

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

Order Instituting Rulemaking on the  
Commission's Own Motion to Consider  
Revising Energy Utility Tariff Rules Related to  
Deposits and Adjusting Bills as They Affect  
Small Business Customers.

Rulemaking 10-05-005  
(Filed May 12, 2010)

**OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY  
(U 902 E) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) ON THE  
SMALL BUSINESS PROGRAM STAFF REPORT: WORKSHOP ON BACK-BILLING  
& DEPOSITS RULEMAKING 10-05-005**

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August 6, 2010

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**I. INTRODUCTION**

On July 6, 2010, the Staff for the California Public Utilities Commission (“Commission”) held a workshop focusing on the back-billing and deposit rules governing small businesses. The workshop process provided diverse, interested stakeholders a full and fair opportunity to raise issues, address challenges and consider new ideas in this proceeding. During the workshop, San Diego Gas & Electric Company (“SDG&E”) and Southern California Gas Company (“SoCalGas”) (collectively, “the Joint Utilities”) reiterated the importance of small businesses to the State’s economy, while recognizing that small business customers are a unique class of customers, who like many residential customers, have experienced exceptional financial hardship during the current recession. For this reason, SDG&E and SoCalGas proposed that back-billing and deposit rules should be modified as they apply to small businesses. Specifically, the Joint Utilities proposed to: 1) limit rebills to three months for customers that use 40,000 kWh/year or 10,000 therms/year, and 2) waive re-establishment of credit deposits due to retroactive and corrective billing.

On July 28, 2010, Commission Staff submitted the *Small Business Program Staff Report: Workshop on Back-billing & Deposits* (“Workshop Report”) addressing the workshop discussions. Pursuant to the *Administrative Law Judge’s Ruling Providing Opportunity for Comments on Staff Report*, the Joint Utilities respectfully submit the following opening comments for Commission consideration.<sup>1</sup>

## II. COMMENTS ON STAFF RECOMMENDATIONS

### A. **The Commission Should Clarify That Dual-Fuel Utilities Will Have Both Electric Small Business Customers and Gas Small Business Customers.**

The Joint Utilities support Staff’s definition of small business customers as customers who use no more than 40,000 kWh/year or 10,000 therms/year. However, with respect to dual commodity customers, the Commission should clarify that each fuel commodity will be treated separately for purposes of determining whether a customer qualifies as a small business customer. That is to say, dual commodity utilities will have electric small business customers who use no more than 40,000 kWh/year, *and* gas small business customers who use no more than 10,000 therms/year. Although a dual commodity customer could potentially qualify as an electric small business customer, but not as a gas small business customer, or vice versa, this treatment advances the Commission goal of providing aid to small businesses, whilst adhering to the Commission policy of affording equitable treatment to all customers, irrespective of their utility type.

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<sup>1</sup> The Workshop Report also directs the utilities to file revised tariffs addressing the backbilling issue as part of their opening comments. SoCalGas and SDG&E have included their proposed tariffs, as Attachment A.

**B. Twice the Maximum Monthly Bill Deposit Amount Is an Appropriate Deposit Amount for Non-Residential Accounts.**

The deposit amount should remain unchanged because the current amount provides the utilities and utility ratepayers with adequate assurance that small businesses will pay for the energy that they use. Small business customers will already benefit from the shorter, three-month timeframe for backbilling because “the shorter backbilling period would eliminate situations in which [small] business customers are required to pay re-establishment of credit deposits triggered by unmanageable backbilling.”<sup>2</sup> In addition, small business will benefit from other cost-effective deposit alternatives discussed herein, as well as the Joint Utilities’ proposal to waive re-establishment of credit deposits due to retroactive and corrective billing.

**1. The Commission has already found that twice the maximum bill amount is a fair and reasonable deposit amount for non-residential customers.<sup>3</sup>**

Deposits are intended to secure the credit risk associated with an account and “[d]eposits greater than twice the average monthly bill tend to provide greater protection to the utility against losses incurred because of failure of customers to pay.”<sup>4</sup> For that reason, the Commission, in E-3192, authorized SDG&E to increase its deposit amount for nonresidential customers from twice the average bill to twice the maximum bill, finding that the revision “may reduce SDG&E’s losses attributable to unpaid closing bills and would therefore reduce the burden to all other ratepayers.”<sup>5</sup> The Commission has determined that non-residential accounts present a higher credit risk than do residential accounts,<sup>6</sup> for not only are non-residential bills higher on average, but there can be great fluctuation or seasonality in their usage and bill

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<sup>2</sup> DRA Opening Comments, at p. 5.

<sup>3</sup> Currently, SDG&E, PG&E, and SCE are authorized to assess a deposit amount of twice the maximum bill.

<sup>4</sup> E-3192 at Finding of Fact (“FOF”) 4.

<sup>5</sup> *Id.* at FOF 1.

<sup>6</sup> See Advice Letter 817-E (finding that “there are greater losses in larger amounts for unpaid closing bills for nondomestic customers.”)

amounts. Moreover, non-residential customers, especially small business customers, have a higher incident of bankruptcy than do residential customers, which justifies a higher deposit amount.<sup>7</sup> Further, it is difficult to predict what the actual bills will be for many new businesses, and twice the maximum bill amount represents a reasonable approximation.

**2. The Commission should consider whether the proposed change to the deposit rules will have a significant impact on the amount of the uncollectibles paid by all other customers.**

Both the Staff and the Division of Ratepayer Advocates (“DRA”)<sup>8</sup> issued data requests to assess whether there will be an increased financial impact on the amount of the uncollectibles paid by all customers if the Commission reduces the deposit rule for small business customers.<sup>9</sup> The Workshop Report acknowledges that “deposits have a direct impact on the uncollectible accounts of each utility and the Commission should be mindful of the impact that changing the deposit rules may have on ratepayers[,]” and that the “Commission needs to balance low number of uncollectible accounts against the promotion of the economic vitality of small businesses”<sup>10</sup> Yet, the Workshop Report fails to provide a meaningful discussion regarding the financial impact a change to the deposit amount would have on all other ratepayers. SDG&E, for example, estimates that the uncollectible amount paid by other ratepayers could increase by as much as \$519,000, if the deposit amount was reduced to twice the average monthly bill.<sup>11</sup> While the Joint Utilities hail the concern for small businesses during this recession, the Commission

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<sup>7</sup> According to the Small Business Association, 50% of small businesses fail within the first five years. See <http://www.sba.gov/advo/stats/sbfaq.pdf>.

<sup>8</sup> DRA is concerned that uncollectibles could rise if deposit rules are altered. See Workshop Report, at p. 15; DRA Opening Comments, at pp. 4-5.

<sup>9</sup> See Attachment B: SoCalGas/SDG&E Responses to CPUC Staff Data Request dated July 28, 2010 and Attachment C: SoCalGas/SDG&E Response to CPUC Staff Data Request dated July 12, 2010.

<sup>10</sup> Workshop Report, at p. 17.

<sup>11</sup> SDG&E Response to DRA First Set of Data Requests dated July 9, 2010, Question 12.

should be mindful not to “lessen the economic burden on small businesses”<sup>12</sup> at the expense of all other ratepayers. Such cost shifting would be unfair and burdensome to other customers, especially residential customers, who are also facing dire economic straits and whose health, life and safety depend on continued energy service.

**3. The Joint Utilities currently provide and will continue to provide other, low-cost deposit alternatives to assist small business customers.**

The Joint Utilities currently provide a number of these measures to assist customers in limiting the need for deposits and will continue to offer these and potentially new services to their small businesses customers. For example, the Joint Utilities will continue to provide non-cash alternatives to small business customers, such as a surety bond or an irrevocable letter of credit instead of a cash re-establishment of credit deposit. In addition, SDG&E and SoCalGas will also offer small business customers the flexibility to make deposit payment arrangements, or negotiate a lower deposit amount when applicable, i.e., based on reduced consumption. SDG&E customers, who have received a deposit request due to late or slow payment, may also receive the option to enroll in the Automatic Payment program, rather than pay a re-establishment of credit deposit, if the account has no history of returned payments, broken payment agreements, field collection activity, and is current at the time of enrollment

SDG&E is also pursuing a revision of its commercial late notice to provide a more easily identified alert or warning to that a deposit may be required in advance of any request for deposit for late payment. SoCalGas already provides a deposit warning letter to alert customers prior to any request for deposit for late payment. In addition, SDG&E and SoCalGas offer partial payment arrangements to small business customers. The Joint Utilities believe these low-cost

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<sup>12</sup> Workshop Report, at p. 20.

endeavors represent a fair and balanced means to assist small business customers, without unduly burdening other customers.

**C. The Commission Should Allow the Utilities Reasonable Time to Implement the Measures Initiated in This Proceeding.**

The Joint Utilities estimate that it will take approximately six to eight weeks for the utilities to develop communications, practices and to fully roll out the new rebilling and potential deposit requirements. Accordingly, the Joint Utilities respectfully request that the Commission allow the utilities to implement the measures initiated in this proceeding within two months of a final decision.

**D. Costs Stemming from This Proceeding Should Be Properly Recovered in Rates.**

To ensure that costs stemming from this proceeding are properly recovered in rates, the Joint Utilities recommend that utilities be allowed to record in a memorandum account the significant additional costs associated with the new practices initiated in this proceeding, i.e., uncollectible expenses and Operating and Maintenance (“O&M”) costs experienced as a result of limiting small business back-bills to three months, and if the Commission should reduce the re-establishment deposits for small business customers. The Joint Utilities propose that the memorandum account cost recovery should be determined in the next general rate case (“GRC”) for each utility.<sup>13</sup>

**E. The Practices Ordered in This Proceeding Should Sunset on January 31, 2012.**

Because it was the current economic crisis and related concern for the welfare of small business customers that initially caused the Commission to reexamine back-billing and deposit

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<sup>13</sup> This proposal is consistent with the Commission’s cost recovery provision in the Residential Disconnection Proceeding (R.10-02-005). See D.10-07-048, at Ordering Paragraphs (“OP”) 13.

rules for small businesses, the measures implemented in this proceeding should be in effect until the effective date of the utilities' next GRC.<sup>14</sup> A January 1, 2012 sunset date is also consistent with the timeframe adopted in the recently issued Residential Disconnection decision (D.10-07-048), which implemented similar measures for residential customers.<sup>15</sup>

### III. CONCLUSION

The Joint Utilities appreciate this opportunity to share their opening comments and will continue to look for other cost-effective practices and policies to assist this new class of small business customers.

Sincerely,

/s/ KIM F. HASSAN

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August 6, 2010

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<sup>14</sup> This proposal is consistent with the Commission's sunset provision in the Residential Disconnection Proceeding (R.10-02-005). See D.10-07-048, at OP 15-16.

<sup>15</sup> D.10-07-048, at OP 15.



# Attachment A

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
(CPUC STAFF DATA REQUEST DATED JULY 12, 2010)**

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**QUESTION 1:**

Describe your policies and procedures for warning small commercial customers that they may be subject to a re-establishment-of-credit deposit.

- a. What is the minimum number of days you allow slow-paying or non-paying small business customers to begin paying an arrearage before requiring a reestablishment-of-credit deposit?
- b. If you frequently allow more days than this minimum, what is the average number of days that pass before you require a reestablishment-of-credit deposit?

**RESPONSE 1:**

Small commercial customers receive a late notice which is mailed after the due date of the bill. The back of the late notice contains information regarding the utilities disconnection policy and a re-establishment deposit warning message.

- a) The minimum number of days before a small commercial customer that does not already have a deposit on hand and pays late will be required to pay a re-establishment of credit deposit is 60 days. A small commercial customer that does not already have a deposit on hand and is disconnected for non-payment will be required to pay a re-establishment of credit deposit in order to be re-connected.
- b) SDG&E does not track the average number of days past due before a slow-paying or non-paying small commercial customer is required to pay a re-establishment of credit deposit. However, the number of days will be longer than the minimum indicated above so long as the customer is working with SDG&E and has an active payment arrangement.

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
(CPUC STAFF DATA REQUEST DATED JULY 12, 2010)**

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**QUESTION 2:**

Describe any other policies or procedures that help small commercial customers pay their electric or gas bills, or their deposit amount(s), to avoid disconnection.

**RESPONSE 2:**

If a deposit is requested, small commercial customers are offered a three month payment plan on the deposit balance.

Payment arrangements are also available to all commercial customers that may have a delinquent balance. The terms of payment arrangements offered is dependent upon the customer's prior payment history. Terms range from short term arrangements up to three months.

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
(CPUC STAFF DATA REQUEST DATED JULY 12, 2010)**

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**QUESTION 3:**

Describe your process for determining or establishing a credit score for new small commercial customers?

- a. How do you determine the appropriate establishment-of-credit deposit amount?
- b. Does your company provide non-cash alternatives to commercial customers in lieu of a cash reestablishment of credit deposit, what are those alternatives, and how is the commercial customer informed of this?
- c. What type of flexibility regarding re-establishment of credit deposits does your company offer to customers from whom the utility deems a re-establishment of credit deposit is required?

**RESPONSE 3:**

SDG&E does not utilize an external credit scoring process to determine credit worthiness for new, small commercial customers.

If the customer has established accounts in the same business name that are either active or, have been active within the past two years, creditworthiness is assessed on the payment history of those accounts. If no prior commercial services have been established for the customer, a deposit to establish credit is requested.

- a) For a premise with previous history for the same type of business, a deposit to establish credit is calculated based on twice the maximum bill for the preceding 12 months at that premise. When a new commercial customer requests service at a premise for a different type of business from the previous customer or, when no previous consumption history exists, the deposit amount is determined based on the square footage and the estimated consumption per square foot for the applicable type of business.
- b) Small commercial customers are provided options to establish credit. Customers are able to provide either a surety bond or an irrevocable letter of credit as an alternative to paying a cash deposit. Customers that request alternative options are mailed the necessary information and documentation.
- c) Small commercial customers required to pay a deposit to re-establish credit are offered the same options as those to establish credit as described in "b)".

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
(CPUC STAFF DATA REQUEST DATED JULY 12, 2010)**

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**QUESTION 4:**

According to Electric Rule No. 7, the amount of deposit required to establish credit shall be twice the average monthly bill as estimated by the utility for residential accounts and twice the maximum monthly bill as estimated by the utility for non-residential accounts.

- a. What are the primary factors used to determine these estimates? How are these estimates derived?

**RESPONSE 4:**

a) When billing history is available, deposits based on twice the average monthly bill are calculated by taking the average of the monthly bills at the premise for the preceding 12 months and multiplying the result by two. When billing history is available and appropriate for the current customer (similar usage), deposits based on twice the highest monthly bill are calculated by taking the highest monthly bill for the applicable services at the premise for the preceding 12 months and multiplying the result by two. When billing history is not available, the average or highest monthly bill amounts are estimated based on the square footage and the estimated consumption per square foot for the applicable type of usage.

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
(CPUC STAFF DATA REQUEST DATED JULY 12, 2010)**

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**QUESTION 5:**

Of commercial customers with secured credit (from whom a deposit was held), how many were written off as uncollectible? Please provide the actual and total amount of un-collectibles for each year covering 2008 – 2010.

**RESPONSE 5:**

<b>All Secured Commercial Accounts</b>	2008	2009	2010- June YTD
Count	519	794	358
Gross Write Off	\$ 210,678	\$ 423,440	\$ 178,293

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
(CPUC STAFF DATA REQUEST DATED JULY 12, 2010)**

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**QUESTION 6:**

Of commercial customers with unsecured credit, how many were written off as uncollectible? Please provide the actual and total amount of un-collectibles for each year covering 2008-2010.

**RESPONSE 6:**

<b>All Unsecured Commercial Accounts</b>	2008	2009	2010- June YTD
Count	1,237	1,784	759
Gross Write Off	\$ 813,382	\$ 1,818,852	\$ 522,055

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
(CPUC STAFF DATA REQUEST DATED JULY 12, 2010)**

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**QUESTION 7:**

What is the gross (before deposits applied) and net un-collectibles for small business customers (as we defined small business at the workshop – i.e. usage of 40,000 kwh or 10,000 therms annually)?

**RESPONSE 7**

<b>Small Business Uncollectibles</b>	2008	2009	2010- June YTD
Gross Write Off Exclusive Of Deposits Applied	\$ 878,831	\$ 1,431,916	\$ 540,650
Deposits Applied	\$ 234,729	\$ 364,319	\$ 147,289
Net Write Off	\$ 644,101	\$ 1,067,596	\$ 393,361



**SAN DIEGO GAS & ELECTRIC COMPANY  
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**QUESTION 8:**

How many re-establishment of credit deposits are held for small business customers?  
a. What is the total amount of the deposits?

**RESPONSE 8:**

As of July 14, 2010, SDG&E was holding re-establish deposits on 6,826 commercial accounts meeting the criteria of small business customers with a dollar value of \$4.9M.

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
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**QUESTION 9:**

How many small business customers are disconnected due to nonpayment of bills?

a. How many are reconnected? What is the average duration of disconnection?

**RESPONSE 9:**

The results reflect volumes of disconnects, reconnects and duration of disconnection for those customers that were reconnected, for accounts that fit the criteria of small business customers for 2008-YTD 2010.

Year	NPSO	Reconnected	Avg Days To Reconnect
2008	1,356	519	1
2009	1,739	661	1
2010-June YTD	757	280	1

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
(CPUC STAFF DATA REQUEST DATED JULY 12, 2010)**

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**QUESTION 1:**

Describe your policies and procedures for warning small commercial customers that they may be subject to a re-establishment-of-credit deposit.

- a. What is the minimum number of days you allow slow-paying or non-paying small business customers to begin paying an arrearage before requiring a reestablishment-of-credit deposit?
- b. If you frequently allow more days than this minimum, what is the average number of days that pass before you require a reestablishment-of-credit deposit?

**RESPONSE 1:**

Small commercial customers receive a late notice which is mailed after the due date of the bill. The back of the late notice contains information regarding the utilities disconnection policy and a re-establishment deposit warning message. In addition, customers with frequent slow-pay or non-pay will also receive a deposit warning letter which states that unless future payments are made timely, it may be necessary to request a security or additional security deposit.

- a) The minimum number of days before a small commercial customer, that does not already have a deposit on hand and pays late, will be required to pay a re-establishment of credit deposit is 60 days. A small commercial customer that does not already have a deposit on hand and is disconnected for non-payment will be required to pay a re-establishment of credit deposit in order to be re-connected.
- b) SoCalGas does not track the average number of days past due before a slow-paying or non-paying small commercial customer is required to pay a re-establishment of credit deposit. After a customer receives a deposit warning letter, the account is monitored for 180 days and if there is one more late notice during this 180-day period, a security deposit is charged.

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
(CPUC STAFF DATA REQUEST DATED JULY 12, 2010)**

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**QUESTION 2:**

Describe any other policies or procedures that help small commercial customers pay their electric or gas bills, or their deposit amount(s), to avoid disconnection.

**RESPONSE 2:**

For deposits: payment arrangements may be offered and not to exceed three (3) months.

Payment extensions can be arranged so that the payment is received up to the day before the scheduled Collect/Close date.

