to conserve energy resources for all new and existing buildings by 2030.¹ All new commercial buildings must use a combination of improved efficiency and distributed renewable energy generation to meet 100% of their annual energy needs.
- Senate Bill (SB) 142, signed into law, clarifies employer obligations to provide a mother's room, which is a private location with specified accommodations.

In addition to the Facility Operations captured in this testimony, I am also supporting costs for SoCalGas's Real Estate department. This department is responsible for acquisition and disposition of leased and fee-owned real property, lease administration and management, portfolio and occupancy planning, Sarbanes-Oxley reporting and compliance, and budget planning for a portfolio of two million square feet of building space. This testimony provides a breakdown of the functional activities of the Real Estate organization by category for both the shared and non-shared services portion of operating costs.

¹ California Energy Commission, *2015 Integrated Energy Policy Report* at 41, available at: http://docketpublic.energy.ca.gov/PublicDocuments/15-IEPR-01/TN212017_20160629T154354_2015_Integrated_Energy_Policy_Report_Small_File_Size.pdf

1 **B. Support To and From Other Witnesses**

2 My testimony also references the testimony of several other witnesses, either in
3 support of their testimony or as referential support for mine:

- 4 • Sustainability and Climate Policy testimony of Michelle Sim and Naim
5 Jonathan Peress (Exhibit SCG-02)
- 6 • RAMP to GRC Integration testimony of R. Scott Pearson and Gregory S.
7 Flores (Exhibit SCG-03/SDG&E-03, Chapter 2)
- 8 • Gas Transmission Operations & Construction testimony of Rick Chiapa,
9 Aaron Bell, and Steve Hruby (Exhibit SCG-06)
- 10 • Clean Energy Innovations testimony of Armando Infanzon (Exhibit SCG-
11 12)
- 12 • Supply Management, Logistics & Supplier Diversity testimony of Joseph
13 Chow (Exhibit SCG-17)
- 14 • Fleet Services testimony of Michael Franco (Exhibit SCG-18)
- 15 • Safety & Risk Management System testimony of Neena Master (Exhibit
16 SCG-27)
- 17 • Shared Services Billing, Shared Assets Billing, Segmentation & Capital
18 Reassignments testimony of Angel Le (Exhibit SCG-30)
- 19 • Regulatory Accounts testimony of Rae Marie Yu (Exhibit SCG-38)

20 **C. Organization of Testimony**

21 My testimony is organized as follows:

- 22 • Introduction
- 23 • RAMP (Risk Assessment Mitigation Phase)
- 24 • Sustainability and Safety Culture
- 25 • Non-Shared O&M Costs
- 26 • Shared O&M Costs
- 27 • Capital Costs
- 28 • Conclusion
- 29 • Witness Qualifications
- 30 • Appendix

II. RISK ASSESSMENT MITIGATION PHASE INTEGRATION

Certain costs supported in my testimony are driven by activities described in SoCalGas's and SDG&E's respective 2021 Risk Assessment Mitigation Phase (RAMP) Reports (the 2021 RAMP Reports).² 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.

In the course of preparing the Real Estate and Facility Operations Capital and O&M GRC forecasts, SoCalGas 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 2021 RAMP Reports. Table BG-3 provide summaries of the RAMP-related costs supported in my testimony.

² See Application (A.) 21-05-011/-014 (cons.) (RAMP Proceeding); *see also* 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.

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TABLE BG- 3
Summary of RAMP O&M Costs³

REAL ESTATE & FACILITIES Summary of RAMP O&M Costs (In 2021 \$)	BY2021 Embedded Base Costs (000s)	TY2024 Estimated Total (000s)	TY2024 Estimated Incremental (000s)
RAMP Risk Chapter			
SCG-Risk-5 Incident Involving an Employee	1,622	1,462	-160
Sub-total	1,622	1,462	-160
RAMP Cross-Functional Factor (CFF) Chapter			
SCG-CFF-5 Physical Security	411	417	6
Sub-total	411	417	6
Total RAMP O&M Costs	2,033	1,879	-154

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TABLE BG-4
Summary of RAMP Capital Costs (In 2021 \$)⁴

RAMP Report Chapter	2022 Estimated RAMP Total (000s)	2023 Estimated RAMP Total (000s)	2024 Estimated RAMP Total (000s)	2022-2024 Estimated RAMP Total (000s)
RAMP Risk Chapter				
SCG-Risk-5 Incident Involving an Employee	5,996	5,996	5,996	17,988
Sub-total	5,996	5,996	5,996	17,988
RAMP Cross-Functional Factor (CFF) Chapter				
SCG-CFF-2 Energy Resilience	4,825	24,943	12,619	42,387
Sub-total	4,825	24,943	12,619	42,387
Total RAMP Capital Costs	10,821	30,939	18,615	60,375

³ See Ex. SCG-03/SDG&E-03, Chapter 2 for CFF-related information in accordance with the March 30, 2022, Assigned Commissioner's Ruling Directing Sempra Utilities to Incorporate Staff Recommendations on Their Risk Assessment and Mitigation Phase in the Upcoming 2024 General Rate Case Applications in A.21-05-011/-014 (cons.).

⁴ *Id.*

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As summarized in Table BG-3 and BG-4 above, my testimony includes costs to mitigate the safety-related risks and cross-functional factors included in the SoCalGas 2021 RAMP Report. These risks and factors are further described in Table BG-5 below:

TABLE BG-5
RAMP Risk and CFF Chapter Description

SCG-Risk-5 Incident Involving an Employee	The Workplace Violence Prevention Program addresses the risk of a violent incident related to the workplace resulting in emotional or physical harm to an employee or third party.
SCG-CFF-2 Energy System Resilience	The Energy System Resilience Programs address the energy resilience spanning multiple lines of business within SoCalGas and helps mitigate several RAMP risks including transition to clean fuels.
SCG-CFF-5 Physical Security	Physical Security Systems address risks related to facilities or infrastructure protection enhancements to improve control, intrusion detection, and capabilities to deter, delay, assess, communicate, or respond to undesirable acts or events.

In developing my request, priority was given to these key safety risks to assess which risk mitigation activities Real Estate and Facility Operations currently performs and what incremental efforts are needed to further mitigate these risks. While developing the GRC forecasts, SoCalGas 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 of the risks and CFFs included in the 2021 RAMP Reports and the RAMP to GRC integration process.

B. GRC Risk and CFF Activities

Table BG-6 below provides a narrative summary of the forecasted RAMP-related activities that I sponsor in my testimony.

Table BG-6
Summary of RAMP Risk and CFF Activities

RAMP ID	Activity	Description
SCG-Risk-5-C10	Physical Security Systems	Physical security systems provide protection enhancements to facilities or infrastructure to improve access control, intrusion detection, and interdiction capabilities to deter, detect, delay, assess, communicate, or respond to undesirable events.
SCG-Risk-5-C10	Contract Security	Contract security resources (security guards) are located at critical facilities and other work locations to secure and protect assets and people.
SCG-CFF-2	Renewable Energy Solutions	Alternative energy planning to optimize facility operations and implement a variety of climate change and clean energy projects, including renewable energy generation, energy efficiency, and smart building technology.
SCG-CFF-5	Physical Security	SoCalGas plans to expand physical security upgrades to replace end-of-life equipment, improve integration, reduce nuisance alarms, and incorporate recent industry security technology enhancements.

These activities are discussed further below in Sections IV.C, VI.A, VI.C, and VI.E, 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 SoCalGas 2021 RAMP Report that are discussed in this testimony.

The RAMP risk mitigation efforts are associated with specific actions, such as programs, projects, processes, and utilization of technology. For each of these mitigation efforts, 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 SoCalGas considers to be a true representation of incremental increases over the base year.

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

C. Changes from RAMP Report

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. Appendix B in Ex. SCG-03/SDG&E-03, Chapter 2 provides a complete list of the feedback and recommendations received and the Companies' responses.

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. Other than as discussed below, the RAMP-related activities described in my GRC testimony are consistent with the activities presented in the SoCalGas 2021 RAMP Report.

Changes from the SoCalGas 2021 RAMP Report presented in my testimony, including updates to forecasts and the amount and timing of planned work, are summarized as follows:

- The RAMP forecast for Infrastructure & Improvement projects have increased compared to the SoCalGas 2021 RAMP Report for projects preventing workplace violence, security badge panel reader upgrades, and higher security fencing projects to increase security measures.

III. SUSTAINABILITY AND SAFETY CULTURE

Sustainability at SoCalGas focuses on continuous improvement, innovation, and partnerships to advance California's climate objectives incorporating holistic and sustainable business practices and approaches. SoCalGas's sustainability strategy, ASPIRE 2045, integrates five key focus areas across the Company's operations to promote the public interest and the wellbeing of utility customers, employees, and other stakeholders. Please refer to the Sustainability and Climate Change Policy testimony of Michelle Sim and Naim Jonathan Peress (Ex. SCG-02) for a more detailed discussion of SoCalGas's sustainability and climate policies.

