

Company: Southern California Gas Company (U 904 G)
Proceeding: 2028 General Rate Case
Application: A.26-06-XXX
Exhibit: SCG-06-WP-S

REDACTED

**SUPPLEMENTAL WORKPAPERS TO
PREPARED DIRECT TESTIMONY
OF DEVIN K. ZORNIZER
(GAS MAJOR PROJECTS)**

**ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

VOLUME 3 OF 6

JUNE 2026



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SCG Honor Rancho Compressor Modernization Project Workpapers

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**SCG Honor Rancho Compressor Modernization
Project Workpapers**

Supplemental Workpaper

Honor Rancho Compressor Modernization

1. Executive Summary

SoCalGas (SCG) is requesting approval to recover costs for the forecasted amount above the cost cap imposed in the 2024 General Rate Case (GRC) for the Honor Rancho Compressor Modernization (HRCM) project. In Decision D.24-12-074, the Commission authorized a cost cap of \$525.2 million in direct 2021 dollars, based on a project estimate developed at approximately 30 percent design maturity, and allowed SCG to seek recovery of the HRCM project cost upon completion and placement in service through a Tier 2 Advice Letter¹.

The current forecast exceeds the authorized cost cap by \$31,235,615² when compared to the 2021-dollar authorized cost cap escalated to nominal 2025 dollars. Construction commenced on February 9, 2026, and the project is scheduled to be placed into service in 2028.

At the time the initial cost estimate was developed, engineering and design were approximately 30 percent complete. Consistent with industry standards, including those established by AACE International, estimates prepared at this level of design maturity are preliminary in nature and carry a broader range of uncertainty due to incomplete scope definition, reliance on assumption, and limited vendor pricing. Under AACE's estimate classification system, a 30% design estimate aligns with a Class 3 estimate, typically based on parametric methods, preliminary quantities, allowances, and conceptual execution strategies rather than finalized drawings and construction methodologies. As such, these are expected to evolve as engineering advances and project risk are reduced.

Since the 2024 GRC was filed in May 2022, the HRCM project design has advanced to approximately 90 percent completion.³ The project has also entered active construction following the issuance of the Permit to Construct (PTC) by the South Coast Air Quality

¹ D.24-12-074 at p. 288-289

² This estimated over the cost cap amount is a 4 percent increase from the originally authorized cost cap amount when escalated to nominal 2025 dollars

³ 90% Completion refers to a stage of project design maturity at which engineering and technical development is substantially complete and sufficiently detailed to reliably define project scope, quantities, constructability, and cost. Remaining design activities at this stage are largely limited to minor refinements and should not materially affect the overall project scope, layout or cost basis.

Management District (SCAQMD) and acceptance by CPUC Energy Division on SoCalGas' GO 177 Advice Filing.⁴

As the design matured beyond the initial 30 percent level, more granular project definition allowed the cost estimate to mature. This refinement included conversion of early allowances into detailed quantity take-offs, incorporation of constructability input, adjustments to construction sequencing and execution strategy, and validation of major equipment and subcontractor pricing. These updates resolved early estimating assumptions and reflect an expected maturation of a large, complex capital project estimate rather than an expansion of project scope.

The updated HRCM forecast reflects this anticipated progression. The revised estimate incorporates design detail not available at the time of the initial estimate, including refined quantities, updated construction planning, and current market pricing. In addition, changes in California building and fire codes, together with incremental design refinements to enhance constructability, safety, and long-term operability of Honor Rancho, have contributed to the updated forecast. These factors, combined with schedule impacts and associated project support requirements, account for the variance from the originally authorized cost cap.

Industry practice recognizes that cost changes between early design estimates and later-stage estimates are driven by the reduction of uncertainty as engineering advances. AACE guidance further emphasizes that contingency included in early-stage estimates is intended to address undefined scope, execution risks, and market variability, and that such contingency is progressively refined or reduced as risks are better defined and mitigated. Accordingly, later-stage forecasts provide a higher degree of accuracy and confidence than earlier estimates. The resulting forecast increase associated with advancing from approximately 30 percent design to near-final engineering is reasonable, expected, and consistent with recognized industry estimating practices and the Company's established project controls and risk management processes.

2. Commission Authorization and Cost Cap Framework

In Decision D.24-12-074, the Commission authorized a cost cap of \$525.2 million for the HRCM project, which would be subject to a Tier 2 Advice Letter once the project is

⁴ In accordance with General Order (GO) 177 Section V.C.1.a and Decision (D.) 22-12-21, SoCalGas filed Advice Number 6567-G on December 8, 2025, Notice of Commencement for the Honor Rancho Compressor Modernization Project.

completed and placed in service⁵. The authorized cost cap includes the project costs that were already incurred during plant construction⁶. To avoid duplication, the Decision prohibited the recovery of any related financing, direct, indirect, or overhead costs adopted elsewhere in the Decision until the project is placed into service.

The authorized cost cap was established based on the information available at the time of the 2024 GRC proceeding, which included a project estimate developed prior to 30 percent design maturity, and a project schedule that assumed the timely receipt of required construction permits. The cost cap reflects forecasted costs developed using assumptions and project conditions known, or reasonably foreseeable, at the time of the GRC filing, as discussed in subsequent sections of this workpaper.

3. Permitting, Planning & Regulatory Timeline

Following the 2024 GRC filing and Commission decision, several post-GRC design and construction requirements emerged that materially affected the project’s scope, schedule, and cost that were not reflected in the original authorized forecast. These developments were not fully known, nor reasonably foreseeable at the time of the GRC estimate and were mandatory for continued design and construction of the project. At the time of the 2024 GRC filing, the HRCM project schedule assumed issuance of the SCAQMD PTC by June 2024. That assumption was reasonable based on information and anticipated compliance timelines available at the time.

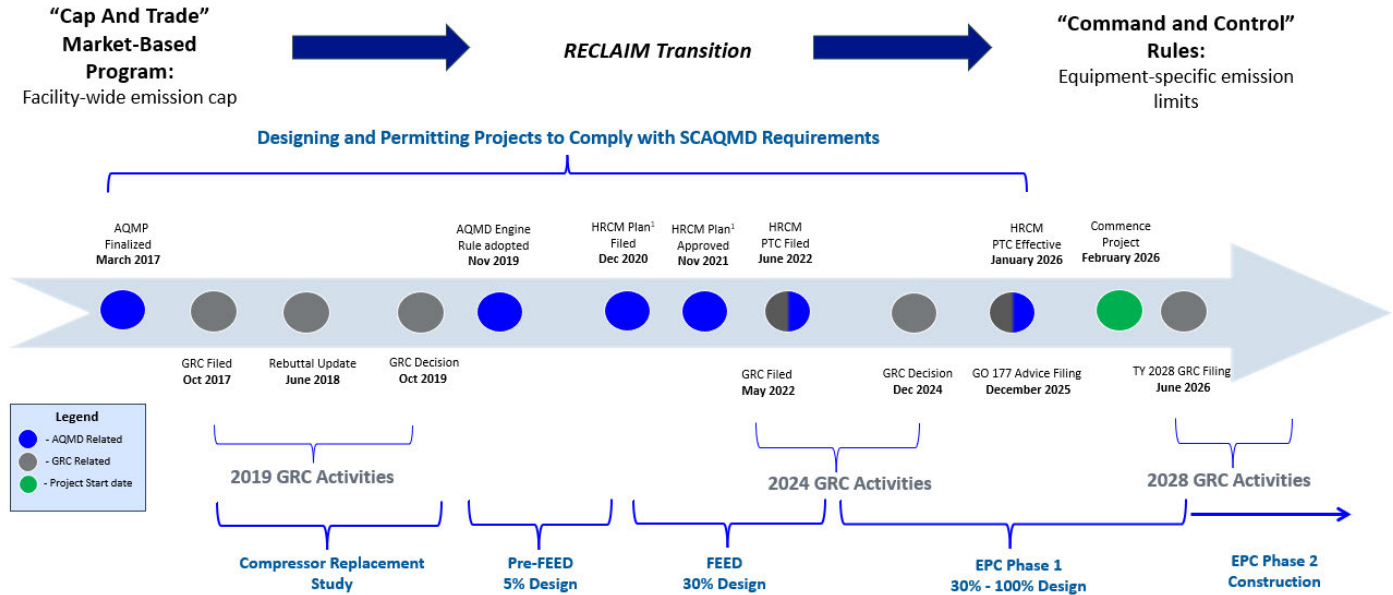
The PTC was issued and effective on January 2, 2026, which was approximately 18 months later than assumed in the 2024 GRC forecast. The PTC issuance is required for construction to commence. While the extended permitting period did not alter the fundamental purpose of the HRCM Project, the delayed issuance of the PTC altered project planning including execution strategy and staffing duration. Please see Figure-1 for a depiction of the timeline of these external compliance requirements.

