

**Data Request Number:** CEJA-SCG-003  
**Proceeding Name:** A2205015\_016 - SoCalGas and SDGE 2024 GRC  
**Publish To:** California Environmental Justice Alliance  
**Date Received:** 8/3/2022  
**Date Responded:** 8/17/2022

**General Objections to Data Request CEJA-SCG-003:**

SoCalGas generally objects to CEJA’s data request to the extent that CEJA conflates the analysis in SoCalGas’s March 2022 Feasibility Study of Potential Alternatives for the Ventura Compressor Station Modernization Project (“Feasibility Study”) with the request in the 2024 General Rate Case (“GRC”). SoCalGas prepared the Feasibility Study to evaluate alternative site locations and equipment configurations to the originally planned all-gas project, as requested by the Executive Director of the CPUC. The Feasibility Study presented the conclusions based on data available at the time of preparation and costs represented therein were at a Class 5 level.<sup>1</sup> The GRC application reflects the evolution of the Ventura Compressor Station Modernization Project (“Modernization Project”).

SoCalGas generally objects to CEJA’s claim that the Modernization Project is an “expansion.” The equipment is necessary to accommodate day-to-day changes in the use of the compressor station but will not impact the annual quantity of gas moving through the Ventura Compressor Station.

Subject to these objections, SoCalGas provides the responses herein.

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<sup>1</sup> A Class 5 estimate is based on a level of project definition that is at 0 to 2% and the expected accuracy range is Low: -20% to -50% and High: +30% to +100%. See AACE International Recommended Practices 18R-97.

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**CEJA Request 1:**

1. The response to Data Request CEJA-SEU-01, Q.11, which asked for "the methodology and assumptions underlying SoCalGas' calculation of operational cost estimates for Ventura Compressor Station alternatives, including the assumed cost of electricity," referenced cost estimates in Appendix C of the Feasibility Study supplemental materials and SoCalGas's response to CPUC-Energy Division Data Request 6.
  - a. The referenced materials do not appear to provide the methodology underlying SoCalGas' calculation of operational cost estimates. Please provide the formula and inputs that yielded the operational cost estimates in Table 37 of the Feasibility Study.
  - b. SoCalGas' response to Data Request CPUC-Energy Division Data Request 6, Q.1 states that SoCalGas assumed a "cost of \$2.71 per million British thermal unit (MMBtu), which was the US Energy Information Administration (USEIA) published Henry Hub Natural Gas Spot Price in January 2021." The Henry Hub Natural Gas Spot Price was \$8.14/MMBtu in May 2022. (*see* <https://www.eia.gov/dnav/ng/hist/rngwhhdm.htm>). Please recalculate the operational cost estimates in Table 37 of the Feasibility Study assumed a cost of \$8.14/MMBtu.
  - c. Please identify the witness responsible for this answer.

**SoCalGas Response 1.a:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

The formula and inputs that yielded the operational cost estimates in Table 37 of the Feasibility Study were provided in response to CPUC-Energy Division Data Request (DR)-6.

**SoCalGas Response 1.b:**

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SoCalGas incorporates the General Objections stated above. SoCalGas further objects as the request calls for SoCalGas to perform a calculation and create a document not already in SoCalGas's possession.

**SoCalGas Response 1.c:**

SoCalGas objects to the Request to the extent it is vague and ambiguous. SoCalGas objects to the Request as the data request response is not testimony. Subject to and without waiving the foregoing objections, SoCalGas responds as follows. Responses are provided on behalf of SoCalGas.

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**CEJA Request 2:**

2. SoCalGas' response to CPUC-Energy Division Data Request 6, Q.4 includes Figure 1, a criteria emissions summary of the potential to emit (PTE) for the current compressor station, a replacement with all natural gas compressors, and a replacement with half gas and half electric compressors. Please provide a revised Figure 1 that includes a criteria emissions summary of the PTE for a replacement that consists only of electric compressor units.

**SoCalGas Response 2:**

SoCalGas incorporates the General Objections stated above. SoCalGas further objects as the request calls for a figure that could be created by the requesting party. SoCalGas further objects to the request in that it seeks information that is outside of the scope of this proceeding. SoCalGas considered and dismissed an all-electric compression alternative because it did not meet the purpose, need and objectives of the Ventura Compressor Modernization Project. An all-electric configuration has not been previously proposed and is not currently proposed in SoCalGas's GRC application.