Safety is foundational to SoCalGas and SoCalGas's sustainability strategy. As the nation's largest gas distribution utility, the safety of SoCalGas's customers, employees, contractors, system, and communities served has been – and will remain – a fundamental value for the Company and is interwoven in everything SoCalGas does. This safety-first culture is embedded in every aspect of SoCalGas's business. The tradition of providing safe and reliable service spans 150 years of the Company's history and is summarized in SoCalGas's Leadership Commitment statement, which is endorsed by the entire senior management team.

SoCalGas leadership is fully committed to safety as a core value. SoCalGas's Executive Leadership is responsible for overseeing reported safety concerns and promoting a strong,

positive safety culture and an environment of trust that includes empowering employees to identify risks and to “Stop the Job.”

SoCalGas’s approach to safety is one of continuous learning and improvement where all employees and contractors are encouraged and expected to engage in areas of opportunity for learning and promote open dialogue where learning can take place. To learn about SoCalGas’s overall safety approach please see the Safety & Risk Management System testimony of Neena Master (Ex. SCG-27).

Many of the activities described in this testimony advance the state’s climate goals and align with SoCalGas’s sustainability priorities. Specifically, SoCalGas’s proposed renewable energy solutions include solar panels and fuel cells, conservation projects such as LED and xeriscape projects, and alternative fueling infrastructure projects, all of which will drive progress in the areas of Accelerating the Transition to Clean Energy and Protecting the Climate. Refer to the witness testimony of Michelle Sim and Naim Jonathan Peress (Ex. SCG-02) for additional detail on SoCalGas’s Sustainability Strategy.

IV. NON-SHARED COSTS

“Non-shared services” are activities that are performed by a utility solely for its own benefit. Sempra Energy (Sempra) provides certain services to SoCalGas and SDG&E, as well as to other Sempra affiliates. For purposes of this general rate case, SoCalGas treats costs for services received from Sempra as non-shared services costs, consistent with any other outside vendor costs incurred by the utility. Table BG-7 summarizes the total non-shared O&M forecasts for the listed cost categories.

TABLE BG-7
REAL ESTATE & FACILITIES
Non-Shared O&M Summary of Costs (In 2021 \$)

Categories of Management	2021 Adjusted-Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
A. Rents	2,290	2,502	212
B. Real Estate Administration	547	600	53
C. Facility Operations	24,564	24,269*	-295
Total Non-Shared Services	27,401	27,371	-30

* Note: Totals may include rounding differences

A. Rents and Operating Expenses

**TABLE BG-8
REAL ESTATE & FACILITIES
Non-Shared O&M Summary of
Rents Lease and Facility Operations Costs (In 2021 \$)**

A. Rents	2021 Adjusted- Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
1. SCG Rents	2,290	2,502	212
Total	2,290	2,502	212

1. Description of Costs and Underlying Activities

SoCalGas's non-shared rents and operating expenses are associated with 38 branch office leases (6 offices are owned and their costs are not part of this testimony). The branch offices are customer payment offices needed to support bill payment and customer service walk-in inquiries. This cost supports SoCalGas's goal of providing safe and reliable customer service. Table BG-8, above, includes a request of \$2.502 million for this cost category.

2. Forecast Method

The forecast method developed for this cost category is BY 2021. This methodology is most appropriate because lease commitments are generally contractually predetermined, and costs incurred in BY 2021 are an accurate baseline for anticipated future costs. The forecast was adjusted by 3% annual escalations to reflect the predetermined lease costs.

3. Cost Drivers

The cost drivers behind this forecast are contract-based. Costs include rental obligations, property operating expenses, and property taxes, which are generally contractually predetermined.

B. Real Estate

**TABLE BG-9
REAL ESTATE & FACILITIES
Non-Shared O&M Summary of Real Estate Costs (In 2021 \$)**

B. Real Estate Administration	2021 Adjusted- Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
1. Real Estate Administration	547	600	53
Total	547	600	53

1 **1. Description of Costs and Underlying Activities**

2 This cost supports SoCalGas’s goal of managing and optimizing its real estate portfolio
3 and includes labor and non-labor consulting services. Specifically, these costs are needed for
4 lease management and timely processing of lease payments and renewals, Company compliance
5 with Sarbanes-Oxley, portfolio planning and optimization, portfolio acquisitions and
6 dispositions, and budget forecasting and planning. Table BG-9, above, includes a request of
7 \$0.600 million for this cost category.

8 **2. Forecast Method**

9 The forecast method developed for this cost category is a three-year historical average.
10 This method was selected as the recorded costs for the three-year historical average of 2019-
11 2021 most appropriately reflect the expected staffing levels and non-labor requirements to
12 operate this function. Additionally, BY 2021 is not a reasonable forecast of required costs due to
13 abnormally lower labor resulting from a vacant lease administrator position in 2021. Further, the
14 three-year historical average includes non-labor consulting services for lease payments and
15 telecommunication market expertise that were secured prior to BY 2021 and are required to
16 support these functions.

17 **3. Cost Drivers**

18 The cost drivers include the labor required for SoCalGas’s Real Estate Department and
19 non-labor consulting services. Labor is comprised of three full-time employees—a manager, an
20 advisor, and a lease administrator. The manager position provides overall work direction,
21 oversees and manages the acquisition and disposition of fee-owned property along with portfolio
22 and occupancy planning, ensures departmental goals are consistent with Company goals and
23 initiatives, and manages the non-labor consulting service. The advisor position negotiates and
24 renews all branch office and telecommunication site leases, manages relationships with
25 landlords, ensures the Company is compliant with said leases (such as by providing timely
26 certificates of insurance), acts as a liaison between landlords and Company business units,
27 renews and manages all revenue leases, and advises Company business units on questions related
28 to the portfolio. The lease administrator position manages and updates data in Archibus (the
29 system used to manage and process lease payments), performs Sarbanes-Oxley reporting and
30 compliance, updates billing invoices for revenue leases, ensures compliance with the Company’s
31 document retention policy, and performs budget planning. The consulting services cost is

needed to support Company initiatives and provide staff augmentation. Specifically, occupancy planning and project management expertise is required to support SoCalGas's transition to a hybrid work model, which focuses on employees returning to the office post-pandemic. Project management services are needed to support portfolio master planning, which aims to develop a long-term plan to optimize the use of regional headquarters. Additionally, consulting services are used to manage payments for 94 leases, which include branch office and telecommunication leases and the Gas Company Tower headquarters lease. Finally, consulting services provide market expertise needed in negotiating the acquisition and renewal of telecommunication site leases.

C. Facility Operations

TABLE BG-10
REAL ESTATE & FACILITIES
Non-Shared O&M Summary of
Branch Office Lease and Facility Operations Costs (In 2021 \$)

C. Facility Operations	2021 Adjusted- Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
1. Facility Operations	24,564	24,269	-295
Total	24,564	24,269	-295

1. Description of Costs and Underlying Activities

Table BG-10, above, includes a Facility Operations request of \$24.269 million for this cost category. Facility Operations supports SoCalGas's goal of providing a safe work environment for employees and reliable service to its customers. Specifically, Facility Operations maintains and operates 108 staffed Company-owned facilities, which average 53 years of age. These facilities are comprised of operating bases, regional headquarters, branch offices, and multi-use facilities. Facility Operations also maintains and operates 59 telecommunication sites (55 licensed and four owned), 44 branch offices (38 leased and six owned), and the leased Gas Company Tower headquarters. This activity includes the allocated portion of the Support Services Director, who provides overall leadership and direction to the Facility Operations organization.

The following is a description of facility types in Facility Operations:

- **Operating Bases:** these facilities house the SoCalGas operations activities that support gas distribution and transmission crews, customer service field operations,

1 advance meter operations, and storage operations, all of which provide services to
2 SoCalGas customers.

- 3 • Regional Headquarters/Other Office Facilities: these offices consist of Regional
4 Headquarters buildings, which house a number of administrative functions that
5 support distribution and customer service field operations and transmission/storage
6 operations. In addition, this category includes two customer call centers and the
7 Monterey Park (MPK) facility that houses various activities for Information
8 Technology (IT), billing, and payment processing. The MPK facility is a shared
9 site with SDG&E and is discussed under Shared Facility Operations later in this
10 testimony.
- 11 • Branch Offices: this category consists of payment offices, which provide bill
12 payment, walk-in inquiries, and service requests for SoCalGas customers.
- 13 • Multi-Use Facilities: these facilities provide various support functions for
14 SoCalGas. They provide storage capacity for gas distribution material and
15 equipment, meter repair and fabrication shops, office space for gas distribution, gas
16 transmission, Fleet Services operations, and environmental solutions. Pipeline
17 welding and classroom training for customer service employees are also provided
18 at a multi-use site. SoCalGas also operates a testing lab at its Pico Rivera site to
19 support environmental compliance and material testing, as well as evaluation
20 services for air quality and compressor services, applied technology, and chemical
21 analysis. In addition, this category includes the SoCalGas Energy Resource Center
22 (ERC).
- 23 • Gas Company Tower (GCT): this shared facility is the primary SoCalGas
24 administrative office space, located in downtown Los Angeles.
- 25 • Telecommunication Sites: these sites contain the radio network and dispatch
26 infrastructure for SoCalGas operations, handling both data and voice
27 communications.