Payment arrangements offered are dependent upon the customer's prior payment history. Terms range from short term arrangements up to three months.

**SOUTHERN CALIFORNIA GAS COMPANY  
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**QUESTION 3:**

Describe your process for determining or establishing a credit score for new small commercial customers?

- a. How do you determine the appropriate establishment-of-credit deposit amount?
- b. Does your company provide non-cash alternatives to commercial customers in lieu of a cash reestablishment of credit deposit, what are those alternatives, and how is the commercial customer informed of this?
- c. What type of flexibility regarding re-establishment of credit deposits does your company offer to customers from whom the utility deems a re-establishment of credit deposit is required?

**RESPONSE 3:**

SoCalGas does not determine or establish a credit score for new small commercial customers. Non-residential customers with no prior service are charged a credit establishment deposit.

- a) For a premise with previous history for the same type of business, a deposit to establish credit is calculated based on the average monthly consumption from the preceding 12 months times the most current month's forecasted WACOG (weighted average cost of gas) and other current rates times 2. When a new commercial customer requests service at a premise for a different type of business from the previous customer or, when no previous consumption history exists, the deposit amount is determined based on the type of the business, size of meter and hours of operation.
- b) Non-cash alternatives available to commercial customers in lieu of a cash deposit include a surety bond or an irrevocable letter of credit. Customers requesting alternative options are mailed the necessary information and documentation.
- c) Commercial customers required to pay a deposit to establish or re-establish credit have the flexibility to obtain a surety bond or an irrevocable letter of credit and make deposit payment arrangements.

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
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**QUESTION 4:**

According to Electric Rule No. 7, the amount of deposit required to establish credit shall be twice the average monthly bill as estimated by the utility for residential accounts and twice the maximum monthly bill as estimated by the utility for non-residential accounts.

- a. What are the primary factors used to determine these estimates? How are these estimates derived?

**RESPONSE 4:**

According to Gas Rule No. 7, the amount of deposit required to establish or re-establish credit for both residential and non-residential accounts may be twice the average monthly bill as determined by the Utility.

The primary factors used to determine these deposit estimates are:

- Residential and non-residential - when billing history is available; deposits are calculated by doubling the average monthly consumption times the current forecasted WACOG and other current rates, rounding off to the nearest \$5.00. The minimum deposit amount for residential customers is \$20 and \$50 for non-residential.
- Residential - when there is insufficient consumption history, a standard deposit amount is used based on the dwelling type, such as an apartment or a home.
- Non-residential - when there is insufficient consumption history, a standard deposit amount is used based on business type and meter size. When the business type is not found, then a standard deposit is calculated based on meter size, hours of operation, and \$1 cost per therm to estimate an average monthly bill, times 2.

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**QUESTION 5:**

Of commercial customers with secured credit (from whom a deposit was held), how many were written off as uncollectible? Please provide the actual and total amount of un-collectibles for each year covering 2008 – 2010.

**RESPONSE 5:**

The number and amounts of uncollectibles written off for commercial customers with secured credit (from whom a deposit was held) for each year covering 2008 – May 2010 are:

**Uncollectible Commercial Accounts Secured by Deposit**

<b>Year</b>	<b># of Accts</b>	<b>UncollectibleAmt</b>
2008	846	\$ 271,311
2009	787	\$ 308,660
2010	149	\$ 23,441

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**QUESTION 6:**

Of commercial customers with unsecured credit, how many were written off as uncollectible? Please provide the actual and total amount of un-collectibles for each year covering 2008-2010.

**RESPONSE 6:**

The number and amount of uncollectibles written off for commercial customers with unsecured credit for each year covering 2008 – May 2010 are:

**Uncollectible Commercial Accounts Unsecured by Deposit**

<b>Year</b>	<b># of Accts</b>	<b>UncollectibleAmt</b>
2008	2,206	\$ 752,335
2009	2,669	\$ 948,965
2010	703	\$ 154,748



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**QUESTION 7:**

What is the gross (before deposits applied) and net un-collectibles for small business customers (as we defined small business at the workshop – i.e. usage of 40,000 kwh or 10,000 therms annually)?

**RESPONSE 7**

The gross uncollectibles (before deposits applied) and net uncollectibles (after deposits applied) for small business customers (as we defined small business at the workshop – i.e. usage of 10,000 therms annually) for each year covering 2008 – May 2010 are:

**Uncollectible Small Commercial Accounts**

<b>Year</b>	<b>Gross</b>	<b>Net</b>
2008	\$ 887,874	\$ 651,832
2009	\$ 874,190	\$ 637,464
2010	\$ 145,722	\$ 112,039

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**QUESTION 8:**

How many re-establishment of credit deposits are held for small business customers?

a. What is the total amount of the deposits?

**RESPONSE 8:**

SoCalGas does not track re-establishment of credit deposits. However, based on a review of deposits held as of June 30, 2010, approximately 9,800 accounts totaling \$7.6 million were held for credit re-establishment (slow pay, non-pay or poor credit history) for small business customers.

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
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**QUESTION 9:**

How many small business customers are disconnected due to non-payment of bills?

- a. How many are reconnected? What is the average duration of disconnection?

**RESPONSE 9:**

The number of small business customer disconnected due to non-payment of bills and reconnected for each year covering 2008 – June 2010 are:

**Disconnects and Reconnects for Small Commercial Accounts**

<b>Year</b>	<b>Disconnects</b>	<b>Reconnects</b>
2008	2,790	1,421
2009	4,239	2,521
2010	4,749	2,738

SoCalGas does not track average duration of disconnects. However, based on review of reconnects during 2010, the average duration for small business customers is 10 calendar days. This average excludes reconnects with durations in excess of 180 days, or 6% of total reconnects. To include all reconnects, the average duration of disconnect for small business customers is 40 days.

# Attachment B

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 1:**

Excluding disconnection for non-payment, for what reasons, specifically, would your utility request a reestablishment of credit deposit from a commercial customer? Please also provide the rationale for each of the reasons for requesting re-establishment of credit deposits.

**RESPONSE 1:**

A deposit to reestablish credit will be requested from a commercial customer in the following situations:

- a) The customer becomes delinquent as a result of no payments received, payments returned for insufficient funds or broken pay agreements. In these situations a deposit to reestablish credit may be requested when the age of arrears is 60 days or greater. A customer who has a delinquent balance of 60 days or greater is considered a credit risk. A reestablish deposit is therefore requested to minimize future losses.
- b) A customer with existing commercial service which is secured, applies for new service at a new or additional premise. A customer must have established creditworthiness by paying on time for twelve consecutive months. For a customer with multiple accounts, a customer is determined to be credit worthy when at least one of the accounts is paid on time for twelve months. Until a satisfactory payment history is reached all accounts will require security.
- c) A customer files bankruptcy and requires continued service. The utility assumes that a bankruptcy results in a financial loss therefore a reestablish deposit is requested in accordance with our right to adequate assurance under the bankruptcy code and to prevent future losses.
- d) A customer is requesting new service and has a prior, unpaid bad debt. A customer who previously left the utility with an unpaid debt which was charged off is deemed to be a credit risk. A deposit to reestablish credit is requested to protect against future additional losses.

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 2:**

Does your company provide non-cash alternatives to commercial customers in lieu of a cash reestablishment of credit deposit, what are those alternatives, and how is the commercial customer informed of this?

**RESPONSE 2:**

SDG&E offers the option of a surety bond or an irrevocable letter of credit in lieu of a cash deposit to reestablish credit. Customers that request the alternative options are mailed the necessary information and documentation.

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 3:**

What type of flexibility regarding reestablishment of credit deposits does your company offer to customers from whom the utility deems a reestablishment of credit deposit is required?

**RESPONSE 3:**

SDG&E offers customers payment arrangements of up to three months for deposit requests.

Customers who have received a deposit request due to late or slow payments may be offered the Automatic Pay option in lieu of the deposit if the account has no history of returned payments, broken pay agreements or field collection activity and is current at the time of enrollment.

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 4:**

According to Electric Rule No. 7, the amount of deposit required to establish credit shall be twice the average monthly bill as estimated by the utility for residential accounts and twice the maximum monthly bill as estimated by the utility for non-residential accounts. What are the primary factors used to determine these estimates? How are these estimates derived? Please provide studies and/or analysis that support such a decision.

**RESPONSE 4:**

In E-3192, the Commission authorized SDG&E to change its deposit amount for nonresidential customers from twice the average bill to twice the maximum bill, finding that the revision “may reduce SDG&E’s losses attributable to unpaid closing bills and would therefore reduce the burden to all other ratepayers.” Finding of Fact (FOF) 1. Deposits are intended to secure the credit risk associated with an account and deposits greater than twice the average monthly bill tend to provide greater protection to the utility against losses incurred because of failure of customers to pay.” E-3192 at FOF 4. Based on the collection timeline, that risk typically amounts to about two months of billing. Non-residential accounts present, as a rule, a higher credit risk than do residential accounts. Not only are the bills higher on average, but there can be great fluctuation or seasonality in the usage and bill amounts. In addition, it is difficult to predict what the actual bills will be for many new businesses. Twice the highest monthly bill, therefore, provides adequate security throughout the year, including those times that bills are higher.

Residential bills are more predictable. New residential customer deposits to establish credit are twice the average monthly bill, but once a residential customer demonstrates unacceptable payment history that suggests the customer is a credit risk, the deposit amount becomes twice the highest monthly bill –the same as for commercial customers.

Deposit amounts are calculated based on billing history when available. Deposits to establish credit are calculated by taking the average bill for the preceding 12 months and multiplying by two. Deposits to reestablish are calculated by taking the highest monthly bill for the preceding 12 months and multiplying by two.

When prior consumption history is not available, consumption estimates are calculated based on square footage and the estimated consumption per square foot for the applicable business type.



**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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For Questions 5-10, please provide the following information broken down by year for each year from 2006 to 2010.

**QUESTION 5:**

Of commercial customers with secured credit (from whom a deposit was held), how many were written off as uncollectible? Please provide the actual and total amount of uncollectibles for each year.

**RESPONSE 5:**

<b>All Commercial/Industrial Uncollectibles Secured</b>	2006	2007	2008	2009	2010 YTD June
Count	321	404	524	796	358
Gross Write Offs	\$116K	\$163K	\$210K	\$423K	\$178K

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 6:**

Of commercial customers with unsecured credit, how many were written off as uncollectible? Please provide the actual and total amount of uncollectibles for each year.

**RESPONSE 6:**

<b>All Commercial/Industrial Uncollectibles Unsecured</b>	2006	2007	2008	2009	2010 YTD June
Count	984	1058	1232	1782	759
Gross Write Offs	\$87K-	\$491K	\$814K	\$1.8M	\$522K

Please note: In 2006 commercial recoveries exceeded write offs due to large recoveries resulting from the Enron bankruptcy of 2001.

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 7:**

What is the gross (before deposits applied) and net uncollectibles for commercial customers?

**RESPONSE 7:**

<b>All Commercial/Industrial Uncollectibles</b>	2006	2007	2008	2009	2010 YTD June
Gross Write Offs Exclusive Of Deposits Applied	\$223K	\$842K	\$1.3M	\$2.7M	\$890K
Deposits Applied	\$194K	\$187K	\$300K	\$500K	\$190K
Net Write Offs	\$29K	\$655K	\$1M	\$2.2M	\$700K

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 8:**

How many commercial customers does your company have? Does your company have multiple classes of commercial customers? How are they classified?

**RESPONSE 8:**

SDG&E classifies a customer as commercial when consumption is less than 500kW or 20,800 therms. Customers whose consumption exceed those limits are considered Industrial/Non-Core.

Provided are volume counts for year-end 2009 and June 2010. SDG&E does not have data available to validate volumes of commercial and industrial customers prior to 2009.

	Commercial	Industrial
2009	159,302	1,053
2010 (June)	159,792	1,068

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 9:**

How many reestablishment of credit deposits are held for commercial customers? What is the total amount of the deposits?

**RESPONSE 9:**

As of July 14<sup>th</sup>, 2010, SDG&E was holding 7,739 re-establish deposits from all classes of commercial customers representing a dollar value of \$9M.

SDG&E does not have data available to validate historical re-establish deposit volumes from 2006 through 2009.

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 10:**

How many commercial customers are disconnected due to nonpayment of bills? How many are reconnected? What is the average duration of disconnection?

**RESPONSE 10:**

The results reflect volumes of disconnects, reconnects and duration of disconnection for those customers that were reconnected, for all commercial customer classes, 2006 through YTD 2010.

Year	NPSO	Reconnected	Avg Days To Reconnect
2006	1,015	571	1
2007	1,398	799	1
2008	1,443	732	1
2009	1,908	975	1
2010 (thru June)	822	410	1

**SAN DIEGO GAS & ELECTRIC COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 11:**

During the workshop, the Small Business Outreach Office defined small business customers as electricity customers with a maximum demand of 20kw or less or use no more than 40,000kwh/yr or gas customers who use no more than 10,000 therms/yr. Please provide the answer to questions 5-10 for only the small business customers if possible.

**RESPONSE 11:<sup>1</sup>**

<b>Small Business Write Off With Secured Deposits</b>	2006	2007	2008	2009	2010 YTD June
Count	312	391	511	753	338
Gross Write Offs	\$108K	\$126K	\$198K	\$328K	143K

<b>Small Business Write Off Without Secured Deposits</b>	2006	2007	2008	2009	2010 YTD June
Count	853	943	1044	1435	661
Gross Write Offs	\$228K	\$267K	\$444K	\$739K	\$255K

<b>Small Business Uncollectibles</b>	2006	2007	2008	2009	2010 YTD June
Gross Write Offs Exclusive Of Deposits Applied	\$507K	\$557K	\$875K	\$1.42M	\$548K
Deposits Applied	\$171K	\$165K	\$233K	\$355K	\$150K
Net Write Offs	\$336K	\$392K	\$642K	\$1.07K	\$398K

<b>Small Commercial Customer Volumes</b>	Commercial	Industrial
2009	140,366	15
2010 (June)	141,141	15

As of July 14<sup>th</sup>, 2010, SDG&E was holding 6,828 re-establish deposits from commercial customers classified as small business, representing a dollar value of \$4.9M.

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<sup>1</sup> Variations will be noted in comparing responses to Question 11 below to SDG&E's Responses 5-7 of the CPUC staff data request submitted July 22, 2010. The variations occurred as a result of including data from 2006 and 2007. During our analysis we made assumptions that if a customer qualified as small business at any point in time from 2006 through 2010 YTD they were considered small business for the entire duration. Therefore some previously reported results for the 2008-2010 periods may have been revised in the attached responses.

Also, the data response for small commercial disconnect volumes has been revised to accommodate an error in our prior response which understated the volumes of reconnections.

**SAN DIEGO GAS & ELECTRIC COMPANY  
 BACK BILLING OIR (A.10-05-005)  
 FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
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Small Commercial Disconnects			
Year	NPSO	Reconnected	Avg Days To Reconnect
2006	957	525	1
2007	1,317	746	1
2008	1,356	671	1
2009	1,739	874	1
2010 (thru June)	757	368	1



**SAN DIEGO GAS & ELECTRIC COMPANY  
 BACK BILLING OIR (A.10-05-005)  
 FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
 ADVOCATES DATED JULY 9, 2010**

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**QUESTION 12:**

Please estimate the change in uncollectibles if the amount of deposit required to reestablish credit is changed from twice the maximum monthly bill to:

- Twice the average monthly bill
  - Maximum monthly bill (one month only)
  - Average monthly bill (one month only)
  - 50% of maximum monthly bill (one month only)
  - 50% of average monthly bill (one month only)
- Please also provide work papers, studies, and analysis on how each of these figures is derived.

**RESPONSE 12:**

The following assumptions made to estimate the change in uncollectibles under the various scenarios are calculated using the average monthly bill and average maximum monthly bill for commercial accounts for the prior 12 months. The assumptions were applied against actual write offs for all commercial accounts in 2009.

Assumptions were also made to consider additional uncollectibles exposure resulting from a reduced dollar amount of deposits that would have been available to apply against closing bills in 2009 that paid balances in full and thus avoided a charge off.

Scenario	Adverse Impact To 2009 Commercial Write Offs	Addt Potential Impact To 2009 Commercial Write Offs From Commercial Accounts With Deposits Applied At Final That Paid Balances In Full
Twice the average monthly bill	\$79K	\$440K
Maximum monthly bill (one month only)	\$91K	\$505K
Average monthly bill (one month only)	\$130K	\$726K
50% of maximum monthly bill (one month only)	\$136K	\$758K
50% of average monthly bill (one month only)	\$156K	\$868K



Backbilling OIR  
 Question 12.xl...

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

---

**QUESTION 1:**

Excluding disconnection for non-payment, for what reasons, specifically, would your utility request a reestablishment of credit deposit from a commercial customer? Please also provide the rationale for each of the reasons for requesting re-establishment of credit deposits.

**RESPONSE 1:**

Excluding disconnection for non-payment, SoCalGas would request a reestablishment of credit deposit from a commercial customer who is slow pay, non-pay or has insufficient or poor credit history. A deposit to reestablish credit would be requested when:

- a) The customer receives one more late notice within a six-month period following a deposit warning letter. A deposit warning letter is mailed to the customer following three late notices and one disconnection notice within the last six months. A customer with recurring delinquent balances of 60 days or more is considered a credit risk. A reestablish deposit is requested to minimize uncollectible expense.
- b) The customer does not have service for a one-year minimum within the past two years and applies for new service at a different premise in the same business name. A customer must make timely payments for 12 consecutive months to be considered credit worthy. A reestablish deposit is requested to minimize uncollectible expense for customers considered to be a credit risk.
- c) The customer applies for new service and has a poor credit history at a previous address. Poor credit history includes not being credit worthy where a deposit was charged on the previous account or the previous account was written off. A customer must make timely payments for 12 consecutive months to be considered credit worthy. A reestablish deposit is requested to minimize and protect against future losses.
- d) The business entity type is different from the previous account, i.e. the previous account was a partnership and the new account is a corporation. Creditworthiness is established when the customer makes timely payments for 12 consecutive months under the new business type. A reestablish deposit is requested to minimize uncollectible expense.
- e) The customer files bankruptcy and requires continued service. A deposit to reestablish credit is requested in accordance with SoCalGas' right to adequate assurance under the bankruptcy code and to protect against future losses or uncollectible expense.

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 2:**

Does your company provide non-cash alternatives to commercial customers in lieu of a cash reestablishment of credit deposit, what are those alternatives, and how is the commercial customer informed of this?

**RESPONSE 2:**

Non-cash alternatives available to commercial customers in lieu of a cash reestablishment of credit deposit include a surety bond or an irrevocable letter of credit. Customers requesting alternative options are mailed the necessary information and documentation.

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 3:**

What type of flexibility regarding reestablishment of credit deposits does your company offer to customers from whom the utility deems a reestablishment of credit deposit is required?

**RESPONSE 3:**

Commercial customers required to pay a deposit to re-establish credit have the flexibility to obtain a surety bond or an irrevocable letter of credit, make deposit payment arrangements, or negotiate a lower deposit amount when applicable, i.e., reduced consumption.