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**CEJA Request 3:**

3. The response to data request CEJA-SEU-01, Q. 4 provides the data and duration of events where SoCalGas "observed a loss of electric service" at the Ventura Compressor Station. Was the compressor station able to run (provide compression) during the observed loss of electric service?
  - a. If yes, please explain why the proposed Ventura Compressor Station expansion requires a gas fueled emergency back-up generator "to run the two natural gas fueled engine driven compressors and their auxiliary equipment" as set forth in response to data request CEJA-SEU-01, Q.6.
  - b. If no, did the loss of compressor capability during any of the identified losses of electric service result in a loss of gas service to customers in SoCalGas' North Coastal System? If yes, please identify the extent of any loss of gas service to customers in SoCalGas' North Coastal System.
  - c. Please identify the witness responsible for this answer.

**SoCalGas Response 3:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

The compressor station was not able to run during the observed loss of electric service.

**SoCalGas Response 3.a:**

Not applicable.

**SoCalGas Response 3.b:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

There was no direct loss of gas service to customers during this event. However, injection at the La Goleta Storage Field was not possible. When injection at La Goleta

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Storage Field is not possible, it compromises the ability to replenish the storage field and could limit gas supply available at a future date.

**SoCalGas Response 3.c:**

SoCalGas objects to the Request to the extent it is vague and ambiguous. SoCalGas objects to the Request as the data request response is not testimony. Subject to and without waiving the foregoing objections, SoCalGas responds as follows. Responses are provided on behalf of SoCalGas.

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**CEJA Request 4:**

4. Page 21 of the Feasibility Study states: "In the event of a PSPS or prolonged power outage, service would be dependent on the capacity of the supplemental electric sources and amount of natural gas contained in the La Goleta Storage Field at the time of the outage."
  - a. What are the "supplemental electric sources" referred to in this sentence?
  - b. The response to data request CEJA-SEU-01 Q.4 states a loss of electric service at the Ventura Compressor Station occurred on January 19, 2021 for 13.2 hours. How much natural gas would need to be contained in the La Goleta Storage Field to address any potential loss of service at the Ventura Compressor Station for this length of time?
  - c. Please identify the witness responsible for this answer.

**SoCalGas Response 4.a:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

A 3/1 hybrid compressor configuration referenced on page 21 of the Feasibility Study was dismissed from further consideration because it did not meet the purpose, need and objectives of the Ventura Compressor Modernization Project. A 3/1 hybrid configuration has not been previously proposed nor is it currently proposed in SoCalGas's GRC application.

**SoCalGas Response 4.b:**

SoCalGas incorporates the General Objections stated above. SoCalGas objects to the extent the request is an incomplete hypothetical. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

The amount of gas that "would need to be contained in the La Goleta Storage Field to address any potential loss of service at the Ventura Compressor Station" will

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vary depending on the North Coastal System demand conditions and the amount of gas stored at La Goleta Storage Field at the time of the Ventura Compressor Station outage.

**SoCalGas Response 4.c:**

SoCalGas objects to the request to the extent it is vague and ambiguous. SoCalGas objects to the request as the data request response is not testimony. Subject to and without waiving the foregoing objections, SoCalGas responds as follows. Responses are provided on behalf of SoCalGas.

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**CEJA Request 5:**

5. The response to data request CEJA-SEU-01, Q.3 includes a table that lists the date and duration of maintenance events at the Ventura Compressor Station.
  - a. Does each listed entry signify when a single compressor unit was unavailable to provide compression? If no, please indicate whether any listed entry includes the loss of more than one compressor unit.
  - b. Did any of the listed maintenance events result in a loss of gas service to customers in SoCalGas' North Coastal System?
  - c. Please identify the witness responsible for this answer.

**SoCalGas Response 5.a:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

Yes.

**SoCalGas Response 5.b:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

No.

**SoCalGas Response 5.c:**

SoCalGas objects to the request to the extent it is vague and ambiguous. SoCalGas objects to the request as the data request response is not testimony. Subject to and without waiving the foregoing objections, SoCalGas responds as follows. Responses are provided on behalf of SoCalGas.

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**CEJA Request 6:**

6. Page 18 of the Feasibility Study states: "Based on the natural gas forecast of the 2020 California Gas Report (CGEU 2020), natural gas use is anticipated to slowly decline with greater emphasis on renewable sources such as solar and wind, placing a greater emphasis on operational flexibility and the ability of equipment to ramp up and down quickly."
- a. Does "operational flexibility and the ability of equipment to ramp up and down quickly" refer to gas-fired electric generating units? To the extent this sentence refers to equipment other than electric generating units that utilize gas for fuel, please explain how greater emphasis on solar and wind impact their operational flexibility needs.
  - b. Please identify the witness responsible for this answer.