28 As described in the introduction, this cost supports SoCalGas's goal of providing safe and
29 reliable service by ensuring that the employee work environment and customer-interfacing
30 facilities are safely and properly maintained and operated.

a. Description of RAMP Mitigations

As described in the table below, Facility Operations is requesting \$1.879 million to fund risk control and mitigation planning associated with the Incident Involving an Employee risk (Chapter SCG-Risk-5). Specifically, these costs are driven by the security, maintenance, operation, and repairs of physical security measures at SoCalGas's staffed facilities aimed at preventing workplace violence. These measures include fencing, camera systems, gates, contracted security guards, and security equipment.

**TABLE BG-11
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
2RE004.000	SCG-CFF-5-2	Contract Security	411	417	6	0*
2RE004.000	SCG-Risk-5-C10 Contract Security	Workplace Violence Prevention	799	810	11	591
2RE004.000	SCG-Risk-5-10 Physical Security	Workplace Violence Prevention Programs	823	652	-171	591
Total			2,033	1,879	-154	

* An RSE was not calculated for this activity.

2. Forecast Method

The forecast methodology developed for this cost category is a three-year historical average. In TY 2019 GRC, a five-year average was selected as most appropriate for this cost category. However, for the present filing, a five-year average would not reasonably reflect forecasted costs due to deferred maintenance occurring in the first two years of the five-year average, which resulted in abnormally lower spend in the first two years. Completion of some of the deferred maintenance, along with resumption of scheduled maintenance measures, have occurred over the last three years. Forecasted costs are expected to remain consistent over the

1 three-year historical average. The three-year forecast was adjusted for cost drivers, as explained
2 below. More information is included in my workpapers.⁵

3 **3. Cost Drivers**

4 The cost drivers behind this forecast include \$1.190 million in labor required to manage
5 and support general facility infrastructure, technology, and sustainability measures, as explained
6 further below. This labor cost adjustment was estimated by using the median range of the pay
7 band for each position.

8 The labor adjustment of \$1.190 million is comprised of five vacant positions needing to
9 be backfilled and nine additional positions.

10 The vacant positions are scheduled to be filled in 2022 and have generally been vacant
11 due to budget considerations. Vacancies resulted in a smaller workforce that has not been able to
12 sustain increased workloads.

13 The additional positions are scheduled as follows: three in 2022, four in 2023, and two in
14 2024. Two of the three positions in 2022 are driven by sustainability goals. As part of its
15 sustainability goals, SoCalGas has implemented an Energy Management System (EMS), which
16 aims to monitor, manage, and optimize utility consumption across its real estate portfolio. These
17 two positions will be needed to manage the EMS technology. The third position in 2022 is
18 driven by new technology resulting from SoCalGas's transition to a hybrid work model. This
19 model aims to change how most employees will work in the office—from a siloed workstyle to a
20 more collaborative one. The creation of more collaborative space, including conference rooms,
21 will result in added audio-visual technology across the real estate portfolio. Incremental labor is
22 needed for the implementation, operation, and maintenance of this technology.

23 The four additional positions scheduled for 2023 are a facility mechanic, a resource and
24 asset supervisor, a data analyst, and a project manager. The need for the facility mechanic is
25 largely driven by increased facility assets associated with the newly constructed Bakersfield
26 base. The additional workload from these assets resulted in the facility mechanic assigned solely
27 to Bakersfield Base not being able to service other facilities in the area. The resource and asset
28 supervisor position is needed to supervise and manage both current facilities work orders
29 (averaging approximately 70,000 annually) and work orders expected to increase as a result of

⁵ See SCG-WP-Facility Operations, WP 2RE004.000.

sustainability-related technology (such as fuel cells, solar arrays, and EV charging stations). The data analyst position is driven by the EMS technology implementation referenced above—this position is needed to manage this new business system and resulting data. The project manager position is needed to support the electric vehicle charging and hydrogen fueling infrastructure projects.

Lastly, a facility mechanic and a project manager are needed for 2024. The need for the facility mechanic position is driven by workforce densification expected at the Pico Rivera facility. The project manager position is needed to support the logistics operations relocation project.⁶

V. SHARED COSTS

As described in the testimony of Angel Le, 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 Sempra affiliate. The utility providing shared services allocates and bills incurred costs to the entity or entities receiving those services.

Table BG-12 summarizes the total shared O&M forecasts for the listed cost categories.

TABLE BG-12
REAL ESTATE & FACILITIES
Shared O&M Summary of Costs (In 2021 \$)

(In 2021 \$) Incurred Costs (100% Level)			
Categories of Management	2021 Adjusted-Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
A. FACILITY OPERATIONS	3,407	4,170	763
B. RENTS	18,855	19,755	900
Total Shared Services (Incurred)	22,262	23,925	1,663

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.⁷ The

⁶ *Id.*

⁷ *See* Ex. SCG-19-WP.

dollar amounts allocated to affiliates are presented in SoCalGas's Shared Services Policy and Procedures testimony.⁸

A. GCT Rents

TABLE BG-13
REAL ESTATE & FACILITIES
Shared O&M Summary of GCT Rent Costs (In 2021 \$)

(In 2021 \$) Incurred Costs (100% Level)			
A. FACILITY OPERATIONS	2021 Adjusted-Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
1. FACILITY OPERATIONS-Monterey Park	2,202	2,500	298
2. Facility Operations-GCT	1,205	1,261*	56
3. Facility Operations-Pico Rivera	0	409	409
Incurred Costs Total	3,407	4,170	763
(In 2021 \$) Incurred Costs (100% Level)			
B. RENTS	2021 Adjusted-Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
1. GCT RENTS	16,794	17,486	692
2. Microwave Rents	2,061	2,269	208
Incurred Costs Total	18,855	19,755	900

* Note: Totals may include rounding differences

Description of Costs and Underlying Activities

The GCT lease represents the largest lease within the Company's Real Estate portfolio and includes 11 full floors and support spaces consisting of approximately 358,388 rentable square feet located at 555 W 5th St. Los Angeles, CA 90013. The GCT is SoCalGas's main headquarters and accommodates roughly 2,000 workstations utilized by many business units across the Company. Pursuant to a lease amendment in 2016, SoCalGas received a commission sharing credit and payment of a midterm allowance in the form of credits against rent starting October 1, 2016 and continuing through October 31, 2026. The overall recorded costs for rents reflect these credits.

⁸ See Shared Services & Shared Assets Billing, Segmentation, & Capital Reassignments testimony of Angel Le (Ex. SCG-30).

1 A portion of these costs are incurred on behalf of SDG&E and Sempra and are allocated
2 based on the amount of space used and the respective shared services percentages of each
3 occupying utility.

4 Table BG-13, above, includes a request for GCT Rents of \$17.486 million, an increase
5 from BY 2021 of \$0.692 million.

6 **1. Forecast Method**

7 The forecast method developed for this cost category is zero-based. This method is most
8 appropriate because costs associated with this workpaper are contractually obligated.

9 Additionally, any use of an averaging method would not appropriately reflect future forecasted
10 costs as a result of space reduction rights exercised in 2020 for both the 9th and 10th floors. The
11 base year forecast method does not accurately reflect expected future costs, as costs incurred
12 during BY 2021 are not an accurate baseline for future years due to financial anomalies caused
13 by the COVID-19 pandemic.

14 **2. Cost Drivers**

15 Cost drivers associated with the forecasted dollars are base rent, as well as SoCalGas's
16 pro-rata portion of the landlord's building operating expenses, parking, and property taxes. The
17 base rent and parking cost increases are based upon contractually predetermined annual
18 escalations and property tax cost increases are based on the 2% annual escalation limit pursuant
19 to California Proposition 13.

20 The costs requested for this category reflect lease costs savings resulting from the
21 reduction of one full floor and the Emergency Operation Center (EOC) space at GCT. This
22 space reduction is driven by the construction of the Control Center Modernization (CCM)
23 building at the Pico Rivera facility that will go into service in 2024 and is expected to house staff
24 presently located, in part, at GCT.⁹ The savings from the full floor reduction will commence in
25 late 2024. The savings from the EOC will commence in late 2026. A one-time reduction of
26 \$1.324 million was made in 2024 to reflect expected savings in post-test years 2025-2027. The
27 savings reflect a one-time early termination penalty for the floor reduction.¹⁰

⁹ See Gas Transmission Operations and Construction testimony of Rick Chiapa, Aaron Bell, and Steve Hruby (Ex. SCG-06).

