

Angeles Link Phase 1 Reasonableness Review Chapter 4 Workpapers: Environmental Analysis

I. Introduction

This workpaper provides details on the prudent and reasonable activities taken to develop the Environmental Analysis in compliance with Decision (D.) 22-12-055 (Phase 1 Decision),¹ including details on study costs management and cost control measures. The total loaded cost associated with the Environmental Analysis is \$1.1 million in operating and maintenance (O&M) expenditures for Phase 1 activities.²

II. Study Costs

A combination of internal and external resources were utilized to execute the Environmental Analysis. Direct costs for these activities reflect labor costs (e.g., internal personnel) and non-labor costs (e.g., third-party contractors and miscellaneous costs associated with supporting Angeles Link Phase 1 activities).³ Indirect costs reflect costs for overhead loaders.⁴ The total loaded cost for the Environmental Analysis is \$1.1 million. Table 1 below provides additional cost details.

Table 1: Environmental Analysis Total Costs (in millions)

Labor	Non-Labor	Overheads	Total Loaded Costs
\$0.2	\$0.7	\$0.2	\$1.1

¹ Phase 1 Decision OP 3(a), 3(e), 3(h), 5(a), 5(c)-(e), and 7 (Phase 1 Decision at 73-77). The activities were scoped and conducted in compliance with the Phase 1 Decision in its entirety, which includes broader requirements than those required for cost recovery, including OP 6(i) and OP 6(n) (*id.* at 76-77). Phase 1 Decision OP 6 requirements to advance to Phase 2 are being addressed in A.24-12-011.

² Expenditures for these activities were incurred from January 2023 through December 2024, with some discrete trailing charges in 2025.

³ See Chapter 1 (Direct Testimony of Shirley Arazi and Amy Kitson) for a description of miscellaneous costs.

⁴ See Chapter 6 (Direct Testimony of Jenny Chhuor and Michael W. Foster) for a description of overhead costs.

A. Labor Costs

Labor costs for the Environmental Analysis total \$0.2 million and consist of support from SoCalGas personnel within the Angeles Link organization (e.g., project managers, directors, and subject matter experts (SMEs) as well as personnel from other departments in areas such as general administration, regulatory and policy, and public affairs).⁵

The subject matter expertise within SoCalGas was utilized throughout the development of the Environmental Analysis, including collaboration with personnel from Environmental Services. Leveraging this institutional knowledge allowed for alignment with company standards, industry codes, and technical requirements, while reducing costs and reliance on third-party contractors.

Labor costs reflect the following activities:

- Assigned staff, including a dedicated project manager, with expertise in land use planning.
- Defined study objectives and developed scope of work.
- Provided oversight of third-party contractor activities including cost and schedule management.
- Conducted working sessions with third-party contractor.
- Coordinated with internal subject matter experts and third-party contractors to prepare technical content.
- Prepared for stakeholder meetings, including slide decks.
- Reviewed and considered stakeholder feedback.
- Supported development of written responses and incorporation of stakeholder feedback as appropriate.
- Managed contract scope adjustments driven by stakeholder feedback.
- Collaborated on technical evaluation and report development.

⁵ See Chapter 1 (Direct Testimony of Shirley Arazi and Amy Kitson) for additional labor costs details.

B. Nonlabor Costs

Non-labor costs for the Environmental Analysis total \$0.7 million and consist of third-party contractor costs and miscellaneous expenses. Examples of non-labor cost activities include the following:

- Participating in meetings to gather pertinent information based on scope objectives.
- Conducting technical evaluations, including coordination and data exchange with other Phase 1 Studies and review of the data for the study's environmental resource topic areas.
- Developing and refining the study to incorporate evolving study needs and stakeholder feedback.
- Collaborating with internal SoCalGas personnel to align efforts.
- Reviewing draft study and incorporating stakeholder feedback where appropriate.
- Managing the studies through cost tracking, schedule oversight, and overall progress monitoring.
- Reviewing milestone deliverables, quarterly reports, and stakeholder comments and responses, as appropriate.