Figure-1
Honor Rancho Compressor Station Modernization Permitting, Planning and Regulatory Timeline

⁵ D.24-12-074 at 196-199

⁶ Construction Work in Progress - CWIP

Permitting, Planning and Regulatory Timeline



1. Plan refers to the Facility Wide Engine Modernization Compliance Plan required for compliance with SCAQMD Rule 1100 whereby 20% of the total horsepower, represented by all Rule 1110.2 engines replaced, use a zero-emission technology such as an electric motor.

Summarized in the figure above, SCAQMD published their Air Quality Management Plan (AQMP) in March 2017. SoCalGas was made aware of the impact that the implementation of the AQMP could have on the Honor Rancho facility and began evaluating compliance requirements, as addressed in SoCalGas’ 2019 GRC and later finalized in SoCalGas’ Compressor Replacement Study.

Shortly after the 2019 GRC Decision was issued, SCAQMD adopted Rule 1110.2, Emissions from Gaseous and Liquid-Fueled Engines, and Rule 1100, Implementation Schedule for NOx Facilities which established new emissions limits. Informed by SoCalGas’ completion of pre-FEED, SoCalGas provided a timely submittal of the Facility Wide Engine Modernization Compliance Plan (Plan) to SCAQMD in December 2020. The Plan provided a compressor configuration inclusive of natural gas fueled engines and electric motor driven compressors, which would provide at least 20% of the total horsepower, to comply with SCAQMD rules. The Plan was approved by SCAQMD in November 2021.

With SoCalGas’ FEED well underway, in May 2022, SoCalGas served testimony to present the HRCM project in SoCalGas’ 2024 GRC. In parallel with the 2024 GRC filing, SoCalGas completed the Permit to Construct application for submittal to SCAQMD. FEED was completed in June 2022, shortly after the GRC was filed and the PTC application submitted to SCAQMD.

The finalization of FEED provided the basis of the competitive solicitation and selection of the HRCM EPC contractor which was executed in November 2023. Detail engineering by the EPC contractor continued through 60% design, achieved in Q3 2025, and provided sufficient detail for SoCalGas' EPC contractor to pursue a rough grading permit from the City of Santa Clarita.

In December 2024, the CPUC issued their Decision in SoCalGas' TY 2024 GRC. Detailed engineering continued to advance concurrently with SCAQMD's disposition on the PTC, which was issued with an effective date of January 2, 2026. Shortly before the PTC was issued, SoCalGas filed the AL for GO-177 with construction mobilization to occur after February 6, 2026. The City of Santa Clarita issued SoCalGas' grading permit on February 6, 2026.

With regulatory authorization and permits issued, SoCalGas and the EPC contractor mobilized to begin construction on February 9, 2026. Construction activities are currently underway with existing line relocation, and rough grading. Concurrently with SoCalGas' TY 2028 GRC filing, detail engineering continues with an estimated completion in early Q4 2026, at which time the EPC contract will convert to Phase 2 construction with an estimated in-service date in Q4 2028.

3.1 Building Code & Fire Code Changes

Following the filing of the 2024 GRC, the applicable California Building Code transitioned from the 2019 edition to the 2022 edition. Concurrently, updated provisions of the International Fire Code (IFC) and California Fire Code became effective. These code updates apply to all new construction in California and do not provide grandfathering for projects that had not yet commenced construction at the time the updated codes became effective. As a result, the project was required to incorporate updated codes to maintain compliance with applicable structural, seismic, fire protection, and life-safety requirements. Compliance with the updated requirements necessitated revisions to established design criteria that were not reflected in the original 2024 GRC cost estimate.

These post-GRC code requirements included but were not limited to:

- Adoption of updated seismic design criteria under the 2022 California Building Code
- Increased fire separation and protection for electrical and energy storage systems
- Additional fire protection and life-safety features to meet current code provisions.

Design changes to the project, as provided in more detail below, yielded increased quantities of structural steel, reinforced concrete, foundation pilings, and relocation of piping from an overhead bridge to below grade. Additionally, fire life systems in the

compressor building, PDCs, and other equipment enclosures, were designed to comply with the updated code provisions.

4. Design Development

While the updated forecast reflects design development and execution planning as the project advanced beyond a 30 percent FEED estimate, these refinements were undertaken to incorporate post-GRC design and permitting requirements and industry-standard safety and operability expectations applicable to large compressor modernization projects. Consistent with industry standards for estimates developed at this stage, the resulting cost changes fall within the expected accuracy range associated with design development at this level of maturity.

The original cost estimate was prepared using the best information available at the time, based on approximately 30 percent Front-End Engineering Design (FEED) in the fourth quarter of 2021⁷, so while the principal components of the HRCM Project authorized in the 2024 GRC decision have remained unchanged, maturity of engineering design over the last 4.5 years has provided clarity to the means and methods of delivering the authorized project. Design refinements have improved constructability, enhanced personnel and operational safety, and augmented operator ergonomics to support more efficient long-term operations and maintenance. Naturally, this results in adjustments to the level of effort required for engineering, equipment procurement, construction management, commissioning, startup, and operator training to accommodate a safe and efficient handover. The most significant design changes are summarized below:

4.1 Unitized Interstage Gas Cooling

Natural gas storage compressors utilize two-stage compressors. This is required to overcome the large differential pressure, typically [REDACTED] on the suction piping to approximately [REDACTED] on the discharge piping into the storage reservoir. When gases are compressed, they follow an adiabatic process where volume is reduced, pressure is increased, and the work done on the gas raises the temperature. The first stage of gas compression receives the lower line pressure and compresses to approximately [REDACTED]

⁷ Industry estimating standards published by the Association for the Advancement of Cost Engineering (AACE) characterize estimates prepared at approximately 30 percent design maturity as Class 3 estimates. Class 3 estimates are commonly used for budget authorization and project control purposes and reflect the level of uncertainty inherent in preliminary engineering. Typical accuracy ranges for Class 3 estimates span approximately -20 percent to +30 percent, depending on project complexity and level of definition. As additional engineering detail is developed and execution conditions are confirmed, cost estimates are expected to evolve within this range.

where it then passes through an interstage cooler. Upon cooling, the gas reenters the plant into the second stage of compression to boost to [REDACTED]

Through development of design, the interstage cooling system was revised to provide each compressor train with its own dedicated interstage gas piping and gas-cooling system. Under this configuration, each compressor train operates independently, allowing maintenance or operational adjustments on a single unit without impacting reliability of the facility by allowing adjacent compressors to continue operating. This refinement improves overall system operability, increases redundancy, and enhances maintenance flexibility.