¹⁰ See SCG-WP-GCT Rents, WP 2200-0618.000 for adjustment.

B. Microwave Rents [2200-2284.000]

TABLE BG-14
REAL ESTATE & FACILITIES
Shared O&M Summary of Microwave Rents Costs (In 2021 \$)

(In 2021 \$) Incurred Costs (100% Level)			
B. RENTS	2021 Adjusted- Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
2. Microwave Rents	2,061	2,269	208
Incurred Costs Total	2,061	2,269	208

1. Description of Costs and Underlying Activities

SoCalGas licenses approximately 55 telecommunication sites throughout its service territory. These costs support the Company's goal of providing safe and reliable service, as the licensed sites allow the Company to operate its own telecommunication network and ensure all operating groups have reliable network connectivity to perform their respective functions.

A portion of these costs are incurred on behalf of Sempra and SDG&E, as they use SoCalGas's telecommunication infrastructure to access internal networks.

2. Forecast Method

The forecast method developed for this cost category is BY 2021. This forecast method is most appropriate because costs incurred during BY 2021 are an accurate baseline for anticipated future costs. Costs associated with this cost center are all contractually obligated based on executed license agreements with licensors. The COVID-19 pandemic did not impact telecommunication license costs, as SoCalGas continued to operate its telecommunication network throughout the COVID-19 pandemic and continued to pay all contractually obligated license fees. Additionally, SoCalGas does not currently envision a need to license additional telecommunication sites to support its network connectivity.

3. Cost Drivers

The cost drivers behind this forecast are license fees for 55 telecommunication sites with an annual escalation of 4%. The 4% annual increases are based upon both contractual escalations, as well as industry standard escalations for telecommunication licenses in the event of any expiring licenses.

C. Facilities-Monterey Park [2200-0696.000]

TABLE BG-15
REAL ESTATE & FACILITIES
Shared O&M Summary of Facilities-Monterey Park Costs (In 2021 \$)

(In 2021 \$) Incurred Costs (100% Level)			
A. FACILITY OPERATIONS	2021 Adjusted-Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
1. FACILITY OPERATIONS-Monterey Park	2,202	2,500	298
Incurred Costs Total	2,202	2,500	298

1. Description of Costs and Underlying Activities

This cost center is comprised of the facility operations at the MPK facility, which currently accommodates over 450 workstations occupied by business units such as Customer Services, Information Technology, and Human Resources. The premises mainly include a telecommunication and server room that supports a remote data center, a remittance processing and data distribution facility, administrative office space, and a Learning Resource Center.

A portion of these costs are allocated back to SDG&E and Sempra based on the amount of space used and the respective shared services percentages of each occupying utility. The data center allocation method, however, uses Local Area Network (LAN) identifications (applied to the electricity costs of the data center) to compute the allocation percentages. More information is included in my workpaper.¹¹

Table BG-15, above, includes a request for this workpaper of \$2.500 million, an increase from BY of \$0.298 million.

2. Forecast Method

The forecast method developed for this cost category is a three-year historical average. This method is most appropriate because it accurately reflects anticipated maintenance costs to be incurred for this cost category in the forecast years. A five-year historical average would include years where Facility Operations was under-funded and had to defer various maintenance activities. Through its funding in the TY 2019 GRC, Facility Operations has been able to complete some deferred maintenance activities while continuing to perform scheduled maintenance activities.

¹¹ See SCG-WP-Facilities-Monterey Park, WP 2200-0696.000.

3. Cost Drivers

The cost drivers for these activities include labor to manage the infrastructure, as well as non-labor costs for maintenance, repairs, materials, electricity, water, and contracted services. The contracted services mainly support janitorial, landscaping, yard sweeping, and maintenance for facility systems such as HVAC, cooling towers, fuel cells, air compressors, generators, and water treatment.

D. Facilities GCT [2200-0735.000]

TABLE BG-15
REAL ESTATE & FACILITIES
Shared O&M Summary of Facilities-GCT Costs (In 2021 \$)

(In 2021 \$) Incurred Costs (100% Level)			
A. FACILITY OPERATIONS	2021 Adjusted-Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
2. Facility Operations-GCT	1,205	1,261	56
Incurred Costs Total	1,205	1,261	56

1. Description of Costs and Underlying Activities

This cost center contains Facility Operations and maintenance expenses in support of the Gas Company Tower facility, the Company's headquarters facility in Downtown Los Angeles. More information is included in my workpaper.¹² A portion of these costs is allocated back to SDG&E and Sempra based on the amount of space used and the respective shared services percentages of each occupying utility. Table BG-15, above, includes a request for this workpaper of \$1.260 million, an increase from BY of \$0.055 million.

In anticipation of the expiration of the current GCT lease in 2026, SoCalGas is conducting lease negotiations for the GCT that could result in a change in tenancy. As negotiations progress, SoCalGas will provide relevant and timely information to the CPUC, which may include updates to its GRC forecast in the instant proceeding.

2. Forecast Method

The forecast method developed for this cost category is a three-year historical average. This method is most appropriate because it accurately reflects anticipated maintenance costs to be incurred for this cost category in the forecast years. A five-year historical average would

¹² See SCG-WP-Facilities-GCT, WP 2200-0735.000.

include years where Facility Operations was under funded and had to defer various maintenance activities. Through its funding in the TY 2019 GRC, Facility Operations has been able to complete some deferred maintenance activities while continuing to perform scheduled maintenance activities.

3. Cost Drivers

The cost drivers for these activities include labor to manage the infrastructure, as well as non-labor costs for maintenance, repairs, materials, electricity, water, and contracted services. Main contracted services support janitorial and maintenance for facility systems such as boilers, cafeteria equipment, electrical, chilled water, generators, and water treatment.

E. Facilities Pico Rivera [2200-0766.000]

TABLE BG-16
REAL ESTATE & FACILITIES
Shared O&M Summary of Facilities-Pico Rivera Costs (In 2021 \$)

(In 2021 \$) Incurred Costs (100% Level)			
A. FACILITY OPERATIONS	2021 Adjusted-Recorded (000s)	TY2024 Estimated (000s)	Change (000s)
3. Facility Operations-Pico Rivera	0	409	409
Incurred Costs Total	0	409	409

1. Description of Costs and Underlying Activities

This cost center contains labor and non-labor costs expected to be incurred for the maintenance and servicing of the new 68,000 square foot (SF) CCM building at the Pico Rivera facility in July 2024.

A portion of these costs are allocated back to SDG&E based on the amount of space used and the respective shared services percentages of each occupying utility.

Table BG-15, above, includes a request for this cost center of \$0.409 million, explained below and in my workpaper.¹³

2. Forecast Method

The forecast method developed for this cost category is zero-based. This method is most appropriate because there are no historical costs for the CCM building. The 2024 labor adjustment of \$0.069 million is based on the labor of one facility mechanic dedicating 75% of his/her time for maintenance of this building for the period July 2024 through December 2024.

¹³ See SCG-WP-Facilities MGR-Pico Rivera, WP 2200-0766.000.

1 The 2024 non-labor adjustment of \$0.340 million reflects an annual average of the estimated
2 building operation and maintenance costs for the period July 2024 through December of 2027.
3 These costs were calculated using 2021 annual operating costs for the Pico Rivera facility of
4 \$5.70 per SF multiplied by the 68,000 SF of the CCM building. This results in an estimated
5 monthly building cost of \$0.032 million or \$0.194 million for the period July through December
6 2024 and \$0.388 annually for 2025 through 2027.

7 **3. Cost Drivers**

8 The cost drivers for these activities include labor to manage the new building, as well as
9 non-labor costs for maintenance, servicing, repairs, materials, electricity, water, and contracted
10 services. The contracted services mainly support janitorial, landscaping, yard sweeping, and
11 maintenance for facility systems such as HVAC, generators, and water treatment.

12 **VI. CAPITAL**

13 The capital expenditures forecast for Real Estate and Facility Operations includes costs
14 required to maintain infrastructure and operational integrity in a safe and efficient manner;
15 renovate SoCalGas buildings to upgrade outdated work areas; protect facilities and employees
16 located at facilities; install renewable energy solutions to support sustainability efforts and net
17 zero energy goals; and upgrade renewable natural gas (RNG) refueling stations and install
18 hydrogen fueling stations and electric vehicle (EV) charging ports for Company use. Table BG-
19 17 summarizes the total capital forecasts for 2022, 2023, and 2024.

20 Capital expenditures costs are separated into the following categories: (1) Infrastructure
21 & Improvements, (2) Safety & Compliance, (3) Sustainability and Conservation, (4) Fleet
22 Projects, and (5) Fleet Alternative Refueling Infrastructure.