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 4:**

According to Electric Rule No. 7, the amount of deposit required to establish credit shall be twice the average monthly bill as estimated by the utility for residential accounts and twice the maximum monthly bill as estimated by the utility for non-residential accounts. What are the primary factors used to determine these estimates? How are these estimates derived? Please provide studies and/or analysis that support such a decision.

**RESPONSE 4:**

According to Gas Rule No. 7, the amount of deposit required to establish or re-establish credit for both residential and non-residential accounts may be twice the average monthly bill as determined by the utility.

The primary factors used to determine these deposit estimates are:

Residential and non-residential - when billing history is available; deposits are calculated by doubling the average monthly consumption times the current forecasted WACOG and other current rates, rounding off to the nearest \$5.00. The minimum deposit amount for residential customers is \$20 and \$50 for non-residential.

- Residential - when there is insufficient consumption history, a standard deposit amount is used based on the dwelling type, such as an apartment or a home.
- Non-residential - when there is insufficient consumption history, a standard deposit amount is used based on business type and meter size. When the business type is not found, then a standard deposit is calculated based on meter size, hours of operation, and \$1 cost per therm to estimate an average monthly bill, times 2.

Studies and/or analysis to support a decision to request different deposit estimates for residential versus non-residential are not applicable for SoCalGas. As stated above, the amount of deposit is twice the monthly average bill for both residential and non-residential accounts. The decision to require a two-month average is representative of the minimum time period from the customer's last bill to disconnect. Twice the monthly average over a 12-month period is believed to be a fair estimate to smooth out any monthly fluctuations and/or seasonality in the customer's energy consumption.

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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For Questions 5-10, please provide the following information broken down by year for each year from 2006 to 2010.

**QUESTION 5:**

Of commercial customers with secured credit (from whom a deposit was held), how many were written off as uncollectible? Please provide the actual and total amount of uncollectibles for each year.

**RESPONSE 5:**

<b>Write-off of commercial customers secured by deposits</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Jun YTD 2010</b>
<b>Count</b>	589	643	846	787	193
<b>Amount</b>	\$ 191,031	\$ 216,535	\$ 271,311	\$ 308,660	\$ 36,128

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 6:**

Of commercial customers with unsecured credit, how many were written off as uncollectible? Please provide the actual and total amount of uncollectibles for each year.

**RESPONSE 6:**

<b>Write-off of commercial customers unsecured by deposits</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Jun YTD 2010</b>
<b>Count</b>	1,903	1,852	2,206	2,669	899
<b>Amount</b>	\$ 779,258	\$ 395,104	\$ 752,335	\$ 948,965	\$ 241,504

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 7:**

What is the gross (before deposits applied) and net uncollectibles for commercial customers?

**RESPONSE 7:**

<b>Write-off of commercial customers</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Jun YTD 2010</b>
<b>Gross (before deposits applied)</b>	\$ 1,182,234	\$ 856,687	\$ 1,332,987	\$ 1,666,209	\$ 352,760
<b>Net (after deposits applied)</b>	\$ 970,289	\$ 611,639	\$ 1,023,646	\$ 1,257,625	\$ 277,632



**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 8:**

How many commercial customers does your company have? Does your company have multiple classes of commercial customers? How are they classified?

**RESPONSE 8:**

SoCalGas does not have multiple classes of commercial customers. The average number of active commercial accounts for each year 2006 through June 2010 is:

<b>Year</b>	<b>Average Number of Commercial Accounts</b>
2006	192,592
2007	193,173
2008	192,334
2009	190,382
2010	189,626

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
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**QUESTION 9:**

How many reestablishment of credit deposits are held for commercial customers? What is the total amount of the deposits?

**RESPONSE 9:**

SoCalGas does not track reestablishment of credit deposits (slow pay, non-pay or poor credit history). However, based on a review of deposits held for commercial accounts as of June 30, 2010, approximately 11,600 deposits were held for credit reestablishment with a value of \$14.7 million.

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
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**QUESTION 10:**

How many commercial customers are disconnected due to nonpayment of bills? How many are reconnected? What is the average duration of disconnection?

**RESPONSE 10:**

<b>Commercial accounts disconnected due to nonpayment and reconnected</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Jun YTD 2010</b>
<b>Disconnects</b>	4,265	4,137	4,935	4,415	2,872
<b>Reconnects</b>	2,686	2,491	2,882	2,643	1,482

SoCalGas does not track average duration of disconnects. However, based on review of reconnects during 2010, the average duration of disconnects for commercial customers is 10 calendar days. This average excludes disconnect durations in excess of 180 days. To include disconnect durations in excess of 180 days, the average duration of disconnects is 40 days.

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
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**QUESTION 11:**

During the workshop, the Small Business Outreach Office defined small business customers as electricity customers with a maximum demand of 20kw or less or use no more than 40,000kwh/yr or gas customers who use no more than 10,000 therms/yr. Please provide the answer to questions 5-10 for only the small business customers if possible.

**RESPONSE 11:**

<b>Write-off of small commercial customers secured by deposits</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Jun YTD 2010</b>
<b>Count</b>	577	628	822	758	183
<b>Amount</b>	\$ 129,664	\$ 143,586	\$ 209,152	\$ 203,753	\$ 23,540

<b>Write-off of small commercial customers unsecured by deposits</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Jun YTD 2010</b>
<b>Count</b>	1,855	1,791	2,093	2,475	852
<b>Amount</b>	\$ 574,663	\$ 278,642	\$ 442,680	\$ 433,711	\$ 155,453

<b>Write-off of small commercial customers</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Jun YTD 2010</b>
<b>Gross (before deposits applied)</b>	\$ 916,272	\$ 667,276	\$ 961,172	\$ 1,046,049	\$ 254,121
<b>Net (after deposits applied)</b>	\$ 704,327	\$ 422,228	\$ 651,832	\$ 637,464	\$ 178,993

SoCalGas does not have multiple classes of small commercial customers. The average number of active small commercial accounts for each year 2006 through June 2010 is:

<b>Year</b>	<b>Average Number of Small Commercial Accounts</b>
2006	171,697
2007	171,768
2008	170,659
2009	169,285
2010	169,183

SoCalGas does not track reestablishment of credit deposits (slow pay, non-pay or poor credit history). However, based on a review of deposits held for small commercial accounts as of June 30, 2010, approximately 9,800 deposits were held for credit reestablishment with a value of \$7.6 million.

<b>Small commercial accounts disconnected due to nonpayment and reconnected</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Jun YTD 2010</b>
<b>Disconnects</b>	4,082	3,982	4,745	4,238	2,785
<b>Reconnects</b>	2,535	2,357	2,735	2,531	1,419

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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SoCalGas does not track average duration of disconnects. However, based on review of reconnects during 2010, the average duration of disconnects for small commercial customers is 10 calendar days. This average excludes disconnect durations in excess of 180 days. To include disconnect durations in excess of 180 days, the average duration of disconnects is 40 days.

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

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**QUESTION 12:**

Please estimate the change in uncollectibles if the amount of deposit required to reestablish credit is changed from twice the maximum monthly bill to:

- Twice the average monthly bill
- Maximum monthly bill (one month only)
- Average monthly bill (one month only)
- 50% of maximum monthly bill (one month only)
- 50% of average monthly bill (one month only)

Please also provide work papers, studies, and analysis on how each of these figures is derived.

**RESPONSE 12:**

	<b>Estimated annual change in uncollectibles for commercial customers based on change in deposit charged to reestablish credit</b>
<b>Twice the average monthly bill</b>	No change - SoCalGas charges twice the average monthly bill
<b>Maximum monthly bill (one month only)</b>	Not applicable - SoCalGas charges twice the average monthly bill
<b>Average monthly bill (one month only)</b>	\$1 million increase
<b>50% of maximum monthly bill (one month only)</b>	Not applicable - SoCalGas charges twice the average monthly bill
<b>50% of average monthly bill (one month only)</b>	\$2 million increase

**Work papers, analysis:**

<b>Deposits on hand as of June 2010 for commercial customers:</b>	
Credit reestablishment deposits	\$15 million
Total deposits	\$21 million
Reestablish deposits as a percent of total deposits	<b>70%</b>

**SOUTHERN CALIFORNIA GAS COMPANY  
BACK BILLING OIR (A.10-05-005)  
FIRST SET OF DATA REQUESTS FROM THE DIVISION OF RATEPAYER  
ADVOCATES DATED JULY 9, 2010**

Deposits Applied to commercial customers	2006	2007	2008	2009	Jun YTD 2010	Average 2006 to Jun YTD 2010	
Uncollectibles (DW)	\$ 211,945	\$ 245,048	\$ 309,340	\$ 408,584	\$ 75,128	\$ 277,788	
Closing Bills (E07P37)	\$ 2,451,196	\$ 3,117,337	\$ 3,350,281	\$ 2,714,500	\$ 1,268,174	\$ 2,866,997	
<b>Total Deposits Applied</b>	<b>\$ 2,663,141</b>	<b>\$ 3,362,385</b>	<b>\$ 3,659,621</b>	<b>\$ 3,123,084</b>	<b>\$ 1,343,302</b>	<b>\$ 3,144,785</b>	
Estimated deposits applied from credit reestablishment (70%)	\$ 1,864,198	\$ 2,353,670	\$ 2,561,735	\$ 2,186,159	\$ 940,312	\$ 2,201,350	
Estimated increase to uncollectibles if deposit charged is one month average bill (50%)	\$ 932,099	\$ 1,176,835	\$ 1,280,868	\$ 1,093,080	\$ 470,156	\$ 1,100,675	~ \$1million
Estimated increase to uncollectibles if deposit charged is 50% of one month average bill (75%)	\$ 1,398,149	\$ 1,765,252	\$ 1,921,301	\$ 1,639,619	\$ 705,234	\$ 1,651,012	~ \$2million

**Assumptions:**

70% of deposits held are for credit reestablishment based on an analysis of deposits held as of June 2010. Therefore, assume 70% of deposits applied to uncollectibles and closing bills are credit reestablishment deposits. However, since not all customers have the full deposit on hand, this estimate may understate deposits for credit reestablishment.

Since not all customers have a full deposit on hand with write-offs or closing bills, multiplying a percent (50% or 75% deposit reduction), to reflect a change in deposit charged and applied to uncollectible expense and closing bills, may understate the estimated increase in uncollectible expense. On the other hand, not all closing bills will become uncollectible if deposits are not on hand.

# Attachment C





**RULE 1**  
**DEFINITIONS**

Sheet 1

**AGGREGATOR:** Any marketer, broker, public agency, city, county, or special district, that combines the loads of multiple end-use customers in facilitating the sale and purchase of electric energy, transmission, and other services on behalf of these customers.

**APPLICATION:** Request to the Utility for electric service; not an inquiry as to the availability or charges for such service.

**BALANCING ACCOUNT:** Account in which expenses are compared with actual revenues derived from rates designed to recover those expenses. Any resulting over- or undercollection, plus interest, is due to or owed from ratepayers, respectively. Account balances are amortized in future rates, as approved by the Commission.

**BASELINE:** A rate structure mandated by the California Legislature that ensures all residential customers are provided a minimum necessary amount of electricity at the lowest possible cost.

**BILLING AGENT:** Any party who prepares and submits bills to end-use customers, collects and processes payments, and remits aggregate funds and records to its clients.

**BILLING CYCLE:** The regular periodic interval for reading a Customer's meter for billing purposes. Usually meters are scheduled to be read monthly.

**BROKER:** An entity that arranges the sale and purchase of electric energy, transmission, and other services between buyers and sellers, but does not take title to any of the power sold.

**CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) PROGRAM:** A CPUC program that offers reduced rates to qualified low-income customers. The household income of customers qualifying for CARE assistance shall not exceed 200% of the Federal poverty level as established by the CPUC and set forth in the applicable Utility rate schedules. The CARE Program was previously known as the Low-Income Ratepayer Assistance (LIRA) Program.

**COMBINED SERVICE VOLTAGE:** Combined Service Voltage occurs when two or more meters are used to determine a customer's billing. In such a case, an adjustment shall be made to the metered information between the voltages prior to billing. When Secondary and Primary voltages are combined, the metered data from Secondary will be increased by 4% prior to being added to the metered data at the Primary level. When Primary and Transmission voltages are combined, metered data from Primary will be increased by 3% prior to being added to the metered data at the Transmission level. When SDG&E, at the customer's expense, has conducted a customer specific loss study it may apply a percentage other than above. When an alternative percentage is developed it may be rounded to the nearest whole percentage.

**COMMISSION:** Public Utilities Commission of the State of California, sometimes referred to as the Public Utilities Commission (PUC) or the California Public Utilities Commission (CPUC).

**COMMON USE AREAS:** Those areas that may be shared or used by occupants within a multifamily accommodation, including, but not limited to, recreation room, swimming pool, tennis courts, gardens, hall/outdoor lighting.

**COMMUNITY CHOICE AGGREGATION SERVICE (CCA Service):** CCA service permits cities, counties, or combinations thereof, whose governing board(s) have elected to acquire their electric power commodity requirements, hereinafter referred to as Community Choice Aggregator (CCAs) to provide such services on behalf of Utility end-use customers located within their service area(s) subject to the requirements specified in AB 117 and other CPUC directives.

**COMMUNITY CHOICE AGGREGATOR (CCA):** Any city, county, or combination thereof, whose governing board(s) have elected to combine the loads of its residents, businesses and municipal facilities in a community wide electricity buyers' program, known as CCA Service.

(Continued)

1C0  
Advice Ltr. No. \_\_\_\_\_  
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Effective \_\_\_\_\_  
Resolution No. \_\_\_\_\_



San Diego Gas & Electric Company  
San Diego, California

Revised Cal. P.U.C. Sheet No. 20585-E  
Canceling Revised Cal. P.U.C. Sheet No. 19752-E

**RULE 1**  
**DEFINITIONS**

Sheet 2

**COMMUNITY CHOICE AGGREGATION CUSTOMER (CCA Customer):** A Customer located within the service area of a CCA who receives electric power procurement services from the CCA. L

**COMPANY:** See Utility.

**COMPANY'S OPERATING CONVENIENCE:** Use, under certain circumstances, of facilities or practices not ordinarily employed which contribute to the overall efficiency of the Utility's operations; term does not refer to customer convenience nor to the use of facilities or adoption of practices required to comply with applicable laws, ordinances, rules, regulations, or similar requirements of public authorities. L

**COMPETITION TRANSITION CHARGES (CTC):** Under the electric industry restructuring order, the Commission authorized utilities to collect Competition Transition Charge (CTC) from all customers to offset: (1) the reasonable costs utilities incurred in building generation plants to serve their customers, (2) above-market costs associated with nuclear power plant settlements and power purchase contracts, and (3) costs arising from regulatory obligations such as employee early retirement or retraining programs. These costs were previously collected in rates from all customers. To ensure Utility financial viability and recovery of approved past expenses, all Utility retail customers who were customers on and after December 20, 1995 would be obligated to pay the CTC.

**CONTACT CLOSURE SERVICE:** This service is the provision of an electronic signal to a customer that indicates the starting and ending of a signaled period.

**CRITICAL CUSTOMER:** Customer facility where the interruption of electric service would cause a danger to human life, health or safety, and includes customers such as hospitals, other state-licensed health care facilities, medical research facilities, medical facilities at military installations and detention facilities, municipal water pumping plants and sanitation facilities.

**CUSTOMER:** Generally, the end-users of electricity, who may be served either by the UDC or retail electric service providers. Specifically, the person or entity in whose name service is rendered as evidenced by the signature on the application, contract, or agreement for that service, or, in the absence of a signed instrument, by the receipt and payment of bills regularly issued in their name.

**CUSTOMER SERVICE POINT:** The point of connection between the facilities of the serving Utility and the wiring of the customer's premises.

**DEPARTMENT OF WATER RESOURCES (DWR):** California State agency that is authorized to sell power to the retail customers of the three investor-owned electric utilities in the State (i.e., San Diego Gas & Electric Company, Southern California Edison Company, and Pacific Gas & Electric Company) beginning January 19, 2001 (Senate Bill 7X and Assembly Bill 1X).

**DEPARTMENT OF WATER RESOURCES BOND CHARGE (DWR-BC):** Pursuant to Commission Decision 02-10-063 as modified by Decision 02-12-082, the Utility is required to impose this charge on its electric commodity customers to repay the California Department of Water Resources (DWR) for bond-related costs associated with purchasing power on behalf of California energy consumers. In addition, the bond charge is applicable to 1) Direct Access customers who took bundled service on or after February 1, 2001 as adopted by D.02-11-022, 2) Customer Generation Departing Load as adopted by D.03-04-030 and Resolution E-3831 and 3) Community Choice Aggregation customers as adopted by D.04-12-046. The DWR-BC does not apply to California Alternate Rates for Energy (CARE) customers and medical baseline allowance customers.

**DEPARTMENT OF WATER RESOURCES POWER CHARGE:** For purposes of Schedule DA-CRS, the power charge represents Direct Access customers' share of the Department of Water Resources (DWR) procurement costs beginning September 21, 2001.

2C0		(Continued)	
Advice Ltr. No.	<u>1978-E</u>	Issued by	Date Filed <u>Mar 28, 2008</u>
Decision No.	<u>08-02-034</u>	<b>Lee Schavrien</b>	Effective <u>May 1, 2008</u>
		Senior Vice President	Resolution No. _____
		Regulatory Affairs	



**RULE 1**  
**DEFINITIONS**

**DIRECT ACCESS (DA):** Any end-use Utility customer electing to procure its electricity, and any other CPUC-authorized energy services, directly from energy service providers (ESP). "Non-continuous" DA customers are those who took bundled service on or after February 1, 2001. "Continuous" DA customers are those who were DA customers both before and after February 1, 2001. Effective December 4, 2003, DA customers who received DA service from February 1, 2001 through September 20, 2001 shall be considered "continuous" DA.

**DIRECT ACCESS SERVICE REQUEST (DASR):** Request for enrollment, termination, or other change for Direct Access. The DASR transaction outlined in Rule No. 25 was implemented pursuant to CPUC Decision D.98-02-108.

**DISTANCE ADJUSTMENT FEE:** The charge for wire cost and line losses associated with the distance calculated from the nearest transmission level line (69kV or higher) to the Customer Service Point for customers who have completed a Request for Service at Secondary/Primary Substation Level Rates, Form 106-3859. The Distance Adjustment Fee for customers taking Secondary Substation or Primary Substation Level Rates shall apply only to the customer's measured distance in excess of 100 feet. For customers taking service under the provisions of Special Condition 16 of Schedule AL-TOU and Special Condition 15 of AL-TOU-DER, the Distance Adjustment Fee shall apply to the customer's entire measured distance between each of the meters involved using normal utility position to determine that distance.

**DISTRIBUTION CHARGES:** Charges for use of the Utility's distribution facilities. Charges are intended to recover the Utility's costs of owning, operating, and maintaining the electrical distribution facilities including billing, meter reading, and other revenue cycle functions.

**DOMESTIC SERVICE:** Electric service for the residential operations incident to domestic life on the premises of a residential dwelling unit, excluding service to vessels, other than vessels which are authorized as live aboard vessels.