4.2 Relocation of Auxiliary Instrumentation from Compressor Skids

Rack-mounted temperature and pressure transmitters were relocated from the compressor skids to nearby compressor building walls. This change improves physical access to the compressor units, facilitating safer maintainability, and operator ergonomics while also reducing congestion on the skids themselves.

4.3 Discharge Cooler Header Redesign

The discharge cooler piping configuration was revised from individual inlet and outlet piping with dedicated valves for each cooler to a common inlet header design with a single valve per cooler. This simplification reduces the total number of valves and associated piping components, thereby lowering maintenance requirements and minimizing potential failure points within the cooling system.

4.4 Power Distribution Center (PDC) Design Improvements⁸

Several design enhancements were incorporated into the PDC buildings to improve safety, operability, and backup power for operational reliability. These refinements include:

- Incorporation of Uninterruptible Power Supply (UPS) as battery backup for critical auxiliary and administrative electric loads in the event of an unplanned power disruption. Installation of nickel-cadmium (Ni-Cd) batteries to provide longer service life and improved performance in high-temperature environments
- Accommodation of incremental electrical loads to support existing demands
- Addition of external HVAC disconnect switches to improve safety during maintenance
- Increase in the control power transformer rating from 45 kVA to 75 kVA
- Fire protection system to support integration of UPS apparatus

⁸ See Appendix-A for a visual representation of PDCs 8000, 8006, and 8007 and their location within the site.

- Integration of the Waukesha Engine System Manager (ESM) 2 control unit which provides operators with a fully integrated control system that improves reliability and uptime, emissions compliance, and ease of operation through advanced diagnostics and automated fuel management
- Addition of connecting platforms and exterior lighting on all PDC buildings to improve access and safety

4.5 Electrical, Instrumentation, and Control

Advancement of the HRCM project design has resulted in various refinements and increases to electrical, instrumentation, and control scope relative to the original estimate. These changes are primarily driven by design maturation, updated system requirements, and incorporation of finalized engineering calculations.

Electrical material quantities have increased substantially as design progressed from front-end engineering to detailed design. Total electrical material increased from approximately 418,458 LF to 808,260 LF (approximately a 93 percent increase), reflecting more fully developed routing, distribution, and equipment interconnection requirements.

Finalized electrical load calculations exceeded assumptions used in the original estimate, resulting in increased equipment sizing, distribution capacity, and supporting infrastructure.

A key driver of this increase is the expansion and refinement of Power Distribution Center (PDC) designs, as described in Section 4.4, which required additional cabling, terminations, and associated infrastructure.

Changes to the project's backup power strategy, including removal of the Solid Oxide Fuel Cell (SOFC) and Battery Energy Storage System (BESS), required development of a revised Automatic Load Shedding system, which increased both engineering complexity and electrical scope.

Furthermore, the complexity and integration requirements of the I&C systems have increased to support enhanced operational reliability. This includes implementation of additional programmable logic controllers (PLCs), expanded control logic, and more advanced system integration across multiple process areas. These changes increased engineering and configuration effort despite the reduction in discrete I&C equipment counts.

Collectively, these updates reflect the transition from preliminary design assumptions to a fully defined electrical and control system architecture necessary to support safe, reliable, and compliant operation of the facility.

4.6 Exhaust Stack Access Improvements

Access to compressor engine exhaust stacks was reconfigured from individual ladders to dedicated stairways with interconnected platforms. In compliance with Cal OSHA, this design enhancement supports safer access for required emissions testing, monitoring, and routine maintenance activities, and reduces fall risk consistent with prudent utility practice for work performed at elevation.

4.7 Civil, Structural, and Architectural

Advancement of the HRCM project design, including progression from conceptual design to detailed engineering, has resulted in increases to key civil, structural, and foundation quantities relative to the original FEED. These changes are primarily attributable to design maturation, compliance with updated building code requirements, and incorporation of final geotechnical findings.

Compliance with the 2022 California Building Code (CBC), which superseded the 2019 CBC assumed in the original estimate, introduced more stringent seismic and structural design requirements. These updates required revisions to structural sizing, load combinations, and foundation design criteria, contributing to increased material quantities.

Additionally, incorporation of the final geotechnical report and associated engineering calculations resulted in expanded deep foundation and structural support requirements. These findings refined assumptions related to soil conditions, load-bearing capacity, and settlement, necessitating additional piling and foundation reinforcement.

As a result of these combined factors:

- Concrete quantities increased from 8,368 cubic yards to 9,272 cubic yards, approximately an 11 percent increase.
- Structural steel quantities increased from 1,607 tons to 2,780 tons, approximately a 73 percent increase.
- Pile quantities increased from 84 to 291, approximately a 246 percent increase.

These increases reflect a transition from preliminary assumptions to finalized design requirements and are consistent with the incorporation of updated code standards and site-specific engineering data.

In addition to the design refinements described above, numerous minor design changes were incorporated as the project design matured. While individually limited in scope, these changes collectively contributed to improving overall design efficiency, enhancing plant operability, operator ergonomics, and strengthening personnel and equipment safety.

5. Updated Cost Summary

Description	Amount (\$)	Index Year	Formula
GRC Submitted Cost (2024 GRC)	537,926,807	2021 Dollars	A
Construction Work in Progress (CWIP)	10,650,686	2021 Dollars	B
GRC Submitted Cost (2028 & 2029)	2,122,994	2021 Dollars	C
GRC Cost Cap (Final Decision)	525,153,127	2021 Dollars	D = A - B - C
Escalated Cost Cap (Nominal)	743,122,544	Nominal Dollars	F = D x Esc*
Project Forecast	774,358,159	Nominal Dollars	G
Estimated Cost Variance	31,235,615	Nominal Dollars	H = G - F

*Esc = Escalation, based on an annual index as provided by the Global Insight Index, Q4 2025

5.1 Cost Descriptions

- **General Rate Case (GRC) Submitted Cost:** Total cost submitted for 2024 GRC
- **Construction Work in Progress (CWIP):** Construction Work in Progress (CWIP) from 2017-2021 refers to the costs of assets that are not yet completed but are currently under construction. These assets will eventually become part of rate base once the project is finished and placed into service.
- **GRC Submitted Cost (2028 & 2029 Estimation):** The cumulative cost of work estimated for 2028 and 2029, outside of the 2024 GRC.
- **GRC Cost Cap (Final Decision):** Approved cost cap via the 2024 GRC. This amount is in 2021 direct dollars.
- **Escalated Cost Cap (Nominal):** Approved cost cap escalated in accordance with Global Insight as of Q4 2025 (excludes CWIP).
- **Project Forecast:** Latest forecasted project cost estimate as of August 26, 2025 (60% Estimate). The 90% estimate, for which the EPC Fixed Price Estimate for Phase 2 construction, will be finalized by the EPC contractor in August 2026.
- **Estimated Cost Variance:** Cost difference between the Project Forecast and the Nominal Cost Cap.

6. Estimated Cost Variance

The estimated cost variance of \$31,235,615 can be explained by the following items that have changed from the 2024 GRC submittal to the current project forecast.