TABLE BG-17
FACILITIES
Capital Expenditures Summary of Costs (In 2021 \$)

	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
Total CAPITAL	79,672	117,128116,351	111,565110,718

Categories of Management	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
A. Infrastructure & Improvements	52,182	74,899 74,122	85,355 84,508
B. Safety & Compliance	2,388	2,388	2,388
C. Sustainability and Conservation	13,885	9,312	9,312
D. Fleet Projects	2,071	556	556
E. Fleet Alternative Refueling	9,146	29,973	13,954
Total	79,672	117,128116,351	111,565110,718

A. Infrastructure & Improvements

TABLE BG-18
Capital Expenditures Summary of Costs
for Infrastructure & Improvements (In 2021 \$)

A. Infrastructure & Improvement	Estimated 2022 (000s)	Estimated 2023 (000s)	Estimated 2024 (000s)
1. Infrastructure & Improvements	39,078	39,078	39,078
2. CCM Building	7,108	29,825 29,048	40,281 39,434
3. Physical Security Infrastructure Enhancements (RAMP)	5,996	5,996	5,996
Total	52,182	74,89974,122	85,35584,508

1. Description

The forecasts for Infrastructure & Improvements for 2022, 2023, and 2024 are \$52,182, ~~\$74,899~~74,122, and ~~\$85,355~~84,508, respectively. These costs are further separated into the following cost subcategories: (1) Infrastructure & Improvements, (2) CCM Building, and (3) Physical Security Infrastructure Enhancements (RAMP).

These forecasted capital expenditures support the Company's goals of reliability and safety. These costs fund equipment upgrades, facility improvements, and facility renovations to

adequately support business operations, extend the life of Company assets, protect employees, and Company property, and ensure facilities meet business requirements.

a. Infrastructure & Improvements

The Infrastructure & Improvements forecast funds are necessary for facility improvements and equipment upgrades to adequately support business operations. SoCalGas Facility Operations identifies facilities to be repaired or improved based on the criticality of the facility, the age of the asset, and the implications for delay or failure to complete the replacement or upgrade. For the larger facilities, the infrastructure and improvement projects are based on facility assessment reports that document the expected useful life of equipment to plan for replacement requirements in order to retain usable condition of facilities and systems. Further, facility improvements or renovations are necessary because of aging facilities that no longer meet workforce space requirements. These renovations will support SoCalGas's changing workplace requirements and improve the functionality of Company buildings, which support the work patterns of SoCalGas employees, including the new hybrid work model.

SoCalGas needs facilities that provide flexibility, and as SoCalGas moves towards a hybrid work model, the technology, people, and business requirements are changing. A study was performed to analyze the large facilities and incorporate an Activity Based Working (ABW) model. An ABW strategy allows SoCalGas to provide flexibility and to allocate more of the office footprint to shared community, collaboration, and focus space. The lack of face-to-face interactions has been a challenge during remote work, and the Company aims to align the office environment with the desire of collaboration by prioritizing spaces that allow employees to connect and work collaboratively. ABW consists of shared departmental "neighborhoods" with more variety in work seating choices. Key changes will include reducing the allocation of individual space by incorporating unassigned seating with a 1.7 to 1 employee to workstation sharing ratio, more efficient workstations of 36 SF area (the previous average was 50 SF) and maintaining a low 5% private office allocation. The ABW changes will also provide more variety, particularly with collaborative spaces, by targeting a 1 to 1 collaboration space to work space ratio to ensure easy access to meeting space, increase the amount of open collaboration space for quick meetings or informal conversations, and provide more focus rooms that give employees a place to take sensitive meetings or phone calls. As an example, a department with 17 employees will be allocated a neighborhood of 10 unassigned desks due to the 1.7 to 1

1 employee to workstation sharing ratio, but there would also be 10 seats in collaboration areas due
2 to the 1 to 1 collaboration space to seat count ratio. While this model will not net a reduction in
3 overall workspace, this model will enable the Company to maintain the appropriate amount of
4 space for employees in a hybrid work model and provide a range of spaces to foster flexible and
5 productive work.

6 **b. Control Center Modernization (CCM) Building**

7 An incremental forecast is identified for the construction of the CCM building at the Pico
8 Rivera facility, which includes construction of a new building that will house the Gas Control
9 suite, Emergency Operations Center, and related support staff workspace. The prior GRC
10 requested funds for the relocation of the Gas Control facility, but due to consolidation planning
11 efforts for multiple facilities, the design and construction of the newly scoped CCM building was
12 delayed. The consolidated planning efforts included the relocation of the planned Gas Control
13 facility to a new building at Pico Rivera to centralize gas operations. However, relocating
14 relevant work groups to the new facility at Pico Rivera required more time to strategize the space
15 requirements and design of the new facility. The updated design also required specialization due
16 to the ASPIRE 2045 net zero energy goal for new buildings. The specific details regarding the
17 CCM Building can be found in the Control Center Modernization in the Gas Transmission
18 Operations testimony of Rick Chiapa, Steve Hruby, and Aaron Bell (Ex. SCG-06).

19 **c. Logistics Warehouse**

20 In the post-test years, after SoCalGas completes construction of the CCM building in
21 2024, the Company plans to begin construction of a new warehouse on an existing SoCalGas
22 property. Additional warehouse space is needed to support anticipated growth in gas
23 infrastructure projects. The current warehouse capacity at Pico Rivera does not have enough
24 capacity to handle additional materials flowing through inventory. The new building will almost
25 double SoCalGas's interior warehouse space and will include appropriate warehouse technology
26 and automation. The prior GRC requested funds for a Logistics warehouse, but the project was
27 postponed to perform a detailed analysis of the required warehouse footprint to satisfy future
28 demand for warehousing based on capital deployment, maintenance, and compliance work. The

new warehouse will increase inventory logistics efficiencies and support compliance with material traceability requirements.¹⁴

d. Description of RAMP Mitigations

Physical security at Company locations is a priority for SoCalGas. SoCalGas plans to enhance existing security infrastructure at various staffed facilities with the goal of minimizing security threats to office and branch locations and employees. As discussed in RAMP Chapter SCG-5 (Incident Involving an Employee), this area covers the risk of conditions and practices that may lead to an incident that threatens the safety of a SoCalGas employee or contractor or the public that can occur on Company facilities. RAMP Chapter SCG-5-Control 10 - Workplace Violence Prevention Programs includes mitigation through physical security systems and contract security. Additionally, in outlining the Company's concerns with physical security, RAMP Chapter SCG-CFF-5, SoCalGas explains that it intends to enhance physical security at Company facilities by, among other things, installing and updating access control and detection capabilities. Accordingly, SoCalGas will add additional security cameras, improve perimeter fencing, and upgrade controlled access points at various facilities.

TABLE BG-19
RAMP Activity Capital Forecasts by Workpaper (In 2021 \$)

Workpaper	RAMP ID	Description	2022 Estimated RAMP Total (000s)	2023 Estimated RAMP Total (000s)	2024 Estimated RAMP Total (000s)	GRC RSE
006530.004	SCG-Risk-5 - C10	Workplace Violence Prevention Programs	5,696	5,696	5,696	591
006530.005	SCG-Risk-5 - C10	Workplace Violence Prevention Programs	300	300	300	591
Total			5,996	5,996	5,996	

¹⁴ See Supply Management, Logistics & Supplier Diversity testimony of Joe Chow (Ex. SCG-17) for further information about Logistics.

2. Forecast Method

The forecast method developed for the Infrastructure & Improvement cost category is a three-year average, with an added zero-based forecast for CCM Building. This method is most appropriate because the three-year average captures the increased spend for infrastructure and improvement projects due to the aging facilities and equipment. The three-year average also more accurately reflects the recent increase in construction costs including material, equipment, and installation costs.

The forecast for the Gas Control CCM Building was developed using a zero-based methodology. This method is most appropriate because the project has not yet started construction and SoCalGas does not have recorded historical costs for a similar project, making the use of alternate methodology unavailable. SoCalGas estimated the CCM Building based on the specific scope of work, equipment needs, construction requirements, and vendor estimates.

The forecasts for RAMP were determined from a three-year historical average of costs for projects preventing workplace violence, with adjustments to add forecasts for the security badge panel reader upgrades and the increase in need for higher security fencing projects due to an increased number of break-ins. The three-year average is more representative of the current costs to support the increased number of security projects, whereas the five-year average would underfund the work needed to address the recently increased number of security incidents that were not as prevalent four and five years ago.

3. Cost Drivers

The underlying cost drivers for this capital request are material, equipment, and installation costs for facility improvements, as well as the following cost drivers:

- Air quality management districts and Cal OSHA's asbestos-containing building material abatement and management rules and compliance.
- California Code of Regulations Title 22, Section 66261.24 (Characteristic of Toxicity) – this regulation identifies various hazardous materials, including heavy metals found in surface coatings, that require special handling during construction. Any construction or disturbance of building materials containing these can be costly in order to maintain compliance with Title 22.
- Title 24 of the California Code of Regulations, known as the California Building Standards Code – these regulations govern the construction of buildings in

California. Title 24 requires the use of new energy efficient technologies and construction methods. Compliance with Title 24 upwardly impacts construction costs.