**SoCalGas Response 6.a:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

Yes. The reference is to the 2020 California Gas Report, which states, among other things: "Since electric utility system operators must balance electrical demand with generation sources on a real time basis, most system operators rely on "dispatchable" resources that can respond quickly to changes in demand. The challenge with renewable resources is that while they can provide energy, they are not always predictable and are not always dispatchable." Further, "[t]he amount of gas consumed for integrating more renewables will fluctuate hourly. This is due to an increased need for rapid response from gas-fired generators to follow electric net load fluctuations. Since the gas-fired generation is expected to be the marginal resource in most hours, the gas system will need to be both robust and flexible to handle such fluctuations. The expected growth in electrification poses considerable uncertainty on when, where, and how large will the impact be on gas demand throughout. In the building sector, electrification could decrease gas use. Recently, some California local jurisdictions<sup>4</sup> have forbidden the use of gas in new

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building construction. Moreover, it is possible for jurisdictions to require appliance substitution to electric from natural gas. Expected growth in electrification of vehicles and buildings would result in increasing electric load. This load increase could cause additional use of gas-fired generators.” 2020 California Gas Report, Executive Summary, page 9.

**SoCalGas Response 6.b:**

SoCalGas objects to the Request to the extent it is vague and ambiguous. SoCalGas objects to the Request as the data request response is not testimony. Subject to and without waiving the foregoing objections, SoCalGas responds as follows. Responses are provided on behalf of SoCalGas.

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**CEJA Request 7:**

7. The response to data request CEJA-SEU-01, Q.9 states that "the supply delivered by PG&E at Morro Bay into the local distribution system . . . cannot reach all areas necessary along the SoCalGas pipeline coastal pipeline network that are supplied by the Ventura Compressor Station."
- a. How much gas in Mcf/year is capable of being delivered into the North Coastal System from PG&E at Morro Bay?
  - b. Please specify the areas of the North Coastal System that gas supplied by PG&E at Morro Bay cannot reach.
  - c. Please identify the witness responsible for this answer.

**SoCalGas Response 7.a:**

SoCalGas incorporates the General Objections stated above. SoCalGas further objects to the extent the request is an incomplete hypothetical. SoCalGas further objects to this question on the grounds that it calls for speculation regarding facts that are not within SoCalGas's knowledge.

**SoCalGas Response 7.b:**

SoCalGas incorporates the General Objections stated above. SoCalGas further objects to this request on the grounds that it is vague and ambiguous, particularly with respect to the phrase "cannot reach." Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

The Morro Bay interconnect, which PG&E supplies, is located on the local distribution system portion of the SoCalGas's North Coastal System and operates at lower pressure than SoCalGas's transmission system. Gas cannot freely flow from areas of low pressure to high pressure. Generally, under periods of lower demand, supply from Morro Bay cannot support demand on the Coastal System from Ventura to Orcutt; under periods of higher demand, supply from Morro Bay is consumed entirely by demand in San Luis Obispo and its environs.

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**SoCalGas Response 7.c:**

SoCalGas objects to the Request to the extent it is vague and ambiguous. SoCalGas objects to the Request as the data request response is not testimony. Subject to and without waiving the foregoing objections, SoCalGas responds as follows. Responses are provided on behalf of SoCalGas.

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**CEJA Request 8:**

8. The response to data request CEJA-SEU-01, Q.7 provides a list of all other compressor stations on SoCalGas' system.
- a. Does SoCalGas have a compressor station operating at the Aliso Canyon Storage Facility? If yes, please explain why this compressor station does not appear to be identified in response to this data request.
  - b. The response to CEJA-SEU-01, Q.7 identifies the Sylmar Compressor Station as consisting of a single 3,250 horsepower (HP) electric compressor.
    - a. What is the location of the Sylmar Compressor Station?
    - b. What part of the SoCalGas system is served by the Sylmar Compressor Station?
  - c. Please identify the witness responsible for this answer.

**SoCalGas Response 8.a:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows. SoCalGas does not have a compressor station<sup>2</sup> at the Aliso Canyon Storage Field. There is compression equipment at the Aliso Canyon Storage Field that provides the necessary compression to inject gas into the storage field.