Cost Categories	2024 GRC Cost Cap (2021 \$)	Escalated Cost Cap (Nominal \$)	Current Project Forecast (Nominal \$)	Variance (Nominal \$)
Total Cost	\$525,153,127	\$743,122,543	\$774,358,158	\$31,235,615
Design & Engineering	\$45,741,893	\$63,733,379	\$66,865,376	\$3,131,997
Material & Equipment	\$130,688,069	\$184,659,277	\$154,181,244	-\$30,489,703
Construction	\$218,636,496	\$312,274,511	\$443,521,083	\$131,296,332
3rd Party Utility Substation	\$28,203,200	\$39,667,571	\$7,289,330	-\$32,378,241
Site Work & Civil	\$59,375,716	\$84,305,893	\$23,210,048	-\$61,123,838
Environmental	\$828,392	\$1,427,897	\$2,207,451	\$779,554
Company Labor & Project Services	\$40,873,645	\$55,914,490	\$74,545,679	\$18,620,931
Other	\$805,716	\$1,139,525	\$2,537,948	\$1,398,583

6.1 Estimated Cost Variance Reasons

The following items have changed by the above amount because of project and scope development since the original 2024 GRC submittal. The upward pressure on project cost reflects the commercial and labor terms necessary to execute a large, safety-critical compressor modernization project under finalized permitting conditions, including schedule requirements, labor standards, and risk allocation mechanisms consistent with industry practice. The following explanations provide further detail in each category.

6.1.1 Design & Engineering

Costs in this category increased due to additional contractual negotiations with the EPC contractor, including cost for the EPC Contractor's Parent Guarantee to fully back the project financially.

6.1.2 Material & Equipment

Costs in this category reflect a net decrease relative to the original estimate due to approved scope changes. The project has noted a significant market cost increase related to the Power Distribution Centers (PDC) being procured for the project. However, this increase was offset by the removal of Solid Oxide Fuel Cell (SOFC) and Battery Energy Storage System (BESS) elements from the project scope. The removal of these systems

eliminated the need to procure related generation, switching, control, and integration of equipment that had been included in the original estimate.

Power reliability and backup requirements previously satisfied through SOFC and BESS are now supported through alternative means, including a reliable onstream factor for the new SCE owned-and-operated 66kV Retention Substation⁹, auto-switching backup power capability provided via SCE's existing 16 kV service¹⁰, as well as the use of existing on-site generators, uninterruptible power supply (UPS) systems installed in each PDC, and temporary generator plug-in capability at PDC-8006. These changes reduced the quantity and scope of material and equipment required for backup power relative to the original estimate.

6.1.3 Construction

SoCalGas is executing the HRCM project using a two-phase Engineering, Procurement, and Construction (EPC) delivery model. This type of delivery model provides cost transparency during the engineering phase with cost and schedule risk transferring to the EPC contractor during construction.

Phase 1 is primarily associated with engineering and procurement and executed on a reimbursable open-book basis. This provides transparency in pricing through validation of quantities, assumptions, and execution strategy before price finalization.

Phase 2 will transition to lump sum turn-key construction execution where the EPC contractor will be responsible for construction cost and schedule performance to meet compliance with SCAQMD¹¹. Under this approach, the EPC contractor assumes cost and schedule risk, resulting in inclusion of risk-based pricing components such as

⁹ SCE produced an onstream analysis for the new 66kV Retention Substation and determined, due to the interconnecting of two existing 66kV circuits, the onstream factor was approximately 99.99%.

¹⁰ SCE conducted a flicker analysis in their Method of Service Study to evaluate the capability of the existing 16kV electrical service to support the new electric motor driven compressors and determined the existing 16kV service could not reliably support the increased electric load. It is, however, capable of supporting critical station administrative and auxiliary loads (not the electric motor driven compressor load) in the event of a planned or unplanned outage of the new 66kV Retention Substation.

¹¹ South Coast AQMD Rule 1100(d)(7) requires facilities implementing a Facility-Wide Engine Modernization Compliance Plan to replace or remove non-compliant engines within 36 months of issuance of a Permit to Construct. The rule allows the owner or operator to request a one-time extension of up to an additional 36 months, provided the request is submitted no later than 32 months after permit issuance and demonstrates good-faith progress, including timely submittal of permit applications, equipment procurement, and initiation of other required agency approvals. If approved by the Executive Officer, the total implementation period may not exceed 72 months from permit issuance.

contingency, warranties, liquidated damages, insurance, and security instruments (e.g., letter of credit).

In November 2023, upon conclusion of a competitive solicitation with multiple EPC firms, SoCalGas executed the EPC contract with a firm that utilizes union labor workforce. The anticipated workforce from the EPC contractor is larger than previously estimated. With the benefit of a resource-loaded project schedule and known compliance dates with SCAQMD, the anticipated labor density of the EPC workforce is appropriate to achieve forecasted delivery dates. Union labor rates, inclusive of long-term per diem and general conditions, increased the construction all-in rate relied upon in earlier project cost estimates.

In addition, the EPC fee was higher than previously estimated. The EPC fee assumption increased from approximately 5% in the original estimate to approximately 15% in the current forecast, reflecting market-appropriate pricing for a project of this complexity and risk profile.

Due to the complex nature of planned construction within an existing operating facility, lost productivity increased project costs due to added bussing time from an offsite location for craft labor due to limited on-site parking. Additional indirect construction costs not fully captured in the original estimate have also contributed to the increase, including the need for off-site laydown areas, temporary construction, added vendor representation, and weather protection requirements. These factors collectively reflect productivity constraints and site logistics impacts that were not fully incorporated in the original estimate.

The overall construction schedule duration has increased relative to the original estimate, reflecting a more realistic execution approach. In addition, the quantity increases described in Section 4.7 (Civil, Structural, and Architectural), including expanded concrete, structural steel, and foundation scope, have contributed to extended construction duration. Electrical and instrumentation (E&I) scopes are more complex than initially anticipated, including expanded instrumentation and controls scope and execution across multiple workfaces, resulting in increased labor density, extended duration, and higher staffing levels.

A portion of the cost increases, however, are offset by the EPC contractor's known strong productivity for self-performing work such as installation of piping, concrete, and structural steel.

While construction costs have increased relative to the original cost cap, the lump sum execution model shifts key cost and schedule risks to the EPC contractor, providing

greater cost certainty and reducing the potential for future upward cost variability during construction.

6.1.4 3rd Party Utility Substation

In September 2021, SoCalGas engaged Southern California Edison (SCE) on a Method of Service Study to determine the means for providing power to serve SoCalGas' new electric motor-driven compressors (EDCs). The result of the SCE's study, executed in the form of an Added Facilities Agreement in March 2023 between SoCalGas and SCE, found that the installation of a new substation would benefit both utilities, and cost for electric grid infrastructure improvement and the new substation would be shared between SoCalGas and SCE. Therefore, costs in this category decreased as scope was refined to include only the incremental facilities for which SoCalGas would be responsible.

6.1.5 Site Work & Civil

This category is comprised of scope associated with existing well abandonment and grading for the new compressor Plant¹². Costs in this category decreased due to scope reductions identified as the project design matured. Specifically, grading costs were reduced relative to the original estimate. This is primarily due to extensive sub-surface investigation performed during Phase 1 engineering, competitive solicitation from the EPC contractor, and prudent construction sequencing initiated by SoCalGas that resulted in a shorter schedule duration for this activity.