- Zero Net Energy – this state mandate requires the reduction of greenhouse gas emissions and the conservation of energy resources for all new and existing buildings by 2030. All new commercial buildings must use a combination of improved efficiency and distributed renewable energy generation to meet 100% of their annual energy need.
- ADA (Americans with Disabilities Act) compliance – this federal statute requires that new construction and modifications to facilities be built in compliance with the ADA’s requirements for accessible design.
- Senate Bill (SB) 142 – this bill signed into law clarifies employer obligations to provide a mother’s room, which is a private location with specified accommodations.
- Specific scope of the project – the infrastructure and improvement capital request include projects such as boilers, water heaters, air handlers, cooling towers, plumbing, electrical, flooring and carpeting, generators, lighting, security systems, ceiling tiles, and parking lot asphalt, as well as the following types of projects:
 - Chillers – parts for older chillers are becoming harder to procure and costs to maintain are not economical. Additionally, some replacements may require redesign and piping configurations.
 - HVAC systems – equipment that is nearing the end of its useful life cycle needs replacement. Additionally, some replacements may require new electrical controls and other components.
 - Energy management systems – systems that enable Facility Operations management to use electricity more efficiently and reduce energy consumption at SoCalGas facilities by allowing Facility Operations managers to monitor, measure, and control electrical building loads.
 - Facility renovations – upgrading workspaces to adapt to business needs. The improvements include facility redesign, space reconfiguration, technology, and furniture upgrades.

- CCM Building – the 68,000 SF CCM Building will include an enhanced Gas Control room suite, EOC, and flexible working space, which will strengthen the monitoring, control, and reliability of the gas system. This collaborative space for multiple linked groups will assist in the gathering and processing of crucial information to better support critical decision-making for the Company and maintain a high level of system safety for the communities the Company serves. Additionally, the Gas Control suite will include dedicated classrooms and a control room simulator in compliance with the Control Room Management Plan (CRMP). The CCM building will be designed to meet LEED standards and ASPIRE 2045 net zero energy goals.
- RAMP projects – physical security improvements associated with the mitigation of workplace violence prevention are necessary at various facilities. These include installing, replacing, or upgrading existing physical security measures including fencing, camera systems, gates, and security equipment.

B. Safety and Compliance

**TABLE BG-20
FACILITIES**

Capital Expenditures Summary of Costs for Safety and Compliance (In 2021 \$)

B. Safety & Compliance	Estimated 2022(000s)	Estimated 2023(000s)	Estimated 2024(000s)
1. Safety & Compliance	2,388	2,388	2,388
Total	2,388	2,388	2,388

1. Description

The forecasts for Safety and Compliance for 2022, 2023, and 2024 are \$2,388, \$2,388, and \$2,388, respectively.

These forecasted capital expenditures support the Company's goals of safety, compliance, and reliability. The request is necessary to adhere to ADA compliance, as well as to

perform mandatory seismic retrofits¹⁵ and various fire safety projects at Company facilities. The ADA compliance projects include installing automatic entrance doors to branch offices in Alhambra, Central Avenue, Covina, Daly Street, El Centro, El Monte, Fontana, Indio, Inglewood, Ontario, Oxnard, Pomona, San Bernardino, South Gate, Van Nuys, and Wilmington, which will improve customer access and accessibility to these branch offices.

2. Forecast Method

The forecast method developed for this cost category is 2021 base year. This method is most appropriate because of the on-going projects to install automatic doors at branch offices that will be completed in 2022, as well as the current and upcoming projects for seismic retrofits and fire safety projects that will increase in 2023 and 2024.

3. Cost Drivers

The underlying cost drivers for these capital projects relate to project requirements and vendor estimates for specific work performed. Further, projects must comply with the requirements of applicable federal, state, and local laws and regulations, including seismic ordinances and permit requirements.

C. Sustainability and Conservation

**TABLE BG-21
FACILITIES
Capital Expenditures Summary of Costs for Sustainability and Conservation (In 2021 \$)**

C. Sustainability and Conservation	Estimated 2022(000s)	Estimated 2023(000s)	Estimated 2024(000s)
1. Sustainability and Conservation	13,885	9,312	9,312
Total	13,885	9,312	9,312

1. Description

The forecasts for Sustainability and Conservation for 2022, 2023, and 2024 are \$13,885, \$9,312, and \$9,312, respectively.

These forecasted capital expenditures support SoCalGas's values and mission to be the cleanest, safest, most innovative energy company in America. Real Estate and Facility Operations contributes toward the ASPIRE 2045 Climate Commitment and the Sustainability strategy of accelerating the energy transition. The sustainability and conservation projects reduce

¹⁵ Council of the City of Los Angeles, Cal., Ordinance No. 183893, October 9, 2015, *available at*: https://www.ladbs.org/docs/default-source/publications/misc-publications/ordinance_183893.pdf?sfvrsn=cf96e053_6.

1 the carbon footprint of Company facilities in consideration of the carbon neutral goals of the
2 State of California established in Executive Order B-55-18¹⁶. In support of these objectives,
3 SoCalGas requests funding to install: (1) solar photovoltaic panel systems at additional facilities
4 to generate renewable energy; (2) LED lighting at various facilities, which are safer, more
5 durable, longer lasting, and consume far less electricity than incandescent bulbs; (3) xeriscape at
6 additional facilities to decrease water usage; (4) other technologies for renewable energy
7 generation, storage, and use at SoCalGas facilities; and (5) the [H2] Hydrogen Home project at
8 the Energy Resource Center, which will demonstrate the capabilities of hydrogen.

9 The [H2] Hydrogen Home project is a state-of-the-art exhibit to showcase the role clean
10 hydrogen can play to help meet California's carbon neutrality goals. Construction of the [H2]
11 Hydrogen Home commenced in January 2022. The building will integrate renewable hydrogen
12 production and fuel cell technology with a renewable energy stand-alone-power-system in a
13 microgrid setup. The [H2] Hydrogen Home project will have renewable energy generated from
14 rooftop solar photovoltaics, which will also be used to produce green hydrogen from an
15 electrolyzer. Excess renewable energy will also be stored for non-sunshine hours usage as onsite
16 battery energy storage. The green hydrogen will be stored in a high-pressure storage vessel and
17 will either be distributed within the microgrid as a blended fuel for use as a direct fuel for
18 appliance testing or as back-up power to the residential display home.¹⁷

19 **a. Description of RAMP Mitigations**

20 SoCalGas has initiated alternative energy planning and feasibility studies to optimize its
21 facility operations and implement a variety of climate change and clean energy projects that
22 could maximize opportunities on identified high priority areas, including renewable energy
23 generation, energy efficiency, and technology. Several options that SoCalGas is planning for to
24 meet its sustainability goals at its facilities include solar rooftop and carport panels, fuel cells,
25 and battery storage. SoCalGas continues to evaluate technology and research microgrids, fuel

¹⁶ Office of Governor Edmund G. Brown, Jr., Executive Order B-55-18 to Achieve Carbon Neutrality, September 10, 2018, *available at*: <https://www.ca.gov/archive/gov39/wp-content/uploads/2018/09/9.10.18-Executive-Order.pdf>.

¹⁷ See Clean Energy Innovations testimony of Armando Infanzon (Ex. SCG-12) for further project details on the [H2] Hydrogen Home project and Sustainability and Climate Change Policy testimony of Michelle Sim and Naim Jonathan Peress (Ex. SCG-2) for more details on Sustainability policy.

cells, renewable natural gas, and hydrogen that will maintain energy resilience while enabling the decarbonization of the energy system.

TABLE BG-22
RAMP Activity Capital Forecasts by Workpaper (In 2021 \$)

Workpaper	RAMP ID	Description	2022 Estimated RAMP Total (000s)	2023 Estimated RAMP Total (000s)	2024 Estimated RAMP Total (000s)	GRC RSE*
006550.003	SCG-CFF-2 – New	Renewable Energy Solutions	4,204	4,204	4,204	0
Total			4,204	4,204	4,204	

* An RSE was not calculated for this activity.

2. Forecast Method

The forecast method developed for this cost category is base year, with adjustments for renewable energy solutions and the [H2] Hydrogen Home project. This method is most appropriate because of the increase of sustainability projects and increased cost of interior LED lighting compared to parking lot LED lighting upgrades in previous years. Forecast adjustments are necessary, as there have not been enough solar panel projects to incorporate a historical average forecast, and there have not been historical projects similar to the [H2] Hydrogen Home project.

3. Cost Drivers

The underlying cost drivers for the Sustainability capital projects relate to project requirements and vendor estimates for specific work performed. The [H2] Hydrogen Home project forecast is based on vendor proposals and construction estimates. The forecast for renewable energy solutions is based on a preliminary study and cost analysis for solar projects at headquarters locations.