**ELECTRONIC BILLING:** Also referred to as "Paperless Billing." An option that customers can elect whereby the Utility provides billing information to the customer by means of a computer network such as the Internet or in a form to be used by a computer or similar electronic device to destinations mutually agreed upon between Utility and the customer, such as the Utility's web page, or a home banking, bill aggregator or financial institution website.

**ELECTRONIC TRANSFER:** Paperless exchange of data and/or funds, usually involving computer and telecommunication technology.

**ELIGIBLE CUSTOMER:** As determined by the Utility, those customers having special skills and equipment necessary to participate with Utility on special services.

**ENERGY RATE CEILING (ERC):** In accordance with Assembly Bill 265 and Decision 00-09-040, a ceiling of \$0.065 per kWh is set on the energy component (commodity charges) of electric bills of eligible bundled customers of the Utility through December 31, 2002, retroactive to June 1, 2000. As stated in Resolution E-3726, the ERC does not apply to Direct Access customers. The rate ceiling will be applicable to the following bundled customers:

1. Residential Customers (accounts under Rate Schedules DR, DR-LI, DM, DS, DT, DT-RV, EV-TOU, EV-TOU-2, EV-TOU-3, and DR-TOU);
2. Street Lighting Customers (accounts under Rate Schedules LS-1, LS-2, LS-3, OL-1, and DWL);
3. All accounts on Rate Schedules A, A-TC, and A-TOU;
4. All "general acute care hospitals", as defined in Section 1250 of the Health and Safety Code;
5. All public and private schools for pupils from Kindergarten through Grade 12;
6. All accounts with Maximum Monthly Demand less than 100 kW, for at least nine out of the preceding 12 months, that are taking service on one of the following rate schedules: AD, AL-TOU, AY-TOU, or AL-TOU-CP; and
7. Customers that request inclusion under the expanded eligibility provision of Resolution E-3726; rate ceiling applied to those months in which demand is below 100kW.

**ENERGY SERVICE PROVIDER (ESP):** An entity which provides electric service to a retail or end-use customer, but which does not fall within the definition of an electrical corporation. See Rule No. 25.

(Continued)

3C0	Issued by	Date Filed	Sep 28, 2009
Advice Ltr. No. 2112-E	<b>Lee Schavrien</b>	Effective	Oct 28, 2009
Decision No.	Senior Vice President Regulatory Affairs	Resolution No.	

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**RULE 1**  
**DEFINITIONS**

Sheet 4

**ENTERPRISE:** Business corporation, partnership, or sole ownership established for the purpose of engaging in a single business or commerce.

**EXISTING UDC METERS:** Existing UDC Meters shall refer to all UDC-owned meters used to comply with the billing requirements of UDC distribution and transmission services. Existing UDC Meters shall not include any UDC-owned interval data recorder (IDR) meters that have been installed after November 1, 1997 to bill or monitor EECC hourly pricing effective January 1, 1998. In general, Existing UDC Meters will not be eligible for sale unless such meters can be retrofitted and used as IDR meters. And, in all cases, the UDC has the discretion to sell or not to sell its meters.

**EXTERNALLY MANAGED COSTS (EMCs):** Pursuant to Commission Decision 99-05-031, the Utility is authorized to recover electric restructuring related implementation costs deemed eligible to receive such treatment under Public Utilities Code Section 376. EMCs consist of the EECC initial charge, and the costs for the Consumer Education Program and Electric Education Trust.

**FORCE MAJEURE:** Unanticipated events or conditions beyond the reasonable control of the party claiming Force Majeure which could not have been prevented by the exercise of due diligence. Force Majeure, as it applies to the Tariff Rate Schedules, specifically does not include required maintenance of customer's facilities, plant closures, economic conditions or variations in agricultural crop production.

**FRANCHISE FEES:** A financial obligation collected from the customer by the Utility and remitted in whole to a city or a county government for the Utility's nonexclusive right to install and maintain equipment on that government's highway and street property, or public rights of way.

**GENERATORS:** Those entities which will design, construct, own, operate, and maintain generation assets to supply energy and ancillary services to the competitive market.

**HIGH RISE BUILDING:** A structure having floors used for human occupancy located more than 75 feet above the lowest level for fire department vehicle access.

**HOLIDAYS:** The Time-of-Use Holidays are New Year's Day (January 1), President's Day (third Monday in February), Memorial Day (last Monday in May), Independence Day (July 4), Labor Day (first Monday in September), Veterans Day (November 11), Thanksgiving Day (fourth Thursday in November), and Christmas Day (December 25). When a Holiday listed above falls on Sunday, the following Monday shall be defined as a Holiday. No change will be made for Holidays falling on Saturday.

**HOURLY METERING:** Hourly metering shall refer to "Interval Metering" as defined herein.

**HOURLY PX RATE OPTION:** Also known as Virtual Direct Access. This rate option allows customers to purchase electricity on an hourly basis through the UDC. This rate option is available under Schedule EECC in combination with the customer's applicable rate schedule(s).

**HOUSING PROJECT:** Building or group of buildings located on single premises and containing more than one family dwelling unit.

**IMPUTED AND EFFECTIVE UTILITY RATES:** The Imputed Utility Rate is the amount the utility is authorized to receive for its own account for the kWhs that it supplies to retail customers from its URG, and is to be recovered from the fixed retail tariff rates in Schedule EECC designed to recover the DWR revenue requirement. The initial Imputed Utility Rate is authorized in D. 01-09-059. The Effective Utility Rate is the amount the utility actually receives for its own account for the kWhs that it supplies to retail customers from its URG. The Effective Utility Rate is equal to total revenues received less payment made to DWR (residual revenue) divided by the utility's URG sales to customers.

(Continued)

4C0	Issued by	Date Filed	Mar 28, 2008
Advice Ltr. No.	<u>1978-E</u>	Effective	<u>May 1, 2008</u>
Decision No.	<u>08-02-034</u>	Resolution No.	_____

**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs



**RULE 1**  
**DEFINITIONS**

**INDEPENDENT SYSTEM OPERATOR (ISO):** The ISO is responsible for the operation and control of the California statewide transmission grid.

**INDIVIDUALLY METERED SERVICE:** Service whereby each single family dwelling unit, each dwelling unit within a multi-family structure, or nonresidential occupancy, is separately metered and billed by the Utility.

**INITIAL FROZEN RATE (IFR):** In accordance with Assembly Bill (AB) X1 43, an initial frozen rate of 6.5 cents per kWh is set on the energy component (commodity charges) of electric bill of all bundled customers of SDG&E not covered under the rate ceiling required under Assembly Bill (AB) 265. The initial frozen rate, retroactive to February 7, 2001, will terminate concurrently with the end of the rate freeze for Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) pursuant to Section 368 of the California Public Utilities Code, and will be applicable to the following customers:

1. All accounts with Maximum Monthly Demand of 100 kW or greater, for at least nine out of the preceding 12 months, that are taking service on one of the following rate schedules: AD, AL-TOU, AY-TOU, or AL-TOU-CP; and
2. All accounts on Rate Schedules A6-TOU, PA, PA-T-1, and PA-TOU.

Adjustments shall be applied retroactively to February 7, 2001 in the form of credits on future bills. The EERA will be recorded in the Large Customer Revenue Shortfall Memorandum Account (LCRSMA).

**INTERNALLY MANAGED COSTS (IMCs):** Pursuant to Commission Decision 99-05-031, the Utility is authorized to recover electric restructuring related implementation costs deemed eligible to receive such treatment under Public Utilities Code Section 376. IMCs consist of the following items: Direct Access implementation activities; PX load bidding and demand settlement; ISO/PX interfaces; hourly interval meter install and reading; UDC billing systems modification; customer information release system; and, environmental impact report.

**INTERVAL METERING:** The purchase, installation and maintenance of a metering device capable of recording energy use at 15-minute intervals, at a minimum, including any communication systems needed to allow the customer access to meter read usage data. To the extent that the customer's UDC distribution tariff charges requires meter reads smaller than 15 minutes, "Interval Metering" will refer to metering devices, including any related communication systems, capable of recording energy use at the intervals required by the customer's UDC distribution tariff(s).

**KILOWATT (kW):** A unit of electrical power equal to 1,000 watts. A watt is a basic unit to measure the transfer of electric power from one source to another, and a watt is equal to one ampere flowing under one volt of pressure with a power factor of 100%.

**KILOWATT-HOUR (kWh):** A common unit to measure electric energy consumption. A kWh equals 1,000 watts of electric power consumed (or transferred from one source to another) for one hour of time.

**LARGE CUSTOMER:** A Large Customer is a customer that is not eligible, and has not been eligible to have the Energy Rate Ceiling (ERC), as mandated by Assembly Bill 265, applied to their bill. After December 31, 2002 a Large Customer also excludes any customer that would be eligible for the ERC were it still available. A Large Customer shall also exclude any Direct Access customer that meets the eligibility requirements of ERC save for being Direct Access.

(Continued)

5C0	Issued by	Date Filed	Mar 28, 2008
Advice Ltr. No.	<b>Lee Schavrien</b>	Effective	May 1, 2008
Decision No.	Senior Vice President Regulatory Affairs	Resolution No.	



**RULE 1**

DEFINITIONS

**LATE PAYMENT CHARGE:** Charge that is added to non-residential accounts to offset the expenses created by late payments.

**LIFE-SUPPORT DEVICE:** Medical device using Utility-supplied electricity for its operation that is regularly required to sustain, restore, or supplant a vital function of a person residing in a residential unit. Term does not include apparatus or appliances used in a hospital or medical clinic, nor does it include therapeutic devices such as pool or tank heaters, saunas, or hot tubs.

**LOAD PROFILE:** An estimate of a group of customers' (e.g., residential, small commercial, large commercial) hourly consumption over a period of time. Load profiles are statistical sampling techniques which allows customers that have common end-use characteristics but with load variances to be represented by a single measurement. Load profiles will be used by UDC to determine monthly average EECC and CTC energy charges for customers. Small Customers, as defined herein, will be eligible for load profiles. In addition, commercial customers with a Maximum Demand below 50 kW for at least nine out of the preceding 12 months, and with an Maximum Annual Demand below 80 kW, will be eligible for load profiles for at least a full nine months from the start of Direct Access, unless extended by the CPUC.

**LOW-INCOME RATEPAYER ASSISTANCE (LIRA) PROGRAM:** See California Alternate Rates for Energy (CARE) Program above.

**MAILED:** Notice or other communication to the customer will be considered "mailed" when received into the customer's electronic mail box via electronic data interchange or when it is enclosed in a sealed envelope, properly addressed, and deposited in any authorized United States Postal Service receptacle, postage prepaid.

**MARKETER:** Any entity that buys electric energy, transmission, and other services from traditional utilities and other suppliers, and then resells those services at wholesale to an end-use customer.

**MASTER-METERED SERVICE:** Service whereby the Utility installs a meter to register the consumption of two or more occupancies.

**MAXIMUM ANNUAL DEMAND:** The Maximum Annual Demand shall be the highest Maximum Monthly Demand for the current and prior eleven months. If during the prior eleven months there is a month(s) when there was not a demand registering device in place then no Maximum Demand shall be assumed.

**MAXIMUM DEMAND:** The Maximum Demand shall be the average kilowatt input during the fifteen-minute interval in which the consumption of electric energy is greater than any other fifteen-minute interval in the billing period as indicated or recorded by instruments installed, owned and maintained by the Utility, but not less than the diversified resistance welder load computed in accordance with the Utility's Rule 2. In the case of hoists, elevators, furnaces, or other loads where the energy demand is intermittent or subject to violent fluctuations, the Utility may base the Maximum Demand upon a five minute interval instead of a fifteen minute interval. In case the Maximum Demand has not been measured, it may be determined by test at the option of the Utility. Other than as provided in Special Condition 13 of Schedule AL-TOU, where the customer delivers power to the Utility's system during any fifteen-minute period those deliveries shall not be credited against the power received by the customer for determination of Maximum Demand.

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6C0		Issued by	Date Filed	Jan 11, 2005
Advice Ltr. No.	<u>1653-E</u>	<b>Lee Schavrien</b>	Effective	<u>Feb 1, 2005</u>
	<u>04-12-015</u>	Vice President		
Decision No.	<u>04-04-042</u>	Regulatory Affairs	Resolution No.	_____



San Diego Gas & Electric Company  
San Diego, California

	Revised	Cal. P.U.C. Sheet No.	14852-E
	Revised		14435-E
Canceling	Revised	Cal. P.U.C. Sheet No.	14503-E

**RULE 1**  
**DEFINITIONS**

Sheet 7

**MAXIMUM MONTHLY DEMAND:** The Maximum Monthly Demand shall be the Maximum Demand occurring during the current billing period. If the Utility has at its election not obtained a separate maximum demand read for each billing period then the Utility shall use 95% of the last metered Maximum Demand in determining the Maximum Monthly Demand. Where customers paying for standby service under Schedules S or S-I experience a forced or scheduled outage of the customer's generating system during the billing period as demonstrated to the reasonable satisfaction of the Utility, within 60 days of occurrence, the level of that outage (not to exceed the amount of the contracted standby level), on a kw basis, is to be subtracted from the recorded demand in the applicable month.

**MAXIMUM KILOVAR DEMAND:** The Maximum Kilovar Demand shall be the average kilovar input during the fifteen minute interval in which the consumption of reactive energy is higher than in any other fifteen minute interval.

**MAXIMUM KILOVAR BILLING DEMAND:** The Maximum Kilovar Billing Demand shall be the maximum kilovar demand less 48% of the maximum demand.

**MAXIMUM ON-PEAK PERIOD DEMAND:** The Maximum On-Peak Period Demand shall be the Maximum Demand measured during the billing period limited to the hours specified for the on-peak period. Demands created by the scheduled maintenance of a customer's self generation system (not to exceed the amount of the contracted standby level) will be subtracted from the measured on-peak period Maximum Demand provided that the maintenance schedule has been approved by the Utility prior to the start of the billing period.

**MEMORANDUM ACCOUNT:** Account authorized by the Commission for the purpose of tracking certain costs and revenues. Each individual memorandum account may have specific accounting treatment applicable to that account.

**METER DATA MANAGEMENT AGENT (MDMA):** An entity that takes raw meter outputs; validates these outputs using validation, editing, and estimating rules; adds corollary information needed to characterize the customer; and makes complete customer information available to others for use in various applications.

**METER SERVICE PROVIDER:** An entity that installs, validates, registers, and maintains the physical meter required on a premise to measure the required variables associated with energy demand or consumption.

**MOBILEHOME:** Structure designed as a residence, in one or more sections, and of a width and length, which when moved over a public highway requires a special permit from the California Department of Transportation. They are located in mobilehome parks and on residential lots in California where they comply with the requirement of the local ordinances of permanent housing. Mobilehomes first sold prior to July 1, 1980, are licensed by the California Department of Housing and Community Development. Mobilehomes first sold new on and after July 1, 1980, for installation as a residence, are all automatically subject to local property taxation.

**MOBILEHOME PARK:** Area of land where two or more mobilehome sites are rented to accommodate mobilehomes used for permanent residency. Homeowner and mobilehome park management are subject to the Civil Code requirements of the "Mobilehome Residency Law". This law only applies to a mobilehome that requires a permit to be moved on a street or highway.

(Continued)

7C0		Issued by	Date Filed	Sep 27, 2001
Advice Ltr. No.	1365-E	<b>William L. Reed</b>	Effective	Sep 30, 2001
		Vice President		
Decision No.	01-09-059	Chief Regulatory Officer	Resolution No.	E-3756



**RULE 1**  
**DEFINITIONS**

Sheet 8

**MULTI-FAMILY ACCOMMODATION:** Apartment building, duplex, mobilehome park or any other group of permanent residential single-family dwelling units located upon a single premises, provided that the residential dwellings therein meet the requirements for a single-family accommodation. Multi-family accommodation does not include: hotels, motels, residential hotels, guest or resort ranches, marinas, tourist camps, recreational vehicle parks, campgrounds, halfway houses, rooming houses, boarding houses, institutions, dormitories, rest or nursing homes, adult residential facilities and residential-care facilities for the elderly, military barracks or any enterprise that includes or rents to either transient tenants or transient accommodations.

**NET ENERGY CREDIT:** The Net Energy Credit is only applicable to customers eligible for Net Energy Metering (NEM). NEM customers will receive credits valued at the same rate as they would be billed.

**NEW CONSTRUCTION:** The initiation of energy services, including meters and meter installations, where such services are currently not provided.

**NON-PROFIT GROUP LIVING FACILITY:** Non-profit homeless shelter that may be government-subsidized with six (6) or more beds that provides lodging day or night for a minimum of 180 days of the year; other non-profit residential-type facilities (excluding government-owned and privately-owned, "for profit" government-subsidized housing) that provide a service in addition to lodging and which may be licensed by the appropriate state agency to care for residents who temporarily or permanently cannot function normally outside of the group home environment; and non-licensed, separately metered affiliated facilities where the primary facility is eligible for CARE and is the customer of record for the affiliate, and at least 70% of the energy consumed by the affiliate is used for residential purposes. All residents (except migrant and non-profit farm worker housing centers pursuant to AB 868) must meet the CARE income eligibility standards, however a caregiver who lives in the group facility is not a resident for purposes of determining the facility's eligibility. Non-profit group living facilities that are not licensed or certified must provide any other documentation the Utility may reasonably require.

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**NUCLEAR DECOMMISSIONING CHARGES:** These charges include costs related to the decommissioning of a nuclear power plant. These costs will be nonbypassable until such time as the costs are fully recovered.

**ON-GOING COMPETITION TRANSITION CHARGES (CTC):** The Utility is permitted to recover authorized post rate freeze transition costs, including qualifying facilities and purchased power contracts, nuclear costs, and other transition costs incurred after the rate freeze period. These costs will be recovered through a non-residual CTC rate component on customer bills, to be determined annually.

**OPTIONAL RATE:** An Optional Rate or optional schedule is a tariff identified in the Schedule of Rates in the Table of Contents that is generally available and has no limitations regarding the number or location of customers.

**PAID OR PAYMENT:** Funds received by Utility through postal service, Utility payment office, Utility authorized agent, or deposited in Utility bank account by electronic transfer.

**PARALLEL GENERATION ELIGIBILITY:** All such customers operating standby emergency generators in parallel with the electric system exclusively for the purpose of maintaining service reliability during system outages and other emergencies must comply with all applicable provisions of Rule 21 except for being a Qualifying Facility.

(Continued)

8C0		Issued by	Date Filed	Jun 27, 2005
Advice Ltr. No.	1704-E	<b>Lee Schavrien</b>	Effective	Jun 27, 2005
		Vice President		
Decision No.	05-04-052	Regulatory Affairs	Resolution No.	





**RULE 1**  
**DEFINITIONS**

**PARALLEL GENERATION LIMITATION:** Unless explicitly waived either by contract or on the schedule on which the customer is taking service, a customer with any source of generation is limited to the operation of that generation such that it does not operate in parallel with the Utility electric system. This limitation against parallel operation is waived when the customer has installed emergency standby generators exclusively for the purpose of maintaining service reliability during system outages and other emergencies provided the customer agrees to limit the parallel operation of their generator exclusively for the purposes of Parallel Generation Testing and Parallel Generation Service Restoration. For billing purposes, net energy, defined as the energy supplied by the Utility minus energy generated by the customer and fed back into the Utility's electric system at any instant in time, shall in no case be negative. The customer must satisfy the Parallel Generation Notification requirements before a waiver is granted. The Utility reserves the right to deny parallel operation for any customer at any time when it determines that to do so would jeopardize the safe and reliable operation of the Utility's electric system.