6.1.6 Environmental

These costs increased due to the extension of the overall project schedule resulting from the extended duration for PTC issuance and additional support for South Coast AQMD's environmental review. SoCalGas has retained subject-matter expertise to conduct environmental monitoring in the field during construction including (but not limited to):

- Soil monitoring
- Asbestos and lead testing and abatement
- Biological monitoring
- Stormwater Pollution Prevention Plan and Best Management Practices monitoring and enforcement
- Paleo and archeological monitoring

¹² Costs associated with increased concrete, structural steel, and pilings are included in the Construction category discussed in Section 6.1.3 above.

6.1.7 Company Labor & Project Services

Costs increased due to extended staffing requirements associated with the longer overall project duration, incremental project management, project control, and construction management personnel acting in an Owner oversight capacity. Owner support resources are forecasted to remain active for the duration of the extended schedule to support project execution, cost containment, coordination, compliance, and closeout activities.

During construction, the HRCM project will have multiple work areas and differing craft labor performing concurrently. SoCalGas, acting in an owner-oversight capacity, has elected to increase Project & Construction Management staff, including engineering and safety, to mirror the EPC staffing and execution strategy.

6.1.8 Other

Increases in this category are primarily attributable to higher forecasted project expenses resulting from an extended overall project duration. The current schedule reflects an approximate 18-month extension to the construction completion date relative to the original estimate.

This extended duration increases time-dependent non-labor costs, including project support services, site-related expenses, and other ongoing non-labor expenditures necessary to sustain the project through completion. Project timing changes are further described in the following section, “Project Timing Changes.”

7. Project Timing Changes

The planned Construction Finish date at the time of the 2024 GRC was March 2027. The current forecasted Construction Finish date is October 2028.

- After execution of the EPC contract in November 2023, the overall duration of engineering increased, due in part to the following:
 - The duration for EPC FEED validation increased due to changes in design that were proffered by SoCalGas after the initial FEED was completed.
 - SoCalGas worked with the EPC contractor to implement a Safety-In-Design philosophy integrating hazard identification and risk mitigation into every stage of the design process to protect SoCalGas employees, contractors, existing and future infrastructure, and the public.
 - Two separate Hazard and Operability Studies (HAZOP) systematically examined the design for complex compressor systems to identify potential hazards to personnel, equipment, and the environment. The two HAZOP reviews helped uncover safety risks and process inefficiencies, that once

resolved, resulted in a design that enhances safety, operational reliability, and compliance.

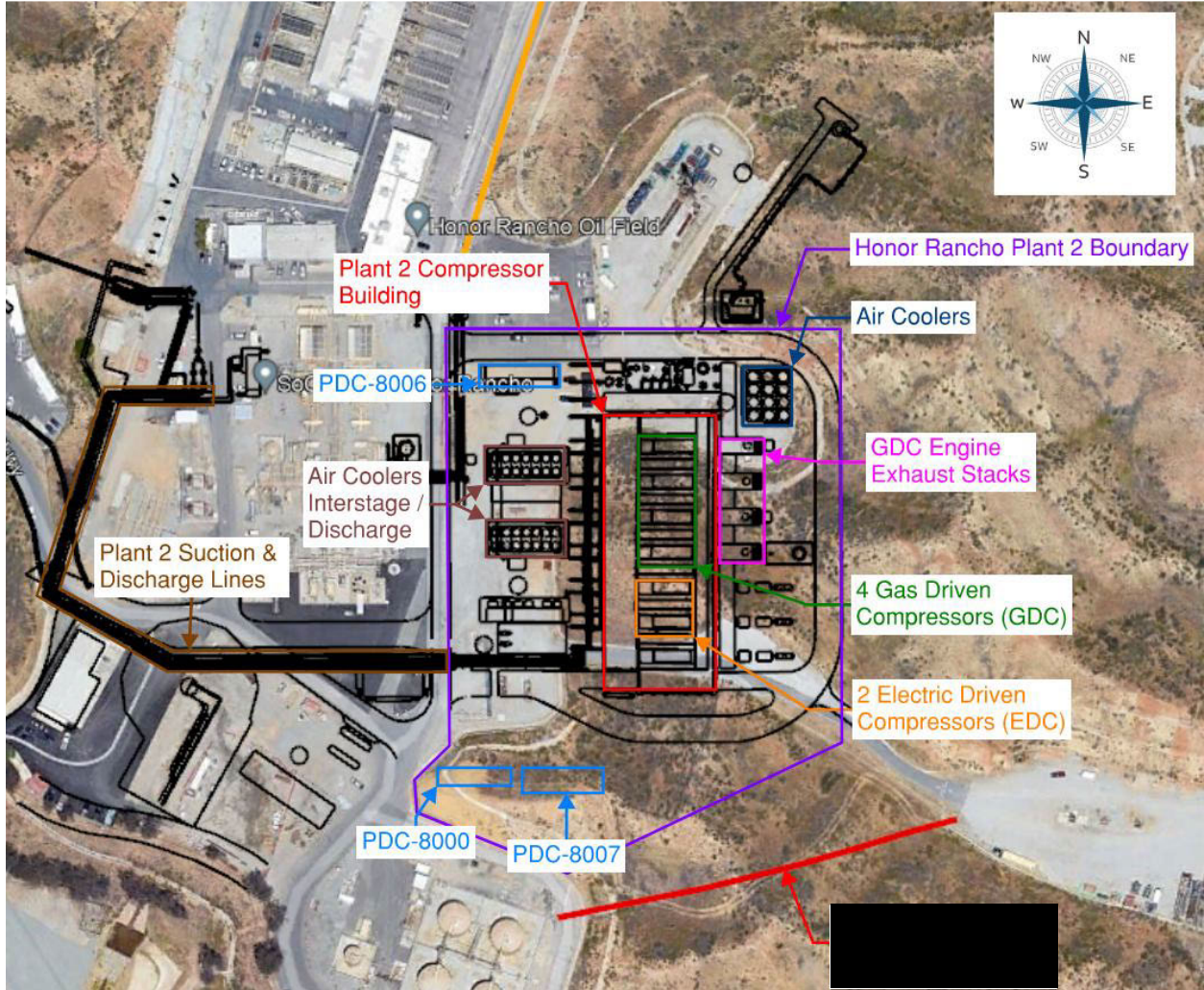
- Two separate operator ergonomic evaluations were conducted at 60% and nearing 90% engineering milestones. The systematic evaluation of the new Plant design, layout, equipment, and work processes were evaluated to enhance safety, comfort, and efficiencies for facility operators.
- SCAQMD’s review of the project, culminating in the issuance of the PTC and CEQA Notice of Determination, was longer than estimated. The anticipated PTC issuance date at the time of the 2024 GRC was June 2024, with construction starting in July 2024. The actual issuance of the PTC from SCAQMD was effective January 2, 2026. SoCalGas commenced the project in February 2026. The planned construction finish date was extended approximately 18 months due to receiving the PTC from SCAQMD later than was estimated in the 2024 GRC.