D. Fleet Projects

TABLE BG-23
FACILITIES
Capital Expenditures Summary of Costs for Fleet Projects (In 2021 \$)

D. Fleet Projects	Estimated 2022(000s)	Estimated 2023(000s)	Estimated 2024(000s)
1. Fleet Projects	2,071	556	556
Total	2,071	556	556

1. Description

The forecasts for Fleet projects for 2022, 2023, and 2024 are \$2,071, \$556, and \$556, respectively.

These forecasted capital expenditures support the Company's safety goals. SoCalGas replaces Fleet Services capital tools and equipment as existing tools become obsolete or as vehicle technology requires the replacement of existing tools to accommodate new vehicle technology. These tools include equipment such as generators, leak testers, diagnostic tools, and emissions-related equipment across 46 SoCalGas garages. Also, vehicle hoists will be replaced, and vehicle telematics will be installed into fleet vehicles to monitor and record key performance data about vehicles including vehicle location, driver behavior, engine diagnostics, and vehicle activity. The data will be visualized on a software platform that helps increase driver efficiency, improve safety, and optimize vehicle performance.

2. Forecast Method

The forecast method developed for this cost category is a three-year average, with an incremental addition for telematics installation. This method is most appropriate because the three-year average aligns with the future expectations for fleet tool purchases and vehicle hoist projects.

3. Cost Drivers

The underlying cost drivers for this capital project relate to material costs for tools, software, and hardware, as well as vendor estimates for vehicle hoist installation and telematics installation.

E. Fleet Alternative Refueling Infrastructure

**TABLE BG-24
FACILITIES
Capital Expenditures Summary of Costs for
Fleet Alternative Refueling Infrastructure (In 2021 \$)**

E. Fleet Alternative Refueling	Estimated 2022(000s)	Estimated 2023(000s)	Estimated 2024(000s)
1. RNG Refueling Stations	3,298	4,105	1,055
2. Hydrogen Refueling Stations	621	20,739	8,415
3. EV Charging	5,227	5,129	4,484
Total	9,146	29,973	13,954

1. Description

The forecasts for Fleet Alternative Refueling Infrastructure for 2022, 2023, and 2024 are \$9,146, \$29,973, and \$13,954, respectively. These costs are further separated into the following cost subcategories: (1) Renewable Natural Gas (RNG) Refueling Stations; (2) Hydrogen Refueling Stations; and (3) Electric Vehicle (EV) Charging.

These forecasted capital expenditures support the Company's goals of reliability and service. RNG refueling stations are necessary to power SoCalGas's renewable natural gas vehicles (RNGV). As the fleet is converted to hydrogen and electric vehicles, the need to install hydrogen refueling stations and EV charging ports to power the fleet has become a top priority for the Company. The installation of RNG refueling stations, hydrogen refueling stations, and EV charging ports contributes toward the ASPIRE 2045 Climate Commitment and the Sustainability strategy of protecting the climate and improving air quality by providing alternative fueling options for low-emission vehicles.

a. Renewable Natural Gas (RNG) Refueling Stations

SoCalGas is committed to operating and maintaining a reliable and effective fueling infrastructure to power its own RNGV fleet to support the use of lower-emission vehicles in its operations. As roughly 40% of the greenhouse gas (GHG) emissions in California come from transportation,¹⁸ renewable natural gas presents a significant opportunity for California's existing natural gas system to play an active role in reducing GHG emissions and helping the State of California achieve its carbon neutrality goals. SoCalGas RNGV refueling stations are supporting the state's initiative by supplying 100% RNG to its Company fleet and the public (where available) for NGV refueling. RNGVs operate on up to 95% lower emissions than vehicles fueled by gasoline or diesel on a lifecycle basis.

There are ~~34~~32 RNG refueling facilities at Company locations (27 RNG stations and five time-fill systems), with 16 of the stations serving the public by fueling RNG-powered fleet and private vehicles. Many of these stations were commissioned over 18 years ago, when vehicle fueling profiles were different and station use was not as impacted by larger capacity vehicles and fleet sizes. Routine equipment aging has impacted station reliability and operation

¹⁸ California Air Resources Board, *California Greenhouse Gas Emissions for 2000-2017*, available at: https://ww3.arb.ca.gov/cc/inventory/pubs/reports/2000_2017/ghg_inventory_trends_00-17.pdf

1 capabilities in recent years. The capital forecast will allow for RNG refueling station upgrades to
2 provide sustained support for SoCalGas fleet operations.

3 Additionally, the proposed redundant compressors at sites will increase operating
4 reliability and effectiveness of fueling capacity at the targeted stations. Limited redundancy will
5 allow for problems associated with critical equipment to be resolved without interfering with
6 RNGV fueling operations. The target stations have been subject to vehicles experiencing less
7 than full tank fillings due to capacity limitations. Upgrading the station operating and storage
8 pressure to 4500 PSIG and installing new priority panels and incorporating direct fill features
9 will enable RNGV customer and fleet vehicles to experience a true “full-fill” at the SoCalGas
10 RNG refueling station for each fueling stop. In addition, it is expected the improvements will
11 reduce the time that stations are unavailable for public and fleet fueling by 90% over the next
12 five years.

13 The new installation of RNG refueling stations at Santa Maria and Visalia are needed to
14 meet new business demands from the SoCalGas fleet. There are 31 fleet vehicles at Visalia and
15 25 fleet vehicles at Santa Maria that are eligible for replacement in the short term and will be
16 replaced with RNGVs because the utility service body trucks and crew trucks are not available
17 on the market as battery electric vehicles or hydrogen fuel cell electric vehicles. It is not efficient
18 to fuel the RNGVs at a third party or other Company base due to non-productive drive time,
19 added fuel costs, and vehicle maintenance due to additional miles driven. There has been
20 extensive design work completed for the Santa Maria and Visalia RNG refueling station projects,
21 and construction is planned in 2022 and 2023. Further, the RNG refueling stations will be
22 evaluated to incorporate hydrogen refueling services at a later time.¹⁹

23 **b. Hydrogen Refueling Stations**

24 In support of SoCalGas’s mission to build the cleanest, safest, and most innovative
25 energy company in America, SoCalGas is committed to operating a 100% zero emissions over-
26 the-road vehicle fleet by 2035. Also, by 2035, SoCalGas anticipates a fleet of over 3,000
27 hydrogen fuel cell electric vehicles (HFCEVs). HFCEVs are critical to the state’s goal of

¹⁹ See Fleet Services testimony of Mike Franco (Ex. SCG-18) for details about RNGV purchases.

1 achieving 1.5 million zero-emission vehicles on California roads by 2025.²⁰ HFCEVs are also a
2 vital part of the state's work to achieve its climate change goals, improve air quality, and reduce
3 reliance on fossil fuels. In support of the state's goals, SoCalGas will construct a reliable and
4 effective fueling infrastructure to power its fleet of HFCEVs.

5 The utility-owned hydrogen refueling stations will be constructed to meet the California
6 Air Resources Board Zero Emission Vehicle Fueling Infrastructure fuel requirements.²¹ While
7 planning the hydrogen refueling stations, SoCalGas will evaluate expanding the functionality of
8 its existing network of RNG refueling stations to provide hydrogen refueling services and a
9 compact pipeline network connecting those refueling stations with local small-scale hydrogen
10 production facilities.

11 The first hydrogen refueling station is planned at Pico Rivera due to the central location
12 that will be available for public access and the high number of fleet vehicles assigned to the
13 facility and surrounding Company facilities. A further reason for the hydrogen refueling station
14 at Pico Rivera is that the existing Bloom Energy fuel cells could convert available hydrogen into
15 electricity without combustion and power parts of the Pico Rivera facility. Testimony for the
16 operation of public access hydrogen refueling stations is sponsored in the Clean Energy
17 Innovations testimony of Armando Infanzon (Ex. SCG-12) with associated operating costs and
18 revenues balanced under the Hydrogen Refueling Station Balancing Account (HRSBA) in
19 accordance with the testimony of Rae Marie Yu (Ex. SCG-38).

20 The transition to HFCEVs is a prime example of SoCalGas demonstrating its
21 commitment to being the cleanest, safest, and most innovative energy company in the country.
22 SoCalGas is committed to operating and maintaining a reliable and effective fueling
23 infrastructure to fuel its own hydrogen powered fleet to support the use of zero emission vehicles
24 in its operation.²²

²⁰ Office of Governor Edmund G. Brown, Jr., Executive Order B-48-18 to Achieve Carbon Neutrality, January 26, 2018, available at: <https://www.library.ca.gov/wp-content/uploads/GovernmentPublications/executive-order-proclamation/39-B-48-18.pdf>.

²¹ Hydrogen fuel dispensed at utility stations will meet the carbon intensity requirements of Cal. Code Regs., Tit. 17 § 95486.2(a)(4)(F).