**SoCalGas Response 8.b:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

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<sup>2</sup> As noted by the U.S. Energy Information Administration (USEIA), "The U.S. interstate natural gas pipeline network relies on more than 1,200 natural gas compressor stations to maintain the continuous flow of natural gas between supply area and consumers. Compressor stations are 'pumping' facilities that advance the flow of natural gas. They are usually situated between 50 and 100 miles apart along the length of a natural gas pipeline system and are designed to operate on a nonstop basis" (USEIA 2007, <https://www.eia.gov/naturalgas/articles/compressor96index.php>).

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The Sylmar Compressor Station is located within the community of Sylmar in the City of Los Angeles and operates for customers in the Los Angeles Basin.

**SoCalGas Response 8.c:**

SoCalGas objects to the Request to the extent it is vague and ambiguous. SoCalGas objects to the Request as the data request response is not testimony. Subject to and without waiving the foregoing objections, SoCalGas responds as follows. Responses are provided on behalf of SoCalGas.

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**CEJA Request 9:**

9. The response to data request CEJA-SEU-01, Q.5 states that "given the timing of the GRC filing, the cost estimate provided in the May 2022 GRC application was based on the previous all-gas fueled compressor configuration and incorporated the refinements to the all-gas configuration scope, schedule, and cost, originally presented in SoCalGas's 2016 and 2019 GRC applications."
- a. Please confirm that the cost estimate for the Ventura Compressor Station expansion discussed in Exh. SCG-06 should be the \$454 million estimated in the Feasibility Study for Alternative 1B. If yes, given the Feasibility Study is dated March 2022, please explain why its \$454 million cost estimate for Alternative 1B could not be included in the May 2022 GRC application. If no, what is the current cost estimate for the proposed Ventura Compressor Station expansion?
  - b. Please identify the cost estimates for an all-gas configuration for the Ventura Compressor Station "originally presented in SoCalGas's 2016 and 2019 GRC applications." To the extent the identified cost estimates differ from the \$421 million estimated in the Feasibility Study for an all-gas project at the existing compressor station site (see page 68 of Feasibility Study), please explain the basis for the disparities in cost estimates.
  - c. Please identify the witness responsible for this answer.

**SoCalGas Response 9.a:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

The cost estimate for the Modernization Project discussed in Exhibit SCG-06 of SoCalGas's 2024 GRC application is based on four new gas engine driven compressors at a direct cost of \$233.8 million. The scope and costs for the hybrid configuration (two gas compressors and two electric compressors) was not fully developed in time to include

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in the GRC filing and will be provided at a later date, as noted in SoCalGas's 2024 GRC application.

**SoCalGas Response 9.b:**

SoCalGas incorporates the General Objections stated above. SoCalGas objects to the extent that the request seeks information regarding changes to an all-gas proposal that is not being presented in this GRC, and is therefore outside the scope of this proceeding. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

Please refer to SoCalGas's response to CPUC - Energy Division Data Request 4, Q. 7 that provides historical context for the evolution of the Modernization Project.

**SoCalGas Response 9.c:**

SoCalGas objects to the Request to the extent it is vague and ambiguous. SoCalGas objects to the Request as the data request response is not testimony. Subject to and without waiving the foregoing objections, SoCalGas responds as follows. Responses are provided on behalf of SoCalGas.

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**CEJA Request 10:**

10. Page 2 of ATTACH-Q5b-Existing Site, provided in response to data request CEJA-SEU-01, Q.5, provides a spreadsheet of estimated project costs for Option 1b (2 electric and 2 gas compressors at the existing site).

- a. The description of line 2 states “Total EPC (Before Site Specific Additions).”
  - i. Does EPC stand for Estimated Project Cost? If not, please define EPC.
  - ii. Please provide the 2020 FEED estimate referenced in the comments for this entry.
- b. What does “Escalation” refer to in the fourth to last line of the spreadsheet and what is the basis for setting this at 12.67%?
- c. What do “Loaders” refer to in the second to last line of the spreadsheet and what is the basis for setting this at 33%?
- d. Does “Total Loaded Project Cost” include SoCalGas’ return on equity?
- e. The disclaimer at the bottom of this page states “This estimate is a class 5 (+100/-50%) Estimate” and directly above provides a low (-50% estimate of \$242 million and a high (+100% estimate) of \$928 million. Would Commission approval of Option 1B as proposed in the SoCalGas GRC allow SoCalGas to spend up to the high estimate before seeking additional Commission approval? If not, please explain SoCalGas’ understanding of the extent SoCalGas may exceed project costs approved in a GRC and assign those costs to ratepayers before seeking additional Commission approval.