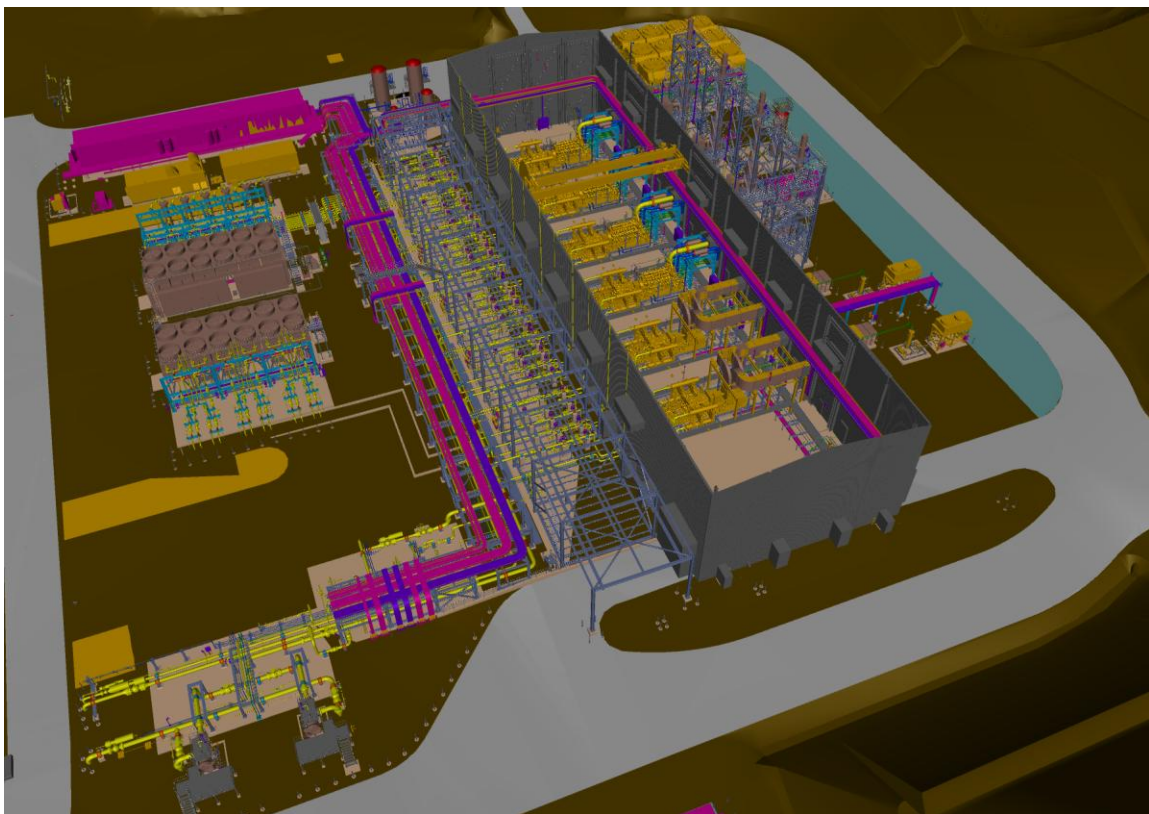
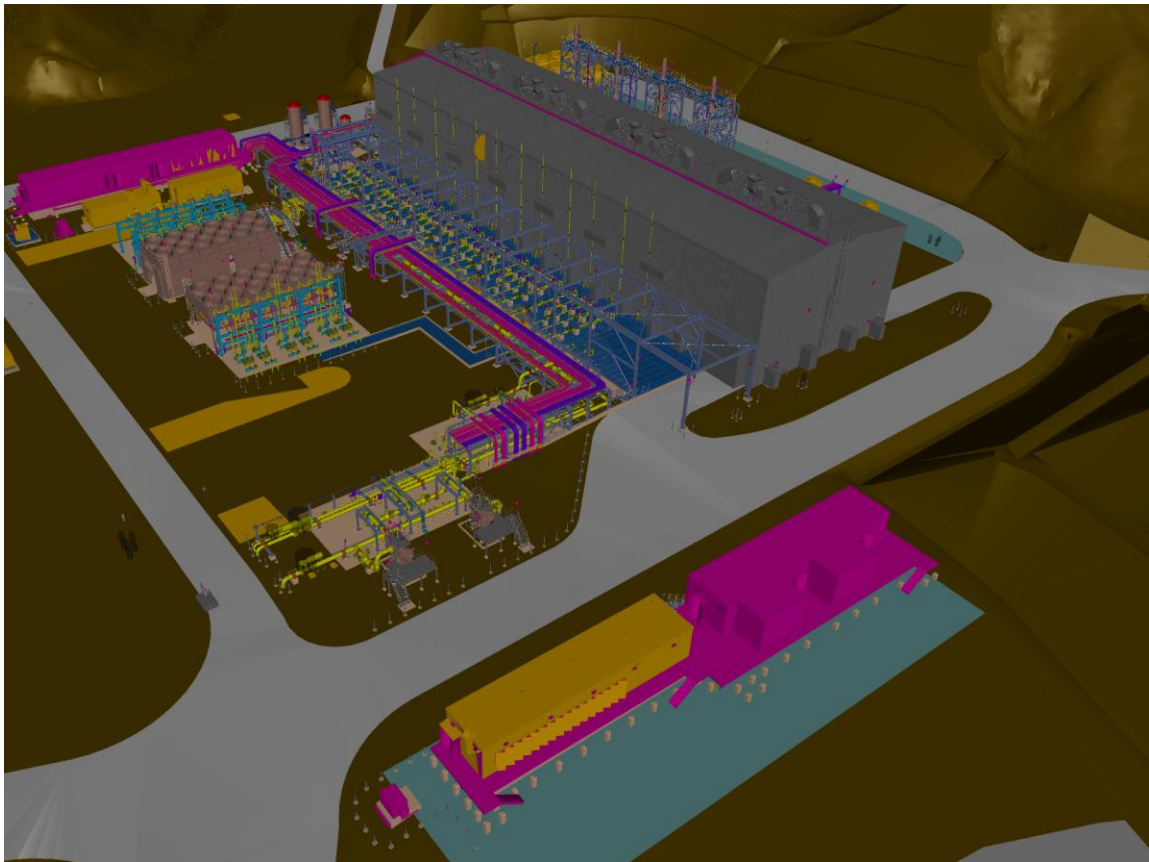
Conclusion