²² See Ex. SCG-18 for details about HFCEVs.

1 **c. Electric Vehicle (EV) Charging**

2 California’s climate change policies are some of the most innovative and aggressive in
3 the nation. To meet the goals established by Assembly Bill (AB) No. 32²³ and accelerated in SB-
4 32,²⁴ California must continue to seek new ways to innovate and expand markets to reduce GHG
5 emissions. Moreover, as Senate Bill 350²⁵ recognizes, reducing emissions of greenhouse gases
6 to 40% below 1990 levels by 2030 and to 80% below 1990 levels by 2050 will require
7 widespread transportation electrification to reduce GHGs from transportation. To support the
8 state’s goals, SoCalGas will replace existing light duty fleet vehicles with battery EVs starting in
9 2022.

10 To prepare for the EV fleet, SoCalGas will install approximately 1,200 EV charging ports
11 at its employee-assigned facilities between 2022 and 2024. The number of charging ports for
12 each facility is based on the number of fleet vehicles assigned to the location and the schedule to
13 install EV charging ports is based on the replacement schedule for the vehicles. SoCalGas is a
14 partner in the Charge Ready Program of Southern California Edison (SCE) in which SCE will
15 plan and execute the electrical infrastructure upgrades at facilities within SCE territory. In the
16 EV Charger cost forecasts, it was assumed that SoCalGas would receive program-funded EV
17 infrastructure upgrades for facilities in SCE territory. Depending on SCE’s schedule, SoCalGas
18 may need to plan and execute the electrical infrastructure upgrades but can qualify to receive a
19 rebate of up to 80% of the estimated costs SCE would have incurred for performing the work.

20 By installing EV charging capabilities at SoCalGas employee-assigned facilities,
21 Company employees will have access to a strategically placed charging network to meet the
22 vehicle charging needs for operations teams across SoCalGas’s diverse service territory. The
23 alternative of relying on public charging stations would be inefficient for SoCalGas fleet vehicles
24 due to charging time and waiting time.²⁶

²³ California Global Warming Solutions Act of 2006 (Stats. 2006, ch. 488, adding Cal. Health & Safety Code § 38500 et seq.), commonly known as AB No. 32 (Cal. 2006).

²⁴ California Global Warming Solution Act of 2016: Emissions Limit (Stats. 2015-2016, ch. 249, adding Cal. Health & Safety Code § 38566), commonly known as SB-32. (Cal. 2016).

²⁵ Clean Energy and Pollution Reduction Act of 2015 (Stats. 2015-2016, ch. 547, codified in Cal. Pub. Util. Code § 740.12), commonly known as SB-350 (Cal. 2015).

²⁶ See Ex. SCG-18 for details about fleet electric vehicles.

d. Description of RAMP Mitigations

As part of the transition to clean fuels to further enhance energy resilience, the purchase of HFCEVs and the construction of a hydrogen refueling station to fuel the vehicles takes strides towards energy resilience. SoCalGas plans to build a network of hydrogen refueling stations to support the HFCEVs in its zero emissions fleet.

TABLE BG-25
RAMP Activity Capital Forecasts by Workpaper (In 2021 \$)

Workpaper	RAMP ID	Description	2022 Estimated RAMP Total (000s)	2023 Estimated RAMP Total (000s)	2024 Estimated RAMP Total (000s)	GRC RSE*
00734A.001	SCG-CFF- 2 - New	Hydrogen Refueling Stations	621	20,739	8,415	0
Total			621	20,739	8,415	

* An RSE was not calculated for this activity.

2. Forecast Method

The forecast for RNG refueling stations, hydrogen refueling stations, and EV charging was developed using a zero-based methodology. This method is most appropriate because SoCalGas estimates these costs based on the specific scope of work and vendor estimates, and in cases where similar projects have been completed, historical costs for those projects are used to estimate future project costs. The zero-based forecast for RNG refueling stations is more accurate than using a historical forecast; SoCalGas has not installed hydrogen refueling stations or EV charging ports, so a historical forecast is not available.

3. Cost Drivers

The underlying cost drivers for these RNG refueling stations, hydrogen refueling stations, and EV charging port capital projects are the planning, engineering, equipment, and installation costs to support the projects. The RNG refueling station forecasts are based on specific project scope and subject matter expert estimates. The hydrogen refueling station forecast is based on a cost study from an independent consultant. The EV charging estimates are based on material costs and estimates to upgrade the electrical infrastructure. Where applicable, SoCalGas plans to take advantage of electric utility companies' incentive programs to cover the cost of upgrading electrical infrastructure to retrofit for EV chargers.

1 **VII. CONCLUSION**

2 This testimony describes the activities of SoCalGas's Real Estate and Facility Operations
3 functions and presents the forecast for both existing and reasonably anticipated new expenses for
4 TY 2024. This testimony and my workpapers demonstrate the justification for the requested
5 funding so that SoCalGas can continue to meet its obligations to provide safe and reliable
6 service.

7 This concludes my prepared direct testimony.

1 **VIII. WITNESS QUALIFICATIONS**

2 My name is Brenton K. Guy. My business address is 555 W 5th St., Los Angeles, CA
3 90013. I am employed by Southern California Gas Company (SoCalGas) as the Director of
4 Support Services responsible for overseeing Fleet Services, Facility Operations, Capital
5 Programs, and Real Estate for SoCalGas. I have been in this position since 2020.

6 I received a Bachelor of Science in Industrial Engineering from the University of
7 Southern California. I have been employed by SoCalGas in various positions and
8 responsibilities since 2011. My experience is in numerous areas, including Organizational
9 Strategy, Safety, Facilities Operations, and Facilities Capital Construction. I have not previously
10 testified before the Commission.

APPENDIX A

GLOSSARY OF TERMS

APPENDIX A

GLOSSARY OF TERMS

Acronyms	Definition
ABW	Activity Based Working
ADA	Americans With Disabilities Act
BEV	Battery Electric Vehicle
BY	Base Year
CalOSHA	California Occupational Safety and Health Administration
CCM	Control Center Modernization
CFF	Cross-Functional Factor
CNG	Compressed Natural Gas
CRMP	Control Room Management Plan
CUPA	Certified Unified Program Agencies
EMS	Energy Management System
EOC	Emergency Operations Center
ERC	Energy Resource Center
EV	Electric Vehicle
FTE	Full-time Equivalent
GCT	Gas Company Tower
GHG	Greenhouse Gas
HFCEV	Hydrogen Fuel Cell Electric Vehicle
HVAC	Heating Ventilation and Air Conditioning
IT	Information Technology
LAN	Local Area Network
MAVF	Multi-Attribute Value Framework
MPK	Monterey Park
O&M	Operations and Maintenance
RAMP	Risk Assessment Mitigation Phase
RE	Real Estate
RICE/NESHAPS	Reciprocating Internal Combustion Engines/National Emission Standards for Hazardous Air Pollutants
RNG	Renewable Natural Gas
RNGV	Renewable Natural Gas Vehicle
RSE	Risk Spend Efficiency
SCE	Southern California Edison
SCG	Southern California Gas Company
SF	Square Feet
SoCalGas	Southern California Gas Company
SPD	Safety Policy Division
TY	Test Year
ZNE	Zero Net Energy

APPENDIX B

RAMP Activities by Workpaper (In 2021 \$)

APPENDIX B
RAMP ACTIVITIES BY WORKPAPER (IN 2021 \$)

Workpaper	RAMP ID	Description	BY2021 Embedded Base Costs (000s)	TY2024 Estimated Total (000s)	TY2024 Estimated Incremental (000s)	GRC RSE
2RE004.000	SCG-CFF-5 - 2	Contract Security	411	417	6	0*
2RE004.000	SCG-Risk-5 - C10 Contract Security	Workplace Violence Prevention	799	810	11	591
2RE004.000	SCG-Risk-5 - C10 Physical Security	Workplace Violence Prevention Programs	823	652	-171	591
Total			2,033	1,879	-154	

* An RSE was not calculated for this activity.

Workpaper	RAMP ID	Description	2022 Estimated RAMP Total (000s)	2023 Estimated RAMP Total (000s)	2024 Estimated RAMP Total (000s)	GRC RSE
006530.004	SCG-Risk-5 - C10	Workplace Violence Prevention Programs	5,696	5,696	5,696	591
006530.005	SCG-Risk-5 - C10	Workplace Violence	300	300	300	591

Workpaper	RAMP ID	Description	2022 Estimated RAMP Total (000s)	2023 Estimated RAMP Total (000s)	2024 Estimated RAMP Total (000s)	GRC RSE
		Prevention Programs				
006550.003	SCG-CFF-2 - New	Renewable Energy Solutions	4,204	4,204	4,204	0*
00734A.001	SCG-CFF-2 - New	Hydrogen Refueling Stations	621	20,739	8,415	0*
Total			10,821	30,939	18,615	

* An RSE was not calculated for this activity.