**PARALLEL GENERATION NOTIFICATION:** The customer must specify in writing to the Company's assigned representative the intention to operate standby generators in parallel and obtain Utility's approval and a written contract. The contract should provide specific information needed by the Utility to ensure the safe and reliable operation of the electric system. The information required may include, but is not limited to, the rated capacity of the standby generator and the expected hours of operation for testing of the equipment, excluding emergencies. This notification must demonstrate how the customer meets Parallel Generation Eligibility requirements.

**PARALLEL GENERATION SERVICE RESTORATION:** Following a system emergency when Utility service has been interrupted and the customer's standby/auxiliary generators have been operated to maintain electric service reliability, the customer may synchronize and operate its own standby generators in parallel with the electric system until Utility service has been restored. Where parallel operation of the customer's emergency generators is conducted to facilitate the restoration of Utility electric service without further service interruption, the customer must shut down the standby generator within 15 minutes after service has been restored.

**PARALLEL GENERATION TESTING:** Testing of emergency standby generators, limited to four hours per month, is permitted for those customers who meet the requirements for Parallel Generation Eligibility. The customer must provide written notification to the Utility of the intention to conduct a test at least five days in advance of the test. The written notification must include the expected number of hours of operation during the test and the four-hour window during which the test will be conducted. The customer may not test standby generators in parallel during the on-peak hours defined in the applicable tariff, except on those tariffs where the restriction on parallel operation is waived. The customer may not conduct more than one test of the emergency standby or auxiliary generators per week. The Utility reserves the right to have a Utility representative present at such tests.

**PERMANENT SERVICE:** Service which, in the opinion of the Utility, is of a permanent and established character. The customer's use of electricity may be continuous, intermittent, or seasonal in nature.

**POWER FACTOR METERING:** The Power Factor Metering shall include, but not be limited to, such facilities as fuses, meter sockets, meter and instrument transformer housings required with the meter installation, all of which will be installed and maintained in accordance with the Utility's standards.

(Continued)

9C0		Issued by	Date Filed	<u>Sep 27, 2001</u>
Advice Ltr. No.	<u>1365-E</u>	<b>William L. Reed</b>	Effective	<u>Sep 30, 2001</u>
		Vice President		
Decision No.	<u>01-09-059</u>	Chief Regulatory Officer	Resolution No.	<u>E-3756</u>



**RULE 1**  
**DEFINITIONS**

Sheet 10

**POWER FACTOR TEST FAILURE:** A Power Factor Test Failure is when a customer with a Maximum Annual Demand of greater than 300 kilowatts has a Maximum Kilovar Demand that exceeds 48% of the Maximum Demand. The customer is to receive notice of the failure, and if correction doesn't take place within 6 months of the notice, then a power factor test failure shall exist.

**PREMISES:** All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil field, resort enterprises and public or quasi-public institutions, by a dedicated or undedicated street, highway or other public thoroughfare or a railway. Automobile parking lots constituting a part of and adjacent to a single enterprise may be separated by an alley from the remainder of the premises served.

**PUBLIC PURPOSE PROGRAMS CHARGE (PPPC):** A separate charge that all electric customers are required to pay that funds various public purpose programs including: 1) renewable resource energy technologies 2) energy efficiency 3) research, development and demonstration, and 4) low-income programs. The PPPC shall also include the Total Rate Adjustment Component (TRAC).

**PRIMARY:** Is service that is taken at or above 2.00 kv, but, below 25.00 kv provided that the service is taken from regularly available service voltages. The Utility retains the right to change the voltage level that is to be considered to be regularly available upon reasonable written notice to the customer.

**PRIMARY SUBSTATION:** Is service taken at a standard primary voltage level, where the customer has completed a Request for Service at Secondary/Primary Substation Level Rates, Form 106-3859, and the Utility has verified the information on the form.

**QUALIFIED CONTRACTOR/SUBCONTRACTOR (QC/S):** Applicant's contractor or subcontractor who:  
1) Is licensed in California for the appropriate type of work such as, but not limited to, electrical and general;  
2) Employs electric workmen properly qualified (Qualified Electrical Worker, Qualified Person, etc.) as defined in State of California High Voltage Safety Orders (Title 8, Subchapter 5, Group 2).  
3) Complies with applicable laws such as, but not limited to, Equal Opportunity Regulations, OSHA and EPA.

**RECORDER MALFUNCTION CORRECTION:** A Recorder Malfunction Correction is when the Utility must utilize a mechanical meter read to make corrections to the readings from a digital pulse recorder (DPR) or an electronic recorder (ER). Where a DPR, or ER, failure occurs for 25% or less of the meter read period, then that meter read period's energy usage is used for prorating the mechanical meter reading to the appropriate time periods. When the DPR, or ER, fails for more than 25% of the meter read period, then the mechanical meter reading will be prorated to the appropriate time periods based on the average of the prior three meter reads having the same on-peak periods. In determining the maximum monthly demand, the same procedure will be used for energy, except 75% will be substituted for 25% in the calculations.

(Continued)

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Decision No. 08-02-034	Senior Vice President Regulatory Affairs	Resolution No.	



**RULE 1**  
**DEFINITIONS**

**RECREATIONAL VEHICLE:** A motor home, travel trailer, camper or camping trailer, with or without motive power, designed for recreational or emergency occupancy. Travel trailer or camping trailer may be moved on a public highway without a special permit or chauffeur's license. Recreational Vehicles are licensed by the Department of Motor Vehicles, and must comply with traffic laws.

**RECREATIONAL VEHICLE PARK:** Area or tract of land within an area zoned for recreational use; or a separate designated section within a mobilehome park. Lots are customarily occupied for temporary purposes (less than 30 days), and there is displayed in plain view a sign indicating that the recreational vehicle may be removed from the premises, for the reason specified in the Civil Code "Recreational Vehicle Park Occupancy Law". Sign must also contain the number of the local traffic law enforcement agency.

**RELIABILITY SERVICES (RS) COSTS:** RS costs are those costs passed on to SDG&E as a Participating Transmission Owner (PTO) by the ISO for services provided by generators to maintain system reliability. RS costs are subject to Federal Energy Regulatory Commission (FERC) jurisdiction and are recovered through a separate rate component on customers' bills. RS costs and revenues are subject to balancing account treatment as authorized by the PTO tariff filed with the FERC.

**RESIDENTIAL CUSTOMERS:** For purposes of determining who is eligible for a 10% rate reduction pursuant to PU Code Section 368(a), Residential Customers will mean all customers served on SDG&E's residential schedules, irrespective of electric load usage.

**RESIDENTIAL SERVICE:** Classes of customers whose end-use is classified as residential and who reside in the following type dwellings: single-family units, multi-family units, mobilehomes or similar living establishments.

**RESIDENTIAL AND SMALL COMMERCIAL CUSTOMER:** Residential and Small Commercial shall mean all residential customers and any commercial customer that has a maximum peak demand of less than 20 kilowatts per P.U.Code § 331(h). Demand of less than 20 kilowatts shall be determined as having been met if: (1) SDG&E has a demand meter in place and the customer has had maximum demands below 20 kW for at least nine out of the preceding 12 months, or, (2) where SDG&E does not have a demand meter in place and the customer's maximum monthly consumption has been below 12,000 kwh for at least nine out of the preceding 12 months. In addition it shall mean any customer served on Schedule A or Schedule A-TC.

**RESIDENTIAL DWELLING UNIT:** Group of rooms, such as a house, a flat, an apartment, or a mobilehome which provides complete single-family living facilities in which the occupant normally cooks meals, eats, sleeps, and carries on the household operations incident to domestic life.

**RESIDENTIAL HOTEL:** Hotel establishment which provides lodging as a primary or permanent residence and has at least 50 percent of the units or rooms leased for a minimum period of one month and said units are occupied for nine months of the year. Residential Hotels do not include establishments such as guest or resort hotels, resort motels or resort ranches, tourist camps, recreational vehicle parks, half-way houses, rooming houses, boarding houses, dormitories, rest homes, convalescent or care facilities, military barracks, or a house, apartment flat or any residential unit which is used as a residence by a single family or group of persons.

**RETAILERS:** An electric service provider who enters into a direct access transaction with an end-use customer, i.e., aggregators, brokers, and marketers.

**RULES:** Tariff sheets which set forth the application of all rates, charges and service when such applicability is not set forth in and as a part of the rate schedules.

**SCHEDULING COORDINATORS (SC):** Entities certified by the Federal Energy Regulatory Commission (FERC) that act as a go-between with the ISO on behalf of generators, supply aggregators (wholesale marketers), retailers, and customers to schedule the distribution of electricity.

(Continued)

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Decision No.	Vice President Regulatory Affairs	Resolution No.	

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N  
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**RULE 1**  
**DEFINITIONS**

**SDG&E:** San Diego Gas & Electric Company (also referred to as "Utility").

**SECONDARY:** Is service that is taken below 2.00 kv and service that does not qualify as Primary or Transmission service.

**SECONDARY SUBSTATION:** Is service taken at a standard secondary voltage level, where the customer has completed a Request for Service at Secondary/Primary Substation Level Rates, Form 106-3859, and the Utility has verified the information on the form.

**SERVICE EXTENSION:** Consists of the service as above defined when provided for a new customer at a premises not heretofore served in accordance with the service extension rule.

**SIGNALLED PERIOD 1G:** This period will commence when the utility's on-system sendout exceeds a 3996 MW or when there is a Signaled Period Alert. Each year the MW level shall be updated to be the greater of the current value determined by the prior years on-system retail sales divided by 8760, and then the product divided by .55. Once initiated the signaled period shall remain in effect until the on-system sendout drops at least 25 MW below the level at which the signal commences. This period will also commence on the second Monday after September 1, starting at 1:00 p.m., and continuing each week day for one hour until at least 5 hours of this signaled period has occurred during the most current 365 days. The utility will limit this signaled period to the constraints set forth within the Signaled Period Alert definition.

**SIGNALLED PERIOD ALERT:** A Signaled Period Alert is when the Utility declares a local emergency or the California Independent System Operator (ISO) calls a Stage 2 or Stage 3 Emergency. Signaled Period Alerts shall be limited to no more than a single 6-hour period in any day, to no more than 4 days in any week, and to no more than 40 hours in any calendar month. Signaled Period Alerts are limited to 120 hours in a year.

**SMALL COMMERCIAL:** For purposes of determining who is eligible for a 10% rate reduction pursuant to PU Code Section 368(a), Small Commercial will mean all commercial customers, except those served on SDG&E's agricultural and street lighting rate schedules, that have a Maximum Demand of less than 20 kW (PU Code Section 331). This peak demand criteria shall be determined as having been met if: (1) there is a demand meter in place and the customer's Maximum Monthly Demand has been below 20 kW for at least nine out of the preceding 12 months, or (2) there is no demand meter in place and the customer's monthly consumption has been below 12,000 kWh for at least nine out of the preceding 12 months. For customers of record as of November 1, 1997, the preceding 12 months shall refer to the 12-month period ending October 1997. In addition, Small Commercial shall mean all customers served on Schedule A or Schedule A-TC, irrespective of electric load usage.

**SMALL CUSTOMER:** For purposes of determining who is eligible for load profiling and non-UDC meter services, Small Customer will mean all residential customers and all commercial customers, including those served on SDG&E's agricultural and street lighting rate schedules, that have a Maximum Demand of less than 20 kW. This peak demand criteria shall be determined as having been met if: (1) there is a demand meter in place and the customer's Maximum Monthly Demand has been below 20 kW for at least nine out of the preceding 12 months, or (2) there is no demand meter in place and the customer's monthly consumption has been below 12,000 kWh for at least nine out of the preceding 12 months. Customers who meet the criteria for Small Customer will be eligible for statistical load profiling (See Load Profiles) and will not be eligible for non-UDC meter services until January 1, 1999, or until such time as the CPUC approves the expansion of non-utility meter services to these customers.

**SMALL NONRESIDENTIAL SERVICE:** Core Service to customers whose usage does not exceed 40,000 kwh or less or with an energy demand of 20 kw or less for the most recently available twelve monthly billing periods. Small Nonresidential Service shall also include service to core customers who demonstrate to the

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San Diego Gas & Electric Company  
San Diego, California

Revised Cal. P.U.C. Sheet No. 18268-E

Canceling Revised Cal. P.U.C. Sheet No. 17703-E

**RULE 1**

Sheet 12

DEFINITIONS

satisfaction of the Utility that they fully meet the criteria for microbusiness as set forth in Section 14837 of the California Government Code, including the requirement that such businesses together with affiliates, have average annual gross receipts of two million five hundred thousand dollars (\$2,500,000) or less over the previous three years, or is a manufacturer with 25 or fewer employees.

(Continued)

12C0

Advice Ltr. No. 1690-E

Decision No. \_\_\_\_\_

Issued by  
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Vice President  
Regulatory Affairs

Date Filed Apr 29, 2005

Effective May 29, 2005

Resolution No. \_\_\_\_\_



**RULE 1**  
**DEFINITIONS**

**SUBMETERED SERVICE:** Service from metering furnished, owned, installed, maintained, read and tested by the customer who is served through a master meter.

**SUMMARY BILL:** A billing statement that includes charges for multiple service accounts.

**SUPPLY AGGREGATORS:** Also known as wholesale marketers. These entities act on behalf of generators to arrange and implement commercial transactions in the generation supply market.

**SURFACE REPAIR:** Replacement to the satisfaction of the Utility, appropriate governmental agency, or property owner, of existing asphalt, concrete, decorative surfaces, landscaping, etc., removed for trenching and/or construction purposes.

**TARIFF SCHEDULES:** Entire body of effective rates, charges, and rules collectively of the Utility, as set forth herein, and including title page, preliminary statements, rate schedules, rules and sample forms.

**TARIFF SHEET:** Individual sheet of the tariff schedules.

**TEMPORARY SERVICE:** Service for enterprises or activities which are temporary in character or where it is known in advance that service will be of a limited duration. Service which, in the opinion of the Utility, is for operations of a speculative character or the permanency of which has not been established, also is considered Temporary Service.

**TENANT:** One who holds or possesses real estate (as a condominium) or sometimes personal property by any kind of right; one who has the occupation or temporary possession of lands or tenements of another; one who rents or leases (as a house or apartment) from a landlord.

**TOTAL RATE ADJUSTMENT COMPONENT:** Tracks, recovers, and passes through the rate subsidies applied to residential usage resulting from Assembly Bill (AB)1X legislation that capped residential electric rates for usage up to 130 percent of baseline usage at their February 1, 2001 levels. TRAC maintains Residential rates at their capped, or adjusted capped rate levels and recovers the resulting subsidy through adders to uncapped residential rates and, if necessary, non-residential rates. TRAC allows the Utility to distinguish AB1X subsidies and AB1X costs to provide customers with more accurate information on the cost of providing electric service. TRAC is a nonbypassable charge, and to the extent that TRAC costs are allocated to non-residential customer classes, ensures that no single group of customers is able to bypass the AB1X and CPUC mandated rate subsidies. However, adders associated with TRAC are not applicable to existing Residential Direct Access customers. TRAC is a separate rate component in SDG&E's UDC rate schedules, but for billing purposes it is a component of the Public Purpose Programs Charge that is set forth on the customer's monthly bill.

**TRANSMISSION:** Is service that is taken at above 25.00 kv provided that the service is taken at regularly available service voltages. The Utility retains the right to change the voltage level that is to be considered to be regularly available upon reasonable written notice to the customer.

**TRANSMISSION CHARGES:** Charges to use SDG&E's transmission facilities shall go into effect on the first day of the Independent System Operator (ISO) operation. The costs of transmission facilities placed in service after the date of initial implementation of the Independent System Operator shall be recovered using the rate methodology in effect at the time the facilities go into operation. SDG&E's rates shall reflect all of the terms and conditions of existing transmission service contracts and shall recognize any wheeling revenues of existing transmission service arrangements.

**UTILITY:** San Diego Gas & Electric Company (also referred to as "SDG&E").

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San Diego Gas & Electric Company  
San Diego, California

Revised Cal. P.U.C. Sheet No. 18270-E

Canceling Revised Cal. P.U.C. Sheet No. 16085-E

**RULE 1**

Sheet 14

DEFINITIONS

**UTILITY DISTRIBUTION COMPANY (UDC):** The entity which will continue to provide regulated services for the distribution of electricity to customers and serve customers who do not choose direct access.

**UTILITY'S METERED SERVICE:** See Individually Metered Service.

**UTILITY RETAINED GENERATION (URG):** Generation resources under the control of the utilities.

**UTILITY SYSTEM:** Electric transmission and distribution system and related facilities located in California and operated by Utility.

**UTILITY USERS TAX:** Tax imposed by local governments on the Utility's customers. Utility is required to bill customers within the city or county for the taxes due, collect the taxes from customers, and then pay the taxes to the city or county. The tax is calculated as a percentage of the charges billed by the Utility for energy use.

**VESSEL:** A means of transportation on water used for recreational, navigational or commercial purposes.

**VIOLENCE:** Types of violence are to include, but are not limited to, death or injury with a weapon, inflicting bodily harm, allowing animals to attack, physically detaining an employee against his/her will, and/or tearing employee's clothing, or damaging or destroying Utility equipment or property.

14C0

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Regulatory Affairs

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Resolution No. \_\_\_\_\_



**RULE 1**  
**DEFINITIONS**

Sheet 1

**AGGREGATOR:** See Energy Service Provider (ESP).

**ALTERNATE FUEL** (sometimes referred to as Alternative Fuel): Any fuel, gaseous, liquid, or solid, that may be used in lieu of natural gas. Electricity shall not be considered as an alternative fuel for purposes of conversion.

**ALTERNATE GAS TRANSPORTATION SERVICE PROVIDER:** Entity other than the Utility that transports natural gas to the customer's facility.

**ALTERNATE FUEL CAPABILITY:** Alternate fuel facilities installed, permitted and capable of use on a sustained basis, excluding those uses exempted by Section 2773.5 of the California Public Utilities Code.

**ANNUAL FIRM WITHDRAWAL:** Storage withdrawal service that is available every day of the storage year except for core emergencies, force majeure, or scheduled maintenance outages.

**APPLIANCE:** Approved (e.g. AGA listed) and essential gas fired equipment.

**APPLICANT:** Person, agency, or entity requesting the Utility to supply natural gas service.

**APPLICATION:** Request to the Utility for natural gas service; not an inquiry as to the availability or charges for such service.

**BALANCING SERVICE:** Best-efforts service to accommodate imbalances between actual Customer usage and Customer-owned gas delivered to the Utility.

**BALANCING ACCOUNT:** Account in which expenses are compared with actual revenues derived from rates designed to recover those expenses. Any resulting over- or undercollection, plus interest, is due to or owed from ratepayers, respectively. Account balances are amortized in future rates, as approved by the Commission.