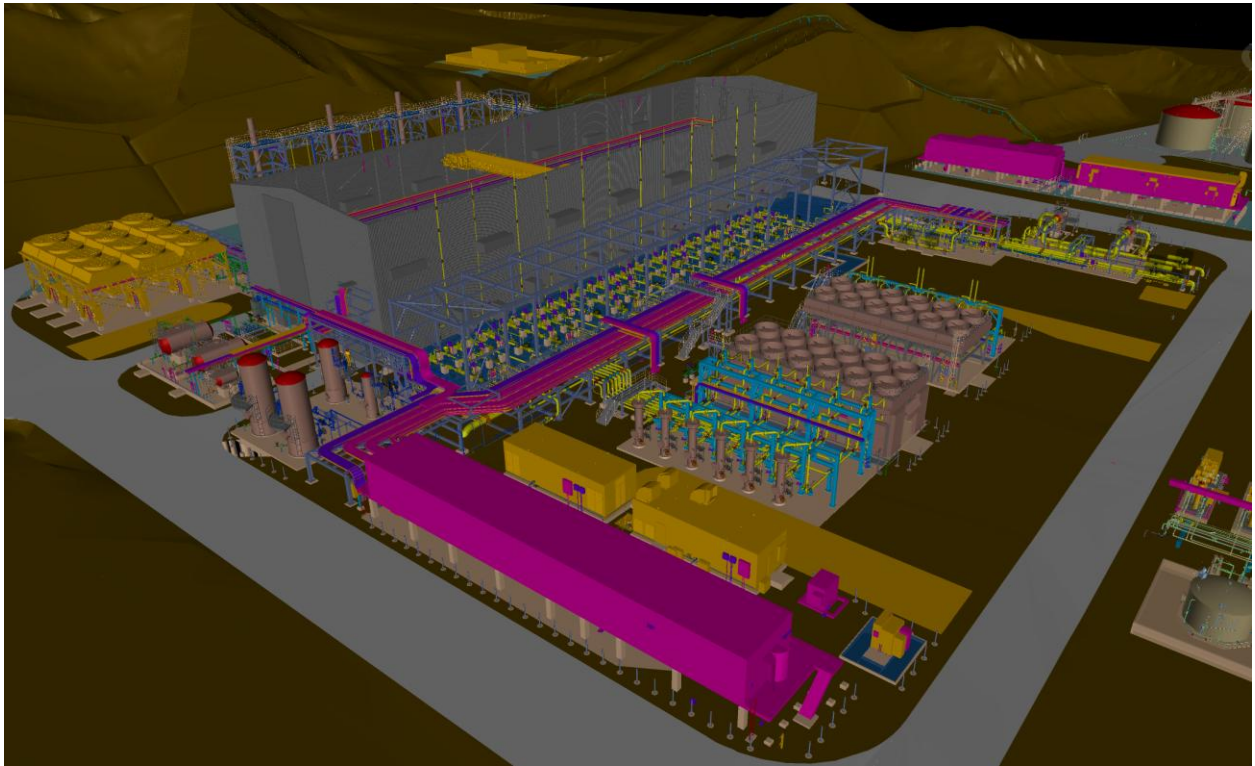
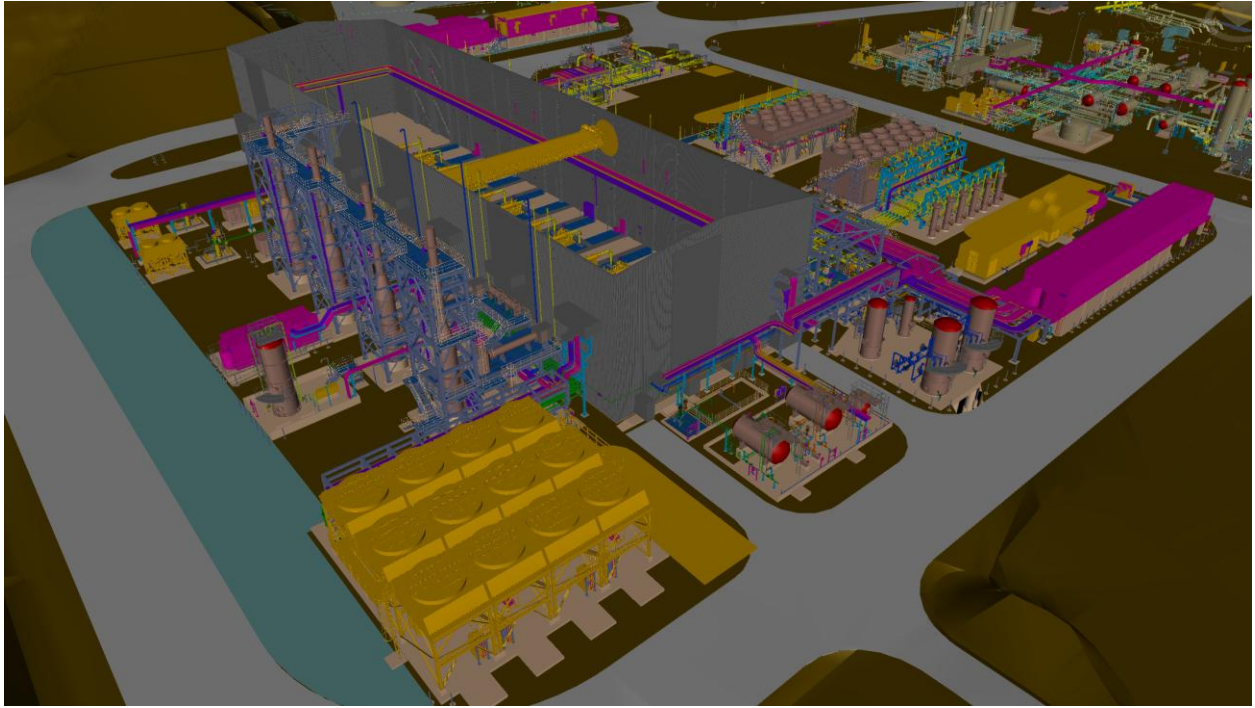
SoCalGas will continue to seek out value engineering and cost efficiencies during construction to contain the total cost of the project and provide the best value to our ratepayers. To achieve this, SoCalGas will continue to engage in robust commercial negotiations with the EPC contractor on the final lump sum fixed price. SoCalGas will utilize contract terms and employ strategic construction oversight to hold the EPC contractor to a compliant construction completion date at a reasonable project cost.

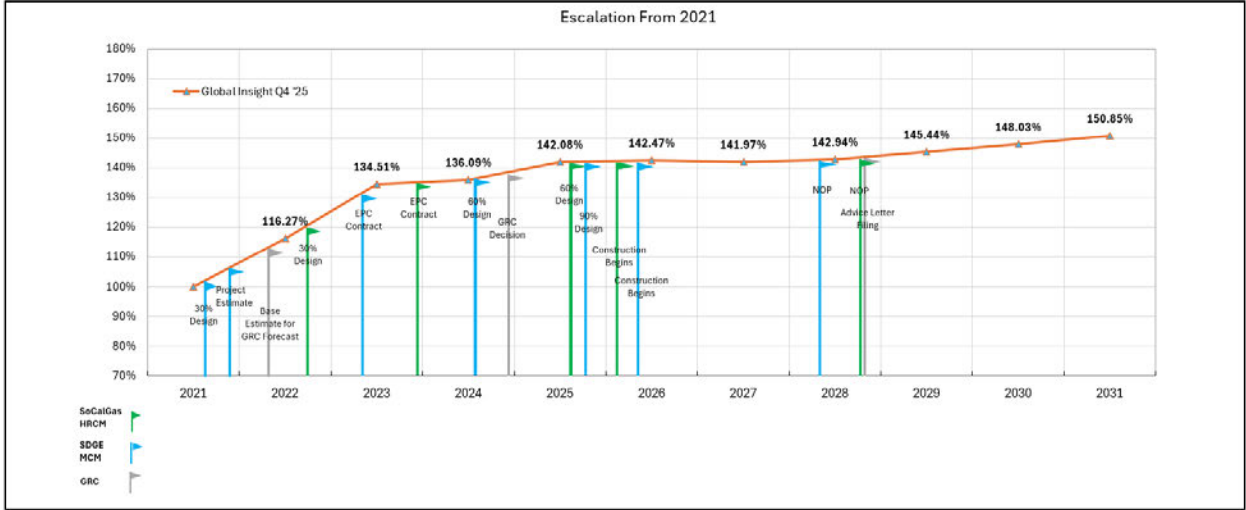
APPENDIX A

HRCM PROJECT SCOPE LAYOUT









**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

**DECLARATION OF DEVIN ZORNIZER
REGARDING CONFIDENTIALITY OF CERTAIN DATA
PURSUANT TO D.21-09-020**

I, Devin Zornizer, do declare as follows:

1. I am the Vice President of the Infrastructure Project Delivery organization for Southern California Gas Company (SoCalGas). I have reviewed the confidential information included within the SCG Exhibit SCG-06 Gas Major Projects Supplemental Workpaper Volumes I, II, III and V for the 2028 General Rate Case (GRC) proceeding (A.26-05-XXX). I am personally familiar with the facts in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decision (“D.”) 21-09-020 and General Order (“GO”) 66-D, Revision 2 to demonstrate that the confidential information (“Protected Information”) provided in the SCG Exhibit SCG-06 Gas Major Projects Supplemental Workpaper Volumes I, II, III and V is within scope of the data protected as confidential under applicable law.