**SoCalGas Response 10.a.i:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

“EPC” stands for Engineering, Procurement and Construction.

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**SoCalGas Response 10.a.ii**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

As referenced in the comments of the page titled “Existing Site – (2) Gas x (2) Electric Compressors” (page 2 of 12 in the CEJA-SEU-001 Data Response), the “2020 FEED Estimate” can be found on the page titled “Ventura Compressor Modernization Project – Project Summary” (page 4 of 12 of the same document).

**SoCalGas Response 10.b:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

“Escalation” refers to the anticipated increase in cost due to inflation. The 12.67% is the percent of escalation in the direct cost estimate. SoCalGas develops escalation cost using proprietary data provided by IHS Markit<sup>3</sup>.

**SoCalGas Response 10.c:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

Loaders are considered indirect costs or overheads associated with direct charges (i.e. payroll taxes, pension and benefits) and also represents on-going business costs which benefit a project but cannot be economically directly charged to the project (i.e. engineering, supervision, general office salaries and expenses). Overhead Construction Costs is further defined in 18 CFR Part 201, Subchapter F. The 33% is the average calculation of “loaders” based on direct costs. This calculation is a result of the time phased estimate and the weighted average of the cost anticipated over the project life

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<sup>3</sup> IHS Markit, part of S&P Global, is a company that includes analysts, data scientists, financial experts and industry specialists with expertise spanning numerous industries including finance, energy and transportation. <https://ihsmarkit.com/index.html>

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cycle. The overhead allocations adhere to the methodology established by the Federal Energy Regulatory Commission.

**SoCalGas Response 10.d:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

No.

**SoCalGas Response 10.e:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

SoCalGas assumes that “Option 1B” referred to by CEJA is directed at Alternative 1B as described in the Feasibility Study (hybrid equipment configuration). General rate case decisions provide a revenue requirement for the test year and post-test years. The Commission recognizes, however, that actual spending may differ from GRC authorized amounts: “The Commission has always acknowledged that utilities may need to reprioritize spending between GRCs.” (D.20-01-002 at p. 38.) SoCalGas prudently and efficiently manages its costs over the GRC cycle and executes projects to the best of its ability.

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**CEJA Request 11:**

11. For how many years will the cost of the Ventura Compressor Station expansion create incremental revenue requirements recovered through rates?

**SoCalGas Response 11:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

SoCalGas anticipates it will collect the costs of the Modernization Project over the depreciable asset life of 50 years.

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**CEJA Request 12:**

12. Please provide the estimated cost for a compressor station alternative at the existing site consisting of the 2 electric compressors contemplated in the Hybrid Option without the addition of gas compressors.

**SoCalGas Response 12:**

SoCalGas incorporates the General Objections stated above. SoCalGas further objects to the request in that it seeks information that is outside of the scope of this proceeding. SoCalGas is not proposing an electric-only option in this GRC. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

An all-electric configuration has not been previously proposed nor is it currently proposed in SoCalGas's GRC application. An all-electric alternative does not meet the purpose, need and objectives of the Modernization Project.

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**CEJA Request 13:**

13. Attachment 5, Noise Modeling Output Figures, includes illustrations of the Predicted Operational Noise Levels of Natural Gas Option at the Existing Site and the Hybrid Option at the Existing Site.
- a. Based on these illustrations, is it SoCalGas' understanding that the Hybrid Option has reduced noise impacts as compared to the Natural Gas Option?
  - b. Please provide an equivalent illustration assuming an electric-only alternative consisting of the two electric compressors contemplated in the Hybrid Option.

**SoCalGas Response 13.a:**

SoCalGas incorporates the General Objections stated above. Subject to and without waiving the foregoing objections, SoCalGas responds as follows.

Both the natural gas alternative and the hybrid alternative at the current site had modeled noise levels below 55 decibels (dB) at the nearest boundary of non-industrial land use, in compliance with the City of Ventura Noise Ordinance (Municipal Code § 10.650.170. D). See also SoCalGas's CPUC - Energy Division Data Request 1, Q. 4.

**SoCalGas Response 13.b:**

SoCalGas incorporates the General Objections stated above. SoCalGas further objects to the request in that it seeks information that is outside of the scope of this proceeding. SoCalGas is not proposing an electric-only option in this GRC. An all-electric alternative does not meet the purpose, need and objectives of the Modernization Project and as such, a noise study was not prepared. SoCalGas further objects as the request calls for SoCalGas to create a document not already in SoCalGas's possession.