**BASELINE:** A rate structure mandated by the California Legislature that ensures all residential customers are provided a minimum necessary quantity of gas at the lowest possible cost.

**BILLING CYCLE:** The regular periodic interval for reading a Customer's meter for billing purposes. Usually meters are scheduled to be read monthly.

**BRANCH SERVICE:** Service that is not connected to a natural gas main and has another service as its source of supply.

**BRITISH THERMAL UNIT (Btu):** The standard unit for measuring a quantity of thermal energy. One Btu equals the amount of thermal energy required to raise the temperature of one pound of water one degree Fahrenheit and is exactly defined as equal to 1,055.05585262 joule, rounded to 1,055.056 joule. (A joule is equal to one watt-second.)

**BROKERAGE FEE:** Fee charged to customers who procure supply directly from the Utility to cover gas purchasing expenses.

**BURN:** Natural gas usage as measured by electronic metering or an estimated quantity such as Minimum Daily Quantity (MinDQ) for purposes of compliance with winter delivery requirements as specified in Rule 30.

(Continued)





**RULE 1**  
**DEFINITIONS**

Sheet 2

**BUYBACK RATE:** Rate applicable to excess imbalance volumes of gas as specified in the Utility's rate schedules. Rate shall generally be the lower of either 1) the Utility's lowest incremental cost of gas; or 2) 50% of the weighted average cost of gas of the applicable gas supply portfolio.

**BYPASS:** Bypass is any situation where a customer of the Utility is already connected to, or becomes connected to, an alternate gas supply source or an Alternate Gas Transportation Service Provider. Customers whose only Bypass fuel is one or more of the following shall not be considered a Bypass customer: a) Gas received by Customer that does not meet typical interstate pipeline gas quality specifications or those set forth in the Utility's Rule 30, b) Gas that is a product of the oil refining process, c) Gas that is produced and consumed within the service territory of a wholesale customer, or d) digester/landfill gas.

**CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) PROGRAM:** CPUC program that offers reduced rates to qualified low-income customers. Household income of customers qualifying for CARE assistance shall not exceed 200% of the Federal poverty level as established by the CPUC and set forth in the applicable Utility rate schedules. CARE Program was previously known as the Low-Income Ratepayer Assistance (LIRA) Program.

**CAPACITY CURTAILMENT:** Capacity shortage exists when, in the utility's judgment, there exists a restriction or limitation on Utility transmission or distribution pipelines necessary for the acceptance, transmission, or subsequent redelivery of gas resulting in the Utility being unable to meet its operational, contractual, or gas customers' requirements.

**COGENERATION:** Sequential use of energy for the production of electrical and useful thermal energy. Sequence can be thermal use followed by power production or the reverse, subject to the following standards: (a) At least 5 percent of the facility's total annual energy output shall be in the form of useful thermal energy. (b) Where useful thermal energy follows power production, the useful annual power output plus one-half the useful annual thermal energy output equals not less than 42.5 percent of any natural gas and oil energy input.

**COMMISSION:** Public Utilities Commission of the State of California sometimes referred to as the Public Utilities Commission (PUC) or the California Public Utilities Commission (CPUC).

**COMPANY:** See Utility.

**COMPANY'S OPERATING CONVENIENCE:** Use, under certain circumstances, of facilities or practices not ordinarily employed which contribute to the overall efficiency of the Utility's operations; term does not refer to customer convenience nor to the use of facilities or adoption of practices required to comply with applicable laws, ordinances, rules, regulations, or similar requirements of public authorities.

**CONSERVATION METER:** Meter to identify conservation applications to calibrate process equipment; to account for fuel and energy invested in a process, a production run, or the like. Not to be used for billing purposes.

**CONSUMER EQUIPMENT:** All equipment for receiving and utilizing gas from the Company, including, but not limited to, any and all pipes, gas related fixtures, and gas-burning appliances downstream of the Service Delivery Point.

**CONTRACT QUANTITY, ANNUAL:** Annual natural gas quantity contracted for delivery during each contract year. Quantity is based on the customer's historical usage or negotiated on the basis of the customer's operational forecast.

(Continued)

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**RULE 1**

Sheet 3

DEFINITIONS

**CUSTOMER-OWNED GAS:** Natural gas transported by the Utility for customer's own use where title to such natural gas is held by the Utility customer or third party and is not a part of the Utility-owned system supplies.

**DAILY FORECAST QUANTITY:** A forecast of core customer daily usage as provided by the Utility's Demand Forecasting Group (in the Regulatory Affairs department) using a consistent daily load forecast equation, and will be developed no sooner than two hours before the start of flow day. Weather forecasts input into the equation will be from an independent third party.

**CONTRACT QUANTITY, DAILY (DCQ):** Annual average natural gas quantity contracted for delivery, stated on a daily basis. The DCQ is based on historical consumption or forecasted consumption and is set forth in the applicable service agreement. For a Core Aggregator or Marketer's end-users, this quantity is the basis for establishing credit with the Utility. The DCQ calculation for Aggregators participating in the Core Aggregation Transportation Program is defined in Rule 32.

**CONTRACT QUANTITY, HOURLY (HCQ):** Hourly natural gas quantity awarded for delivery during each contract month as set forth in the customer's applicable service agreement.

**CONTRACT QUANTITY, MONTHLY (MCQ):** Monthly natural gas quantity contracted for delivery during each contract month as set forth in the customer's applicable service agreement. Quantity is based on the customer's historical usage or negotiated on the basis of the customer's operational forecast.

**CONTRACTED MARKETER:** Contracted Marketers are individuals, companies or consortiums that arrange for natural gas procurement-related activities on behalf of noncore customers. Contracted Marketers must enter into a contract with SDG&E and meet certain credit requirements. They must comply with Rules 30 and 35 and all other tariffs which address the transportation and management of customer-owned gas.

**CORE SERVICE:** Service to end-use Priority 1 or Priority 2A as set forth in Rule No. 14.

**CORE SUBSCRIPTION SERVICE:** Utility natural gas procurement service available to noncore customers. Core subscription service is subject to special conditions as identified in the customer's applicable rate schedule.

**CORE TRANSPORTATION AGGREGATOR (CTA):** – See Energy Service Provider (ESP).

**CRITICAL CUSTOMER:** Customer facility where the interruption of natural gas service would cause a danger to human life, health or safety, and includes customers such as hospitals, other state-licensed health care facilities, medical research facilities, medical facilities at military installations and detention facilities, municipal water pumping plants and sanitation facilities.

**CROSS-OVER RATE:** Procurement rate authorized in D.02-08-065 that is the higher of: (1) the weighted average cost of gas (WACOG) for the current month, plus applicable over- or under-collection adjustments, or (2) The Border Price. The Border Price is the average of the first of the month "Southern Cal Border Avg." index Natural Gas Intelligence and the "Bid Week, California-South, Delivered to Pipeline" index from Natural Gas Week. The cross-over rate will be filed on or before the ninth calendar day of each month with the rate becoming effective on the tenth calendar day of the month

**CUBIC FOOT OF GAS:** The quantity of gas that, at a temperature of sixty (60) degrees Fahrenheit and a pressure of 14.73 pounds per square inch absolute, occupies one cubic foot.

(Continued)

3C0	Issued by	Date Filed	Dec 8, 2009
Advice Ltr. No.	<u>1909-G</u>	Effective	<u>Feb 1, 2010</u>
Decision No.	<u>09-11-006</u>	Resolution No.	_____

**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs



**RULE 1**

Sheet 4

DEFINITIONS

**CURTAILMENT:** Utility initiated suspension of gas service. Utility may temporarily reduce the quantity of gas it will transport or deliver or may terminate service entirely for certain service categories as needed for operational requirements

**CUSTOMER-OWNED GAS:** Natural gas transported by the Utility for customer's own use where title to such natural gas is held by the Utility customer or third party and is not a part of the Utility-owned system supplies.

**DAY:** Period commencing at 12:00 midnight (Pacific time) on any calendar day and ending at 12:00 midnight (Pacific time) on the next succeeding calendar day.

**DCQ:** – See Contract Quantity, Daily

**DECATHERM:** Ten therms or 1,000,000 British thermal units (MMBtu).

**DIRECT ACCESS (DA):** Any end-use Utility customer electing to procure its natural gas, and any other CPUC-authorized energy services, directly from energy service providers (ESP).

**DIRECT ACCESS SERVICE REQUEST (DASR):** Request for enrollment, termination, or other change under the Core Aggregation Transportation (CAT) program. The DASR transaction outlined in Rule No. 32 was implemented pursuant to CPUC Decision D.98-02-108.

**ELECTRIC GENERATION:** Use of natural gas to generate electricity, either directly or indirectly, including natural gas used for cogeneration or solar electric generation projects.

**ELECTRIC GENERATION STARTUP AND IGNITER FUEL:** Electric generation natural gas use where no alternate fuel capability exists for: (1) heating the boiler system adequately during start-up to enable efficient oil burning to meet pollution standards; and (2) insuring continuous-ignition and flame-stabilization within the boiler.

**ELECTRONIC BILLING:** Also referred to as "Paperless Billing." Provision of Utility billing information to the customer solely by means of a computer network such as the Internet or in a form to be used by a computer or similar electronic device to destinations mutually agreed upon between Utility and the customer, such as Utility's web page, a home banking website, or a third party billing consolidator's website.

**ELECTRONIC BULLETIN BOARD (EBB):** Utility System Operator's Internet based electronic gas transactions and information management computer system. Current trademarked name is SoCalGas' Envoy.

**ELECTRONIC BULLETIN BOARD (EBB) USER:** The customer's employee, agent or contractor who has been authorized to access the Utility's EBB on Form 6800 and is authorized to perform transactions and obtain information on behalf of the customer.

**ELECTRONIC DATA INTERCHANGE (EDI):** The sending and receiving of data and/or funds in a structured electronic format, commonly involving information technology and telecommunications technology.

**ELECTRONIC TRANSFER:** Paperless exchange of data and/or funds, usually involving computer and telecommunication technology.

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**RULE 1**

DEFINITIONS

**ENERGY SERVICE PROVIDER (ESP):** Individuals, companies or consortiums that arrange for natural gas procurement related activities (procurement, interstate transportation and balancing) on behalf of core customers. See Rule No. 32.

**ENHANCED OIL RECOVERY (EOR):** Operation which includes the use of natural gas to pressure, cycle, or inject a substance into a well for the purpose of increasing oil production from that well, specifically including natural gas used for cogeneration to promote these operations.

**ENTERPRISE:** Business corporation, partnership, or sole ownership established for the purpose of engaging in a single business or commerce.

**EQUIVALENT MARGIN:** Margin embedded in the Commission's rate design. Margin is the amount of revenue the Commission allows a utility to recover over a one-year period without consideration of fuel costs, Gas Exploration and Development Adjustments and Conservation Cost Adjustments.

**FACILITY:** Individual meter with the exception of meters combined for the Utility's operating convenience in accordance with Rule No. 9. Customers who have had more than one meter installed for their own convenience at their own request shall be treated as a separate facility with respect to each meter.

**FEEDSTOCK USAGE:** Natural gas used as raw material for its chemical properties in creating an end product.

**FORCE MAJEURE:** Unanticipated events or conditions beyond the reasonable control of the party claiming Force Majeure which could not have been prevented by the exercise of due diligence. Force Majeure as it applies to the Tariff Rate Schedules specifically does not include required maintenance of customer's facilities, plant closures, economic conditions or variations in agricultural crop production.

**FRANCHISE FEES:** Financial obligation collected from the customers by the Utility and remitted in whole to a city or a county government for the Utility's nonexclusive right to install and maintain equipment on that government's highway and street property, or public rights of way.

**FULL REQUIREMENTS SERVICE:** Full requirements service is an option for core subscription customers and firm intrastate transportation customers. Full requirements customers choose to have all of their fossil fuel requirements satisfied by natural gas. Full requirements customers may choose to procure their supplies from the Utility; transport their own supplies; or any combination of the two. Such customers are not subject to use-or-pay charges except to the extent that unauthorized alternate fuel use or bypass occurs. Full requirements customers are prohibited from using alternate fuels or bypass pipeline service except: (1) in the event of curtailment, (2) to test alternate fuel systems, (3) where Utility has provided prior written authorization for the use of alternate fuels or bypass, (4) if using gas that is produced and consumed within the service territory of a wholesale customer, or (5) if using digester/landfill gas. Any fuel produced on-site by the customer can be used by the producer without penalty.

**GAS SUPPLY:** Supply of gas procured by Utility on behalf of its procurement customers and to meet its operational needs.

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**RULE 1**

Sheet 6

DEFINITIONS

**HEATING VALUE:** Number of Btus liberated by the complete combustion at constant pressure of one cubic foot of natural gas at a base temperature of sixty degrees Fahrenheit (60°F) and a pressure base of fourteen and seventy-three hundredths (14.73) psia, with air at the same temperature and pressure as the natural gas, after the products of combustion are cooled to the initial temperature of the natural gas, and after the water vapor of the combustion is condensed to the liquid state. The Heating Value of the natural gas shall be corrected for the water vapor content of the natural gas being delivered except that, if such content is seven (7) pounds or less per one million (1,000,000) cubic feet, the natural gas shall be considered to be dry.

**HOUSING PROJECT:** Building or group of buildings located on a single premise and containing more than one family dwelling unit.

**IMBALANCE:** The calculation of an Imbalance for a given month will be the difference between the current billing month's usage and confirmed transportation deliveries plus any carryover Imbalance, less the Imbalance Tolerance Band. Any Imbalance in excess of this tolerance will be subject to either the Standby Procurement Rate, for Imbalance Underdeliveries or the Buyback Rate, for Imbalance Overdeliveries. Imbalances will be calculated by combining the net usage for all customers' meters served under the same nomination for the billing period, not by account or individual delivery point.

**IMBALANCE NOTIFICATION:** By the 20th of the month, customers will be provided a notice, separate from the regular monthly billing that will reflect the current month's Imbalance.

**IMBALANCE OVERDELIVERIES:** If at the end of the Imbalance Trading Period, the customer is overdelivered, where the confirmed transportation deliveries plus the carryover imbalance exceed the net usage by more than the Imbalance Tolerance Band, the overdelivery will be billed at the Buyback Rate.

**IMBALANCE TOLERANCE BAND:** Difference between the customer's net usage and confirmed transportation deliveries during a billing period that is not subject to either the Standby Procurement Rate or the Buyback Rate. Imbalance Tolerance Band is equal to ten percent of the customer's net usage for the billing period. Transportation customers will be allowed to carry an Imbalance into a subsequent billing period of up to the Imbalance Tolerance Band for the current month.

**IMBALANCE TRADE:** Customer may trade its Imbalance with another customer. Customer's cumulative Imbalance will be stated on the customer's Imbalance Notification. Only those imbalances occurring during the same billing period are eligible for an Imbalance Trade during the Imbalance Trading Period. Customers within the Imbalance Tolerance Band may trade any quantities so long as the Imbalance Tolerance Band is not exceeded. Customers outside the Imbalance Tolerance Band may trade quantities up to a maximum of their total Imbalance. Any customer participating in an Imbalance Trade is subject to the conditions contained in Rule 21.

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**RULE 1**

DEFINITIONS

**IMBALANCE TRADING PERIOD:** Customers may trade their monthly imbalances with other customers. Customer's cumulative imbalances will be stated on the customer's monthly bill. The customer's bill will serve as notice of current imbalances. Beginning at 7:00 a.m. Pacific Clock Time (PCT), on the 25<sup>th</sup> calendar day in the month of notification, customers may enter the SoCalGas Electronic Bulletin Board (EBB) to trade imbalances with other customers. Customers within the tolerance band may trade any quantities so long as the 10% tolerance band is not exceeded. Customers outside the tolerance band may trade quantities up to a maximum of their excess imbalance (quantities outside of tolerance) plus the 10% tolerance band. Utility will notify participants through the EBB or other notice once the trade is validated. The trading period will end at 11:59 p.m. PCT on the 30<sup>th</sup> calendar day of the same month. During the month of February, the trading period begins at 7:00 a.m. PCT on the 23<sup>rd</sup> of the month and ends at 11:59 p.m. PCT on the 28<sup>th</sup> calendar day of the month.

**IMBALANCE UNDERDELIVERIES:** If at the end of the Imbalance Trading Period, the customer is underdelivered, where the net usage exceeds the confirmed transportation deliveries plus or minus the carryover Imbalance by more than the Imbalance Tolerance Band, underdelivery will be billed at the Standby Procurement Rate.

**INDIVIDUALLY METERED SERVICE:** Service whereby each single family dwelling unit, each dwelling unit within a multi-family structure, or nonresidential occupancy, is separately metered and billed by the Utility.

**INDUSTRIAL USE:** Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product.

**INTERRUPTIBLE STORAGE SERVICE:** Injection or withdrawal storage service which is provided at times when firm storage capacity is not fully utilized.

**LATE PAYMENT CHARGE:** Charge that is added to offset the expenses created by late customer payments.

**LIFE-SUPPORT DEVICE:** Medical device using Utility-supplied natural gas for its operation that is regularly required to sustain, restore, or supplant a vital function of a person residing in a residential unit. Term does not include apparatus or appliances used in a hospital or medical clinic, nor does it include therapeutic devices such as pool or tank heaters, saunas, or hot tubs.

**LOG ON ID:** Identification code issued to an EBB User and used to authenticate identity, privileges and to establish communication and initiate interaction with the Utility's EBB.

**LOW-INCOME RATEPAYER ASSISTANCE (LIRA) PROGRAM:** See California Alternate Rates for Energy (CARE) Program above.

**MAILED:** Notice or other communication to the customer will be considered "mailed" when received into the customer's electronic mail box via electronic data interchange or when it is enclosed in a sealed envelope, properly addressed, and deposited in any authorized United States Postal Service receptacle, postage prepaid.

**MAIN EXTENSION:** Length of main and its related facilities required to transport natural gas from the existing facilities to the point of connection with the service piping.

**MARKETER:** Third party which accesses one or more interstate or intrastate pipeline systems for the purpose of transporting natural gas to Utility System on Marketer's own behalf or on the behalf of designated end-use customers.

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**RULE 1**

DEFINITIONS

**MASTER-METERED SERVICE:** Service whereby the Utility installs a meter to register the consumption of two or more occupancies.

**MAXIMUM DAILY QUANTITY (MDQ):** Maximum daily quantity of natural gas that can be nominated for delivery to a customer's premises not served by an automated meter when the Utility institutes an excess nominations period. For noncore customers and core customers not served under core aggregation this is based on the equipment at the customer's facility. For ESPs the maximum daily quantity is equal to their DCQ.

**MCF/D:** Thousands of cubic feet per day. Measure quantifies the amount of gas being consumed or transported on a daily basis.

**MEMORANDUM ACCOUNT:** Account authorized by the Commission for the purpose of tracking certain costs and revenues. Each individual memorandum account may have specific accounting treatment applicable to that account.

**MINIMUM DAILY QUANTITY (MINDQ):** Estimate of natural gas usage at a customer's premises not served by an automated meter for purposes of compliance with winter delivery requirements as specified in Rule 30.