3. In accordance with the narrative justification provided in Attachment A, the Protected Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 12th day of June, 2026, at Los Angeles, California.

E-SIGNED by Devin Zornizer
on 2026-06-12 07:26:07 PDT

Devin Zornizer
Infrastructure Project Delivery
SoCalGas

ATTACHMENT A

SCG Request for Confidentiality on the following information in the response to the 2028 General Rate Case Supplemental Workpaper Volumes I, II, III and V of Devin Zornizer, Exhibit SCG-06 (“Gas Major Projects”)

Location of Protected Information	Legal Citations	Narrative Justification
<p>All grey highlighted Pipeline attributes (i.e., SMYS, MAOP, diameter, pressure, grade) in the following attachments:</p> <p>SCG-06-WP-S Supplemental Workpapers to Prepared Direct Testimony of Gas Major Projects – Volume I CONFIDENTIAL</p> <p>SCG-06-WP-S Supplemental Workpapers to Prepared Direct Testimony of Gas Major Projects – Volume II CONFIDENTIAL</p> <p>SCG-06-WP-S Supplemental Workpapers to Prepared Direct Testimony of Gas Major Projects – Volume III CONFIDENTIAL</p> <p>SCG-06-WP-S Supplemental Workpapers to Prepared Direct Testimony of Gas Major Projects – Volume V CONFIDENTIAL</p>	<p>California Public Records Act (CPRA) Exemption, Gov’t Code § 6254(ab) (“Critical infrastructure information, as defined in Section 131(3) of Title 6 of the United States Code, that is voluntarily submitted to the Office of Emergency Services for use by that office”);</p> <p>CPRA Exemption, Gov’t Code § 6254(k) (“Records, the disclosure of which is exempted or prohibited pursuant to federal or state law”):</p> <ul style="list-style-type: none"> • 6 U.S.C. §§ 131(3), 133(a)(1)(E); • 6 CFR §§ 29.2(b), 29.8 (defining CII and restricting its disclosure); • 18 CFR § 388.113(c); FERC Orders 630, 643, 649, 662, 683, and 702 (defining CEII); • Critical Energy Infrastructure Information, 68 Fed. Reg. 9862 (Dep’t of Energy Mar. 3, 2003) (final rule) (listing what gas information qualifies as CEII); • FERC’s Guidelines for Filing Critical Energy/Electric Infrastructure Information, February 21, 2017; available at: https://www.ferc.gov/sites/default/files/2020-04/CEII-Filing-guidelines.pdf • 18 C.F.R. § 157.14(a)(8-10); • 18 C.F.R. § 157.18(c); • 18 C.F.R. § 260.8 (FERC Form 567); • 49 CFR §§ 1520.5, 1520.9 (defining SSI and restricting its disclosure); • <i>Chowdhury v. Nw. Airlines Corp.</i>, 226 F.R.D. 608 (N.D. Cal. 2004); • PHMSA Guidelines, Federal Register Vol. 81, No. 120, June 22, 2016, pg 40764; • CPRA Exemption, Gov’t Code § 6254(ab) (Critical Infrastructure Information) 	<p>These engineering design values of a proposed or existing critical infrastructure could potentially be used to determine the criticality of a gas facility and identify vulnerabilities of the gas delivery network. The value can be used to identify the volume of gas present in an area and ascertain the relative potential consequences of intentional acts against the gas transportation and distribution network.</p>
<p>All grey highlighted Vendor information. (Contracts, Vendor bid and pricing information including rates and invoices, customer and vendor proprietary information) in the following attachments:</p>	<p>California Public Records Act (“CPRA”) Gov’t Code § 6254(k) (“Records the disclosure of which is exempted or prohibited pursuant to federal or state law”)</p> <ul style="list-style-type: none"> • D.11-01-36, 2011 WL 660568 (2011) (confidential prices and contract terms specifically negotiated with a program vendor is proprietary and commercially sensitive and should remain confidential). 	<p>Based on input received by the vendor, and based on SoCalGas position, the produced documents are proprietary and represent and contain information that is proprietary, commercially sensitive, trade secrets, and content not intended for public disclosure. Vendor contracting efforts involve communications and work product which is intended only for access by</p>

<p>SCG-06-WP-S Supplemental Workpapers to Prepared Direct Testimony of Gas Major Projects – Volume V CONFIDENTIAL</p>		<p>designated parties. Public disclosure would pose potential negative impacts and/or harm to the vendors, and/or inhibit SoCalGas/SDG&E’s efforts to reduce costs for customers by obtaining competitive pricing from vendors.</p>
<p>All grey highlighted Pipeline Locational Information (i.e., GPS coordinates, pipeline location) in the following attachments:</p> <p>SCG-06-WP-S Supplemental Workpapers to Prepared Direct Testimony of Gas Major Projects – Volume I CONFIDENTIAL</p> <p>SCG-06-WP-S Supplemental Workpapers to Prepared Direct Testimony of Gas Major Projects – Volume II CONFIDENTIAL</p> <p>SCG-06-WP-S Supplemental Workpapers to Prepared Direct Testimony of Gas Major Projects – Volume V CONFIDENTIAL</p>	<p>CPRA Exemption, Gov’t Code § 7927.705 (“Records, the disclosure of which is exempted or prohibited pursuant to federal or state law”)</p> <ul style="list-style-type: none"> • 18 CFR § 388.113(c) (defining CEII) • FERC Order Nos. 630, 643, 649, 662, 683, and 702 (defining CEII) • FAST Act - Critical Electric Infrastructure Security, Pub. L. 114-94, amended December 4, 2015 (protecting electric infrastructure) • FERC Order 833 (including amendments to the CEII regulations, required by The FAST Act) • Critical Energy Infrastructure Information, 68 Fed. Reg. 9857, 9862 (Dep’t of Energy Mar. 3, 2003) (final rule) (listing what gas information qualifies as CEII) • FERC’s Guidelines for Filing Critical Energy/Electric Infrastructure Information, (Feb. 21, 2017), <i>available at</i> https://www.ferc.gov/sites/default/files/2020-04/CEII-Filing-guidelines.pdf <ul style="list-style-type: none"> ◦ Exhibits G, G-1, G-II of pipeline certificate applications. 18 CFR § 157.14 ◦ Exhibit V of abandonment applications. 18 CFR § 157.18 ◦ FERC Form 567. 18 CFR § 260.8 • CPUC Res. L-436, at 8 (stating CPUC will “refrain from making available to the public detailed maps and schematic diagrams showing the location of specific utility regulator stations, valves, and similar facilities”) • Cal. Pub. Util. Code § 364(d) (“The commission may, consistent with other provisions of law, withhold from the public information generated or obtained pursuant to this section that it deems would pose a security threat to the public if disclosed.”) CPRA Exemption, Gov’t Code § 7922.000 (Balancing Test) 	<p>GPS coordinates and pipeline location are identified as confidential because the data would provide sufficient information to be used by a third party to excavate or access above ground facilities without notifying the utility through the local Underground Service Alert (USA) or could be used to identify locations for illegal tapping or other acts that could impact the safety of residents.</p>