The following sections provide details on the third-party contractor and contract amendments necessary to conduct the Environmental Analysis. In 2023, SoCalGas awarded Insignia a not-to-exceed (NTE) contract for \$502,405⁶ to develop the Environmental Analysis. Insignia's authorized contract included three tasks, summarized as follows:

- Task 1: Desktop Environmental Analysis – perform a desktop analysis in three separate studies addressing: 1) approximately 1,000 linear miles of potential pipeline routes generally located from points in San Joaquin Valley and the California/Arizona border into the Los Angeles Basin; 2) evaluate potential third-party production; and 3) third-party storage facilities based on

⁶ Where applicable, SoCalGas entered into agreements that were set at market-based rates stemming from prior competitive solicitations (e.g., MSA) to select vetted and qualified firms and leverage their particular expertise in preparing each study.

federal, state and local laws and policies⁷

- Task 2: Alternatives – perform a desktop analysis of alternatives to Angeles Link as identified in the Alternatives Study
- Task 3: Environmental Justice Analysis – evaluate and analyze environmental justice issues and potential impacts to disadvantaged communities

The contract was effective from June 2023 through March 2024. Based on the task breakdown, SoCalGas allocated \$404,423 (81%) of the contract value to the Environmental Analysis (Tasks 1, 2 and Additional Fees).

In December 2023, a contract amendment was executed to extend the term of the original agreement through November 2024, revise the scope of services to include additional stakeholder engagement support,⁸ and to augment the funding by \$421,600 to a total of \$924,005. Amendment 1 included three new tasks:

- Task 4: Meeting Preparation and Support – attend quarterly stakeholder meetings and workshops to support notetaking, post-meeting documentation and drafting technical approach and preliminary findings summary.
- Task 5: Stakeholder Comment Tracking – develop and maintain a stakeholder tracking feedback system; data entry of comments into database; prepare information for the quarterly reports; and project management.
- Task 6: Ad-hoc Requests – miscellaneous activities not otherwise assigned to another task.

In June 2024, a second contract amendment was executed to expand the scope of services for Task 1: Desktop Environmental Analysis, specifically:

- Task 1 was augmented to add funding because the overall mileage of the potential pipeline routes increased from approximately 1,000 to 1,300;⁹ to

⁷ Angeles Link would also include permanent appurtenance (e.g., valve stations, compressor stations). Third-party production and third-party storage are addressed in the Production Planning & Assessment and Pipeline Sizing & Design Criteria study. Analysis of potential environmental impacts associated with third-party production and third-party storage of hydrogen was descoped from the Environmental Analysis because the level of detail known at the time of the study rendered the analysis too speculative to be meaningful.

⁸ See Chapter 2 Workpapers for scope and cost details.

⁹ Insignia's initial contract was originally scoped for approximately 1,000 miles. Once the

support additional meeting participation; and to address stakeholder input on the draft study.

- Task 3 was augmented to add funding because the environmental social justice analysis required more effort to run GIS based figures and create exhibits at a segment-level not a Census level.
- Task 6 was augmented to add funding for ad hoc tasks.

The contract amount was increased from the previous \$924,005 NTE amount by \$588,393 to a total of \$1,512,398. The total cost incurred for Insignia for activities related to the Environmental Analysis was \$534,803¹⁰¹¹

SoCalGas utilized study and cost control measures to oversee the scope of the study and management of contractors, including:

- Following a structured invoicing and cost management process. Invoices were reviewed against activities and deliverables to confirm that costs accurately reflected work performed. This approach provided transparency in expense tracking and enabled contractor work to progress in accordance with the agreed timeline and costs.
- Holding routine meetings with the contractor to manage the scope and schedule of deliverables, addressing technical questions as they arose, and providing clear work direction.
- Modifying the scope to an appropriate level of detail for a feasibility study to better align with study topics, technical analyses, and contractor expertise.
- Assessment of the need for modifications to the study.

Routing Study developed the potential pipeline routes, the mileage increased to approximately 1,300 miles.