**MOBILEHOME:** Structure designed as a residence, in one or more sections, and of width and length, which when moved over a public highway requires a special permit from the California Department of Transportation. They are located in mobilehome parks and residential lots in California where they comply with the requirements of the local ordinances for permanent housing. Mobilehomes first sold prior to July 1, 1980 are licensed by the California Department of Housing and Community Development. Mobilehomes first sold new on and after July 1, 1980, for installation as a residence, are all automatically subject to local property taxation.

**MOBILEHOME PARK:** Area of land where two or more mobilehome sites are rented to accommodate mobilehomes used for permanent residency. Homeowner and mobilehome park management are subject to the Civil Code requirements of the "Mobilehome Residency Law". This law only applies to a mobilehome that requires a permit to be moved on a street or highway.

**MULTI-FAMILY ACCOMMODATION:** Apartment building, duplex, mobile home park, or any other group of permanent residential single-family dwellings located upon a single premises, provided that the residential dwellings therein meet the requirements for a single-family dwelling or accommodation. Multi-family accommodation does not include hotels, motels, residential hotels, guest or resort ranches, marinas, tourist camps, recreational vehicle parks, campgrounds, halfway houses, rooming houses, boarding houses, institutions, dormitories, rest or nursing homes, convalescent or care facilities, military barracks, or any enterprise that includes or rents to either transient tenants or transient accommodations.

**NET USAGE:** Customer's uncorrected billing period usage plus any adjustments from previous billing periods.

**NONCORE DISTRIBUTION LEVEL SERVICE:** Service to noncore customers not eligible for Transmission Level Service.

**NONCORE SERVICE:** Service to customers who are not assigned to end-use priority 1 or 2A as defined in Rule 14. Customers receiving noncore service must have Automated Meter Reading (AMR) equipment installed at customer's expense as a condition of noncore service.

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**RULE 1**  
**DEFINITIONS**

Sheet 9

**NON-PROFIT GROUP LIVING FACILITY:** Non-profit homeless shelter that may be government-subsidized with six (6) or more beds that provides lodging day or night for a minimum of 180 days of the year; other non-profit residential-type facilities (excluding government-owned and privately-owned, "for profit" government-subsidized housing) that provide a service in addition to lodging and which may be licensed by the appropriate state agency to care for residents who temporarily or permanently cannot function normally outside of the group home environment; and non-licensed, separately metered affiliated facilities where the primary facility is eligible for CARE and is the customer of record for the affiliate, and at least 70% of the energy consumed by the affiliate is used for residential purposes. All residents (except migrant and non-profit farm worker housing centers) must meet the CARE income eligibility standards, however a caregiver who lives in the group facility is not a resident for purposes of determining the facility's eligibility. Non-profit group living facilities that are not licensed or certified must provide any other documentation the Utility may reasonably require.

**NONRESIDENTIAL SERVICE:** Service that does not qualify for any of the Domestic Tariff Schedules.

**ODORANT:** Natural gas is usually odorless in its natural state, and a distinctive warning odorant is added that aids in detection of the gas.

**ODORANT FADE:** Odorant Fade occurs when the odorant in the gas is diminished due to physical and chemical processes such as adsorption, absorption, and oxidation. For example, if a natural gas leak occurs underground, the surrounding soil may cause Odorant Fade. In gas pipe, Odorant Fade occurs predominantly in new pipe and is more pronounced in new steel pipe, and in pipe of larger diameter and longer length. However, Odorant Fade may occur in plastic pipe, and in smaller and shorter pipe. To prevent Odorant Fade, new gas pipe may need to be conditioned by purging or by adding additional odorant to the gas before the pipe is placed into service. Other factors that may cause Odorant Fade include the construction and configuration of gas facilities; the presence of rust, moisture, liquids, or other substances in the pipe; and gas composition, pressure and/or flow. Intermittent little, or no gas flow over an extended period of time may also result in the loss of Odorant until gas flow increases or becomes more frequent.

**OFF-SYSTEM CUSTOMER:** Marketer, broker, supplier or other entity contracting for off-system delivery services within California, or bidding for storage service on its own behalf for ultimate consumption outside the Utility's service territory within California.

**OPEN SEASON:** Designated time period in which a service election must be submitted to the Utility. Customers who do not submit their service election during the Open Season will receive default service, or will continue receiving current service election, if tariffs contain evergreen provisions.

**OPERATIONAL HUB SERVICES:** Interruptible park and loan Hub transactions provided by the Utility System Operator through the SoCalGas Schedule G-PAL.

**PAID OR PAYMENT:** Funds received by Utility through postal service, Utility payment office, Utility authorized agent, or deposited in Utility bank account by electronic transfer.

**PEAK DAY MINIMUM:** Volume of gas in SoCalGas storage inventory that provides deliverability for the core 1-in-35 year peak day event, firm withdrawal commitments and noncore balancing requirement. Peak day minimums are calculated annually as part of normal winter operations planning. Peak day minimums are specified in billion cubic feet (Bcf).

**PEAK DAY MINIMUM + 5 Bcf TRIGGER:** Volume of gas in SoCalGas' storage inventory at which customers are required to deliver on a daily basis 90% of burn as specified in Rule 20.

**PEAK DAY MINIMUM + 20 Bcf TRIGGER:** Volume of gas in SoCalGas' storage inventory at which customers are required to deliver on a daily basis 70% of burn as specified in Rule 20.

**PEAK-DAY VOLUME:** Customer's highest one-day usage over the specified time period.

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**RULE 1**

Sheet 10

DEFINITIONS

**PERCENTAGE OF DEFAULT:** Ratio that shall be determined on a monthly basis and shall be equal to: A. Customer's total (1) volumetric transportation charges, (2) demand charges or other non-volumetric transportation charges, (3) customer or facilities charges, and (4) CPUC Reimbursement Fee (Schedule. G-PUC) divided by: B. Total of the above charges that would have applied if the customer were paying full-tariff rates for the same 12 month period.

**PERMANENT SERVICE:** Service which, in opinion of the Utility, is of a permanent and established character. Customer's use of gas may be continuous, intermittent, or seasonal in nature.

**POINT(S) OF DELIVERY:** Place(s) where Utility delivers customer-owned natural gas to customer at its Facility.

**POINT(S) OF RECEIPT:** Place(s) where customer delivers, or has delivered on its behalf, natural gas into the Utility System.

**POTENTIALLY CAPACITY CONSTRAINED AREA:** Segments of the local transmission system in which customer requests for firm transportation service currently exceed, or within the next five years may exceed, available capacity. Such requests must be based on historical usage or evidence which substantiates expected incremental load.

**PREMISES:** All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil field, resort enterprises and public or quasi-public institutions, by a dedicated street, highway or other public thoroughfare or a railway. Automobile parking lots constituting a part of and adjacent to a single enterprise may be separated by an alley from the remainder of the premises served.

**PRIME MOVER:** Machine which converts heat energy supplied by fuel into mechanical energy.

**PROCUREMENT CUSTOMER:** Customer who receives both natural gas procurement and transportation services from the Utility.

**PROCUREMENT MANAGEMENT CHARGE:** Charges billed to ESPs participating in the Core Aggregation Transportation program that may arise from ESPs' management of procurement portfolios on behalf of customers served by the ESPs.

**PRIORITY:** Classification assigned to all customers to be used in the event of curtailment as provided for in Rule 14.

**QUALIFIED AGRICULTURAL EMPLOYEE HOUSING FACILITY:** Migrant farmworker housing center provided pursuant to Section 50710 of the Health and Safety Code currently under contract to the Office of Migrant Services; privately-owned employee housing as defined by Section 17008 of the Health and Safety Code, that is licensed and inspected by state and/or local agencies pursuant to Part I (commencing with Section 17000) of Division 13 of the Health and Safety Code; or agricultural employee housing operated by nonprofit entities as defined by Subdivision (b) of Section 1140.4 of the Labor Code exempted from local property taxes pursuant to subdivision (g) of Section 214 of the Revenue and Taxation Code. All usage (100%) must be residential except for master-metered migrant farmworker housing centers and agricultural employee housing operated by a nonprofit entity where at least 70% of the energy consumed must be used for residential purposes. Each resident household in the facility must meet the CARE income-eligibility standards; however an employee operating and/or managing the facility who lives in it is not considered a resident household for purposes of determining eligibility.

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**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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**RULE 1**

DEFINITIONS

**QUALIFIED CONTRACTOR/SUBCONTRACTOR (QC/S):** Applicant's contractor or subcontractor who: 1) Is licensed in California for the appropriate type of work such as, but not limited to, gas and general; 2) Employs workmen properly certified for specific required skills such as, but not limited to, plastic fusion and welding. Workmen shall be properly qualified. 3) Complies with applicable laws such as, but not limited to, Equal Opportunity Regulations, OSHA and EPA.

**RECREATIONAL VEHICLE:** Motor home, travel trailer, camper or camping trailer, with or without motive power, designed for recreational or emergency occupancy. Travel trailer or camping trailer may be moved on a public highway without a special permit or chauffeur's license. Recreational Vehicles are licensed by the Department of Motor Vehicles, and must comply with traffic laws.

**RECREATIONAL VEHICLE PARK:** Area or tract of land within an area zoned for recreational use; or a separate designated section within a mobilehome park. Lots are customarily occupied for temporary purposes (less than 30 days), and there is displayed in plain view a sign indicating that the recreational vehicle may be removed from the premises, for the reason specified in the Civil Code "Recreational Vehicle Park Occupancy Law". Sign must also contain the number of the local traffic law enforcement agency.

**REFINERY:** (1) Establishments primarily engaged in producing gasoline, kerosene, distillate fuel oils, residual fuel oils, and lubricants, through fractionation or straight distillation of crude oil, redistillation of unfinished petroleum derivatives, cracking or other processes. Establishments of this industry also produce aliphatic and aromatic chemicals as byproducts; and (2) Establishments primarily engaged in hydrogen manufacturing for sale in compressed liquid and solid forms.

**RESIDENTIAL DWELLING UNIT:** Group of rooms, such as a house, a flat, an apartment, or a mobilehome which provides complete single-family living facilities in which the occupant normally cooks meals, eats, sleeps, and carries on the household operations incident to domestic life.

**RESIDENTIAL HOTEL:** Hotel establishment which provides lodging as a primary or permanent residence and has at least 50 percent of the units or rooms leased for a minimum period of one month and said units are occupied for nine months of the year. Residential hotels do not include establishments such as guest or resort hotels, resort motels or resort ranches, tourist camps, recreational vehicle parks, half-way houses, rooming houses, boarding houses, dormitories, rest homes, convalescent or care facilities, military barracks, or a house, apartment, flat or any residential unit which is used as a residence by a single family or group of persons.

**RESIDENTIAL USE:** Gas service for use at dwelling units, which includes service to residential units and mobile home units but does not include enterprises such a rooming houses, boarding houses, dormitories, rest homes, convalescent or care facilities, military barracks, stores, restaurants, service stations and other similar establishments. Also excluded are central heating plants serving a combination of residential and commercial uses where the commercial portion of the use is in excess of 100 Mcf per day or is more than 15% of the total natural gas requirements.

**RULES:** Tariff sheets which set forth the application of all rates, charges and service when such applicability is not set forth in and as a part of the rate schedules.

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**RULE 1**  
**DEFINITIONS**

**SEASONAL SERVICE:** Permanent natural gas service to a facility which is utilized seasonally or intermittently, such as a seasonal resort, cottage or other part-time establishment.

**SERVICE:** All pipe, valves and fittings from and including the connection at the main up to the service delivery point.

**SERVICE DELIVERY POINT:** Point where the Utility's pipe connects to the customer's house line, usually the meter location.

**SERVICE EXTENSION:** Consists of the service as above defined when provided for a new customer at a premises not heretofore served in accordance with the service extension rule.

**SHIPPER:** See Marketer.

**SHORT-RUN MARGINAL COST:** Variable per-unit cost of providing additional throughput to the average customer in a customer class. Short-Run Marginal Cost (SRMC) is determined for a given customer class by dividing the sum of Company Use and Unaccounted for (UAF) costs allocated to that customer class in the most recent BCAP by the cost allocation throughput for that customer class.

**SDG&E:** San Diego Gas & Electric Company (also referred to as "Utility").

**SMALL NONRESIDENTIAL SERVICE:** Core Service to customers whose usage does not exceed 40,000 kwh or less or with an energy demand of 20 kw or less for the most recently available twelve monthly billing periods. Small Nonresidential Service shall also include service to core customers who demonstrate to the satisfaction of the Utility that they fully meet the criteria for microbusiness as set forth in Section 14837 of the California Government Code, including the requirement that such businesses together with affiliates, have average annual gross receipts of two million five hundred thousand dollars (\$2,500,000) or less over the previous three years, or is a manufacturer with 25 or fewer employees.

**SOCALGAS:** Southern California Gas Company

**SOLAR ELECTRIC GENERATION PROJECT:** Project which utilizes solar energy as the primary fuel in the generation of electricity, uses natural gas as a secondary fuel constituting 25% or less of the total fuel utilized on an equivalent basis, has a natural gas efficiency utilization rate of more than 60%, and qualifies as a small power production facility under the Public Utility Regulatory Policies Act of 1978.

**SPACE HEATING ONLY:** Term applied to customers who are using gas primarily for space heating for human comfort as determined by survey or under the presumption that customers who use less than 11 therms per month during each of the regular billing periods ending in August and September are using gas primarily for space heating for human comfort.

**STANDBY:** Gas service used as an alternate energy source, typically for emergency or backup purposes. Includes gas service provided to an existing transmission level customer that takes service from an Alternate Gas Transportation Service Provider and either specifically requests standby service or uses no transportation service from the Utility for any consecutive 24-month period.

**STANDBY PROCUREMENT RATE:** Rate shall be revised each month and it will be calculated at 150% of the highest daily border price index at the Southern California Border beginning on the first day of the month that the imbalance is created to five days prior to the start of each corresponding imbalance trading period, plus the authorized Brokerage Fee of x.xxx¢ per therm for noncore retail service and all wholesale service, and 0.188¢ per therm for core retail service.

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**RULE 1**

Sheet 13

DEFINITIONS

**STUB SERVICE:** Lateral pipe, including valves and fittings from and including the connection at the main to a dead end near the curb or property line of the street in which the main is located.

**SUBMETERED SERVICE:** Service from metering furnished, owned, installed, maintained, read and tested by the customer who is served through a master meter.

**SUMMARY BILL:** Billing statement that includes charges for multiple service accounts.

**SUPPLY CURTAILMENT:** Supply curtailment occurs when the Utility declares a supply shortage. A supply shortage exists when, in the Utility's judgment, the Utility has a deficiency of gas supply available to meet its operational, contractual, or sales customers' requirements.

**SURFACE REPAIR:** Replacement to the satisfaction of the Utility, appropriate governmental agency, or property owner, of existing asphalt, concrete, decorative surfaces, landscaping, etc., removed for trenching and/or construction purposes.

**TARIFF SCHEDULES:** Entire body of effective rates, charges, and rules collectively of the Utility, as set forth herein, and including title page, preliminary statements, rate schedules, rules and sample forms.

**TARIFF SHEET:** Individual sheet of the tariff schedules.

**TEMPORARY SERVICE:** Service for enterprises or activities which are temporary in character or where it is known in advance that service will be of a limited duration. Service which, in the opinion of the Utility, is for operations of a speculative character or the permanence of which has not been established, also is considered temporary service.

**TENANT:** One who holds or possesses real estate (as a condominium) or sometimes personal property by any kind of right; one who has the occupation or temporary possession of lands or tenements of another; one who rents or leases (as a house or apartment) from a landlord.

**THERM:** Unit of measurement for billing purposes, nominally 100,000 Btu.

**THIRD PARTY GAS:** See Customer-Owned Gas.

**TRACKING ACCOUNT:** Account which reconciles the difference between Commission-authorized forecasted costs and the Utility's recorded costs. Balances in the tracking accounts shall be reconciled in the revenue requirement in the Utility's next Biennial Cost Allocation Proceeding (BCAP) or other appropriate rate proceeding.

**TRANSITION COSTS:** Cost item which resulted from a gas purchase contract, tariff, or arrangement which took effect before the division of the supply portfolio; was initiated for the benefit of all ratepayers; was intended to be recouped from all ratepayers; and may now result in costs in excess of a current market level.

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**RULE 1**

Sheet 14

DEFINITIONS

**TRANSMISSION LEVEL SERVICE:** Service to (1) noncore customers (noncore commercial/industrial, electric generation, enhanced oil recovery and international), as currently defined in Utility's tariffs, that are served directly from Utility's transmission system, (2) noncore electric generation customers who are served directly from Utility's high pressure distribution system, are located within 5 miles of the nearest Utility transmission line, and whose average annual usage is equal to or greater than 50 million therms, (3) noncore customers who were previously classified by California Public Utilities Commission ("CPUC") decision as transmission service level customers, (4) noncore customers served from a combination of Utility's transmission and distribution systems on a single premises, (5) wholesale customers, and (6) customers who Bypass Utility service.

**TRANSPORTATION:** Receipt of gas purchased and owned by a customer into the Utility System at one or more points of receipt and the subsequent delivery of an equivalent quantity of natural gas to the customer at a mutually acceptable location (points of delivery) on the system.

**TRANSPORTATION DELIVERIES:** Volume of gas delivered to the Utility to be transported for customer use.  
**UEG:** Utility Electric Generation. Consumption of gas for the generation of electricity by a Utility's power plants.

**UTILITY:** San Diego Gas & Electric Company (also referred to as "SDG&E").

**UTILITY DISTRIBUTION COMPANY (UDC):** Entity which provides regulated services for the distribution of natural gas to all customers and provides natural gas procurement services to customers who do not choose direct access. See Utility.

**UTILITY'S METERED SERVICE:** See Individually Metered Service.

**UTILITY GAS PROCUREMENT DEPARTMENT** – The applicable department within San Diego Gas & Electric Company and Southern California Gas Company responsible for the purchase of natural gas for core customers.

**UTILITY SYSTEM:** Pipeline transmission and distribution system and related facilities located in California and operated by Utility.

**UTILITY SYSTEM OPERATOR** – The applicable departments within San Diego Electric & Gas Company and Southern California Gas Company that are responsible for the physical and commercial operation of the pipeline and storage systems specifically excluding the Utility Gas Procurement Department.

**UTILITY USERS TAX:** Tax imposed by local governments on the Utility's customers. Utility is required to bill customers within the city or county for the taxes due, collect the taxes from customers, and then pay the taxes to the city or county.

**VIOLENCE:** Types of violence are to include, but are not limited to, death or injury with a weapon, inflicting bodily harm, allowing animals to attack, physically detaining an employee against his/her will, and/or tearing employee's clothing, or damaging or destroying Utility equipment or property.

14C0

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**RULE 7**  
**DEPOSITS**

Sheet 1

A. Amount of Deposit

1. The amount of deposit required to establish credit for a residential account may be twice the average monthly bill as determined by the Utility.
2. The amount of deposit required to establish credit for a non-residential account or to re-establish credit for either a residential or non-residential account may be twice the ~~average~~<sup>maximum</sup> monthly bill as determined by the Utility.

