

## Angeles Link Phase 1 Reasonableness Review Chapter 4 Workpapers: Water Resources Evaluation

### I. Introduction

This workpaper provides details on the prudent and reasonable activities taken to develop the Water Resources Evaluation (Water Evaluation) in compliance with Decision (D.) 22-12-055 (Phase 1 Decision),<sup>1</sup> including details on study costs and management and cost control measures. The total loaded cost associated with the Water Evaluation is \$1.0 million in operating and maintenance (O&M) expenditures for Phase 1 activities.<sup>2</sup>

### II. Study Costs

A combination of internal and external resources were utilized to effectively execute the Water Evaluation. 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).<sup>3</sup> Indirect costs reflect costs for overhead loaders.<sup>4</sup> The total cost for the Water Evaluation is \$1.0 million. Table 1 below provides additional cost details.

**Table 1: Water Evaluation Total Costs (in millions)**

Labor	Non-Labor	Overheads	Total Loaded Costs
\$0.1	\$0.8	\$0.1	\$1.0

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<sup>1</sup> Phase 1 Decision Ordering Paragraphs (OP) 3(a), 3(e), 3(h), 5(a), 5(c), 5(d), 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(b) (*id.* at 76). Phase 1 Decision OP 6 requirements to advance to Phase 2 are being addressed in A.24-12-011.

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

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

<sup>4</sup> 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 Water Evaluation total \$0.1 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 such as general administration, regulatory and policy, and public affairs).<sup>5</sup> The subject matter expertise within SoCalGas was utilized throughout the development of the Water Resources Evaluation 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.
- 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 contractors.
- Identified interdependencies with other Phase 1 Studies.
- Coordinated with internal subject matter experts and third-party contractors to prepare technical content.
- Preparation for stakeholder meetings, including presentations, and reviewed 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.

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

## **B. Non-Labor Costs**

Non-labor costs for the Water Evaluation total \$0.8 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 and analysis.
- 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 Water Evaluation.

In January 2023, SoCalGas awarded Rincon a firm-fixed contract<sup>6</sup> for \$531,482 to develop the Water Evaluation. The initial project mobilization meeting was held in January 2023. In September 2023, the original contract was terminated with \$106,296 billed. SoCalGas issued a new release in September 2023, which superseded the original contract, in the amount of \$478,185.

In November 2023, Amendment 1 was executed to revise the scope of services and increase the previous contract amount. This change was driven by expanded needs based on internal SME input as the study developed, including incorporating

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<sup>6</sup> Where applicable, SoCalGas entered into agreements that were set at market-based rates stemming from previous competitive solicitations (e.g., master services agreement (MSA)) to select vetted and qualified firms and leverage their expertise in preparing each study. Rincon's MSA with SoCalGas was originally executed in April 2020 and subsequently amended in April 2024 to update billing rates and billing processes.



analysis of additional water resources and data sources related to potential water resources and water supply acquisition mechanisms to support analysis in the Water Evaluation. In addition, the amendment also supported enhanced involvement in PAG and CBOSG meetings, including a presentation of the preliminary findings, as well as additional internal meetings to review assumptions incorporated into remaining tasks of the evaluation. The contract amount was increased from \$478,185 by \$56,610 to a total of \$534,795.

In June 2024, Amendment 2 was executed to further revise the scope of services and adjust the contract amount. This amendment expanded the scope of services to incorporate the development of Class 5 cost estimates for additional water sources<sup>7</sup> and add a new chapter to include a high-level qualitative analysis of potential indirect emissions from water conveyance in direct response to stakeholder feedback. The NTE amount increased from \$534,795 by \$44,245 to a total of \$579,040. In November 2024, the NTE amount was increased from \$579,040 by \$10,000 to a total of \$589,040 for Rincon to finalize the study. The total incurred costs was \$587,955.

SoCalGas employed study and cost control measures to oversee the scope of the study and management of contractors, including 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.

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<sup>7</sup> These additional water sources were not included in the initial scope of the analysis evaluating the acquisition and purification costs, but were added to the scope of that cost estimate analysis after the Water Resources Evaluation developed and analyzed more water sources than had been included in the initial scope.