B. Return of Deposit

1. Good Standing, Active Customer. When the customer has received continuous service and has paid electric bills on all of its accounts before becoming past due as set forth in Rule 11, for a period of 12 consecutive months and is an active customer, the Utility will return the deposit with interest as provided under Section C hereof. When eligible, the deposit is to be returned or applied to the customer's billing provided that the customer's credit would, thereafter, be otherwise established under Rule 6.
2. Customer-Initiated Termination of Service. When the customer has requested that the service be terminated, the deposit, plus any applicable interest, will be returned. In cases in which there are charges due the Utility for electric service to the customer, the deposit, plus any applicable interest, will be applied to such charges and any remaining amount will be returned to the customer.
3. Termination for Non-Payment of Bills. When the service is permanently terminated for non-payment of charges for electric service, the deposit will be applied to such charges and any remaining amount will be returned to the customer. Deposits will not be applied as payment for past due bills to avoid discontinuance of service.

(Continued)

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**RULE 7**  
**DEPOSITS**

Sheet 2

C. Interest on Deposit

1. Except as provided in C.2 below, the Utility will pay interest, compounded monthly, at a rate of 1/12 of the interest rate on Commercial Paper (prime, 3 months), published the prior month in the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the interest rate on Commercial Paper, which most closely approximates the discontinued rate, and which is published the prior month in the Federal Reserve Statistical Release, H.15, or its successor publication. Such earned interest will be paid at the time the deposit is returned or applied to the customer's account.
  
2. Interest will be paid in full month increments only. No interest will be paid if service was temporarily or permanently discontinued for non-payment of bills within the past 12 months, or the account was past due more than once during the past six months or more than twice during the past 12 months. An account is past due if not paid within the period as set forth in Rule 11.

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**RULE 7**  
**DEPOSITS**

Sheet 1

A. Amount of Deposit

1. The amount of deposit required to establish credit for a residential account may be twice the average monthly bill as determined by the Utility.
2. The amount of deposit required to establish credit for a non-residential account or to re-establish credit for either a residential or non-residential account may be twice the ~~average~~<sup>maximum</sup> monthly bill as determined by the Utility.

B. Return of Deposit

1. Good Standing, Active Customer. When the customer has received continuous service and has paid gas bills on all of its accounts before becoming past due as set forth in Rule 11, for a period of 12 consecutive months and is an active customer, the Utility will return the deposit with interest as provided under Section C hereof. When eligible, the deposit is to be returned or applied to the customer's billing provided that the customer's credit would, thereafter, be otherwise established under Rule 6.
2. Customer Initiated Termination of Service. When the customer has requested that the service be terminated, the deposit, plus any applicable interest, will be returned. In cases in which there are charges due the Utility for gas service to the customer, the deposit, plus any applicable interest, will be applied to such charges and any remaining amount will be returned to the customer.
3. Termination for Non-Payment of Bills. When the service is permanently terminated for non-payment of charges for gas service, the deposit will be applied to such charges and any remaining amount will be returned to the customer. Deposits will not be applied as payment for past due bills to avoid discontinuance of service.

(Continued)

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**RULE 7**  
**DEPOSITS**

Sheet 2

C. Interest on Deposit

1. Except as provided in C.2 below, the Utility will pay interest, compounded monthly, at a rate of 1/12 of the interest rate on Commercial Paper (prime, 3 months), published the prior month in the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the interest rate on Commercial Paper, which most closely approximates the discontinued rate, and which is published the prior month in the Federal Reserve Statistical Release, H.15, or its successor publication. Such earned interest will be paid at the time the deposit is returned or applied to the customer's account.
  
2. Interest will be paid in full month increments only. No interest will be paid if service was temporarily or permanently discontinued for non-payment of bills within the past 12 months, or the account was past due more than once during the past six months or more than twice during the past 12 months. An account is past due if not paid within the period as set forth in Rule 11.

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**RULE 18**

Sheet 1

METER TESTS AND ADJUSTMENT OF BILLS

A. Meter Tests

Any customer may, upon not less than five working days' notice, require the Utility to test the accuracy of any meter through which service is provided to the customer.

When a customer requests a meter test within six (6) months of installation of the meter or within six (6) months of the completion of a meter test finding that the meter is operating accurately and where the results of the prior test were provided to the customer, the Utility shall charge the customer \$50.00 for the meter test.

The amount deposited with the Utility in payment for the meter test shall be refunded to the customer if the meter is found to be in error by more than two percent (2%) fast or slow under conditions of normal operation.

A customer shall have the right to require the Utility to test the meter in the customer's presence, or if so desired, in the presence of an expert or other representative appointed by the customer.

A report giving the name of the customer requesting a test, the date of the request, the location of the premises where the meter has been installed, the meter statement at time of removal, the date tested, the result of the test, the type, make, size and number of the meter, the date of removal and deductions drawn therefrom, shall be supplied to the customer within a reasonable time after completion of the test.

All meters shall be tested prior to their installation and no meter shall be placed in service or allowed to remain in service that has an error in registration in excess of two percent (2%) under conditions of normal operation.

B. Adjustment of Bills for Meter Error

A meter error is incorrect kilowatthour, kilovarhour, or demand registration resulting from a malfunctioning or defective meter. A meter error does not include billing errors, unauthorized use, or errors in registration caused by meter tampering by an unauthorized person. It also does not include conditions such as grounds, shorts, incorrect meter readings, meter dial-overs, improper load wiring (including other customers' circuits connected to the wiring), accounting errors, improper customer wiring, blown fuse in one energized conductor, incorrect meter sizing, switched meters and/or meter configuration errors.

Where as the result of a meter test, a meter is found to be nonregistering or incorrectly registering, the Utility may render an adjusted bill to the customer for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without interest, computed back to the date that the Utility determines the meter error commenced. The period of adjustment shall not exceed three years and shall be computed in accordance with the following:

(Continued)

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**RULE 18**

METER TESTS AND ADJUSTMENT OF BILLS

**B. Adjustment of Bills for Meter Error (Continued)**

1. **Fast Meter:** If a meter is found to be registering more than two percent (2%) fast, the Utility shall refund to the customer the amount of the overcharge based on the corrected meter readings or the Utility's estimate of the electric usage either for the known period of meter error or, if the period of error is not known, for the period during which the meter was in use, not to exceed six months.
2. **Slow Meter:** If a meter for residential service is found to be registering more than 25% slow, or a meter for nonresidential service is found to be registering more than two percent (2%) slow, the Utility may bill the customer for the amount of the undercharge based on the corrected meter readings or the Utility's estimate of the electric usage either for the known period of meter error or, if the period of meter error is not known, for the period the meter was in use, not exceeding three months in the case of residential service and three years for nonresidential service.
3. **Nonregistering Meter:** If a meter for residential service is found to be nonregistering, the Utility may bill the customer for the Utility's estimate of the electricity used but not registered, not exceeding three months in the case of residential service and three years for nonresidential service.
4. **Estimated Usage:** When regular, accurate meter readings are not available or the electric usage has not been accurately measured, the Utility may estimate the customer's electricity usage for billing purposes on the basis of information including, but not limited to, the physical condition of the metering equipment, available meter readings, records of historical use and/or the general characteristics of the customer's load and operation.

**C. Adjustment of Bills for Billing Error**

A billing error is an error by the Utility that results in incorrect billing charges to the customer. Billing errors may include incorrect meter reads or clerical errors by a Utility representative such as applying the wrong rate, wrong billing factor, or an incorrect calculation. Billing error shall also include failure to deliver a bill, actual or estimate, in a timely manner in accordance with Rule 17.A.

Billing error does not include a meter error or unauthorized use, nor any error in billing resulting from meter dial over; switched or mismarked meters by other than the Utility; improper customer wiring; blown fuse in one energized conductor; inaccessible meter consistent with Rule No. 17.C.2; failure of the customer to notify the Utility of changes in the customer's equipment or operation; failure of the customer to take advantage of a rate or condition of service for which the customer is eligible; or failure to issue a bill due to a natural or man-made disaster such as fire, earthquake, flood, or severe storms.

Where the Utility overcharges or undercharges a customer as the result of a billing error, the Utility may render an adjusted bill for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without interest, in accordance with the procedures and limitations set forth below. Such adjusted bills shall be computed as follows:

(Continued)

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Advice Ltr. No. _____	<b>Lee Schavrien</b>	Effective _____
Decision No. _____	Senior Vice President Regulatory Affairs	Resolution No. _____



**RULE 18**

METER TESTS AND ADJUSTMENT OF BILLS

C. Adjustment of Bills for Billing Error (Continued)

1. Billing Error Resulting in Overcharges to the Customer: If either a residential or nonresidential service is found to have been overcharged due to billing error, the Utility shall calculate the amount of the overcharge, for refund to the customer, for a period of three years. However, if it is known that the period of billing error was less than three years, the overcharge shall be calculated for only those months during which the billing error occurred.
2. Billing Error Resulting in Undercharges to the Customer: If either a residential or nonresidential service is found to have been undercharged due to a billing error, the Utility may bill the customer for the amount of the undercharge for a period of three months for residential service or small nonresidential service, and ~~or~~ three years for all other nonresidential service. However, if it is known that the period of billing error was less than three months for residential service or small nonresidential service and ~~or~~ three years for all other nonresidential service, the undercharge shall be calculated for only those months during which the billing error occurred.

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D. Adjustment of Bills for Unauthorized Use

Unauthorized use is the use of energy in noncompliance with the Utility's tariffs or applicable law. It includes, but is not limited to, meter tampering, unauthorized connection or reconnection, theft, fraud, intentional or unintentional use of electricity whereby the Utility is denied full compensation for service provided.

Where the Utility determines that there has been unauthorized use of electricity, the Utility may bill the person or entity who benefited from such unauthorized use for the Utility's estimate of such unauthorized use. Such estimated billing shall indicate unauthorized use for the most recent three years and, separately, unauthorized use beyond the three year period for collection as provided by law. However, nothing in this rule shall be interpreted as limiting the Utility's rights and/or remedies in any provisions of any applicable law.

Utility shall bill and collect interest at a rate of ten percent (10%) per annum on unauthorized use billings from the date the unauthorized use commenced, and/or Utility shall bill and collect at a rate of ten percent (10%) per annum on amortized repayment agreements.

Utility shall bill and collect the associated costs resulting from the unauthorized use including, but not limited to, investigative, repair and equipment damage costs.

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**RULE 18**

Sheet 1

METER TESTS AND ADJUSTMENT OF BILLS

A. Meter Tests

Any customer may, upon not less than five working days' notice, require the Utility to test the accuracy of any meter through which service is provided to the customer.

When a customer requests a meter test within six (6) months of installation of the meter or within six (6) months of the completion of a meter test finding that the meter is operating accurately and where the results of the prior test were provided to the customer, the Utility shall charge the customer \$50.00 for the meter test.

Fees for tests of meters of greater rated capacity than 4,000 cubic feet per hour, or for testing meters under extraordinary conditions, shall be quoted to the customer upon application.

The amount deposited with the Utility in payment for the meter test shall be refunded to the customer, if the meter is found to be in error by more than two percent (2%) over or under, when operating at the check test rate.

Meter tests shall be conducted in accordance with the gas standard requirements of the California Public Utilities Commission.

A customer shall have the right to require the Utility to test the meter in the customer's presence, or if so desired, in the presence of an expert or other representative appointed by the customer.

A report giving the name of the customer requesting a test, the date of the request, the location of the premises where the meter has been installed, the meter statement at time of removal, the date tested, the result of the test, the type, make, size and number of the meter, the date of removal and deductions drawn therefrom, shall be supplied to the customer within a reasonable time after completion of the test.

Every displacement gas meter, when installed for the use of any customer, shall be in good order and shall have been adjusted to register within one percent (1%) over or two percent (2%) under the prover registration when passing gas at a rate which will cause a pressure drop in the meter not to exceed one-half (1/2) inch of water column. The meter shall be adjusted so that the open flow test agrees with the check flow test within two percent (2%), provided, however, that no meter shall be put in service which on any test proves in excess of one percent (1%) over the prover registration.

All gas meters, other than displacement meters, shall be tested in accordance with accepted industry standards and practices. Any such test results shall not register less than minus two percent (2%) error or more than plus one percent (1%) error.

All meters shall be tested using National Institute of Standards and Technology traceable standard metering apparatus.

(Continued)

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**RULE 18**

METER TESTS AND ADJUSTMENT OF BILLS

**B. Adjustment of Bills for Meter Error**

A meter error is incorrect gas registration resulting from a malfunctioning or defective meter or pressure correction device. A meter error does not include billing errors, unauthorized use, or errors in registration caused by meter tampering by an unauthorized person. It also does not include conditions such as incorrect meter readings, meter dial overs, accounting errors, meter configuration errors, incorrect meter sizing, or switched meters.

Where as a result of a meter test, except for "Other Than Displacement Gas Meter" as described in Section 4 below, a meter is found to be nonregistering or incorrectly registering, the Utility may render an adjusted bill to the customer for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without interest, computed back to the date that the Utility determines the meter error commenced. The period of adjustment for meter error shall not exceed three years and shall be computed in accordance with the following:

1. **Fast Meter:** If a meter is found to be registering more than two percent (2%) fast, the Utility shall refund to the customer the amount of the overcharge based on the corrected meter readings or the Utility's estimate of the gas usage either for the known period of meter error or, if the period of error is not known, for the period during which the meter was in use, not to exceed six months.
2. **Slow Meter:** If a meter for residential service is found to be registering more than 25% slow, or a meter for nonresidential service is found to be registering more than two percent (2%) slow, the Utility may bill the customer for the amount of the undercharge based on the corrected meter readings or the Utility's estimate of the gas usage either for the known period of meter error or, if the period of meter error is not known for the period the meter was in use, not exceeding three months in the case of residential service or small nonresidential service and three years for all other nonresidential service.
3. **Nonregistering Meter:** If a meter is found to be nonregistering, the Utility may bill the customer for the Utility's estimate of the gas used but not registered, not exceeding three months in the case of residential service or small nonresidential service and three years for all other nonresidential service.
4. **Other Than Displacement Gas Meter:** For other than displacement gas meters, if the customer or the Utility shall at any time have reason to doubt the accuracy of any gauge, measuring device, other appliance, data, or method used in measuring or computing the amount of gas delivered through other than displacement meters, notification shall be given to the other party and, within a reasonable time, the accuracy of such gauge, measuring device, appliance, data, or method shall be determined (upon request, jointly in the presence of both parties) and if any of them shall be found inaccurate, the proper correction in billing shall be made as follows:

In the case of computation errors or inaccurate data, where the date can be fixed or agreed upon, such correction in billing shall begin, starting with the date of initial error.

In the case of a gauge, measuring device, or appliance found to be out of tolerance sufficient to cause a volume error greater than plus or minus two percent (2%), such correction in billing shall begin on a mutually acceptable date. In the absence of such mutual acceptance, the correction shall begin on a date equivalent to 50% of the elapsed period since the last valid calibration or test.

(Continued)

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**RULE 18**

Sheet 3

METER TESTS AND ADJUSTMENT OF BILLS

**B. Adjustment of Bills for Meter Error (Continued)**

**4. Other Than Displacement Gas Meter (Continued)**

In all cases where corrections are to be made, the amount of gas delivered during the established period of inaccuracy shall be recalculated and corrected. Thereafter, measurements shall be made in accordance with correct data and any inaccurate devices shall be recalibrated within published manufacturer's tolerances.

**5. Estimated Usage:** When regular, accurate meter readings are not available or the gas usage has not been accurately measured, the Utility may estimate the customer's gas usage for billing purposes on the basis of information including, but not limited to, the physical condition of the metering equipment, available meter readings, records of historical use, and/or the general characteristics of the customer's load and operation.

**C. Adjustment of Bills for Billing Error**

Billing error is an error by the utility that results in incorrect billing charges to the customer. Billing errors may include incorrect meter reads or clerical errors by a Utility representative such as applying the wrong rate, wrong billing factor, or an incorrect calculation. Billing error shall also include failure to deliver a bill, actual or estimate, in a timely manner in accordance with Rule 17.A.

Billing error does not include a meter error or unauthorized use, or any error in billing resulting from meter dial over; switched or mismarked meters by other than the Utility; lack of access to the meter consistent with Rule No. 17.C.2; failure of the customer to notify the Utility of a change in operation; failure of the customer to take advantage of a rate or condition of service for which the customer is eligible; or failure to issue a bill due to a natural or man-made disaster such as fire, earthquake, flood, or severe storms.

Where the Utility overcharges or undercharges a customer as the result of a billing error, the Utility may render an adjusted bill for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without interest, in accordance with the procedures and limitations set forth below. Such adjusted bills shall be computed as follows:

**1. Billing Error Resulting in Overcharges to the Customer:** If either a residential or nonresidential service is found to have been overcharged due to billing error, the Utility will calculate the amount of the overcharge, for refund to the customer, for a period of three years. However, if it is known that the period of billing error was less than three years, the overcharge will be calculated for only those months during which the billing error occurred.

**2. Billing Error Resulting in Undercharges to the Customer:** If either a residential or nonresidential service is found to have been undercharged due to a billing error, the Utility may bill the customer for the amount of the undercharge for a period of three months for residential service or small residential service, and three years for all other nonresidential service. However, if it is known that the period of billing error was less than three months for residential service or small nonresidential service, and three years for all other nonresidential service, the undercharge shall be calculated for only those months during which the billing error occurred.

(Continued)

300  
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**RULE 18**

Sheet 4

METER TESTS AND ADJUSTMENT OF BILLS

D. Adjustment of Bills for Unauthorized Use

Unauthorized use is the use of energy in noncompliance with the Utility's tariffs or applicable law. It includes, but is not limited to, meter tampering, unauthorized connection or reconnection, theft, fraud, and/or intentional or unintentional use of gas whereby the Utility is denied full compensation for service provided.

Where the Utility determines that there has been unauthorized use of gas, the Utility may bill the person or entity who benefited from such unauthorized use for the Utility's estimate of such unauthorized use. Such estimated billing shall indicate unauthorized use for the most recent three years and, separately, unauthorized use beyond the three year period for collection as provided by law. However, nothing in this rule shall be interpreted as limiting the Utility's rights and/or remedies in any provisions of any applicable law.

Utility shall bill and collect interest at a rate of ten percent (10%) per annum on unauthorized use billings from the date the unauthorized use commenced, and/or Utility shall bill and collect at a rate of ten percent (10%) per annum on amortized repayment agreements.

Utility shall bill and collect the associated costs resulting from the unauthorized use including, but not limited to, investigative, repair and equipment damage costs.

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Rule No. 01  
DEFINITIONS

Sheet 17

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(Continued)

Rules: Tariff sheets which set forth the application of all rates, charges and service when such applicability is not set forth in and as a part of the rate schedules.

Seasonal Service: Permanent natural gas service to a facility which is utilized seasonally or intermittently, such as a seasonal resort, cottage or other part-time establishment.

Service: All pipe, valves and fittings from and including the connection at the main up to the service delivery point.

Service Delivery Point: Point where the utility's pipe connects to the customer's house line, usually the meter location.

Service Extension: Consists of the service as above defined when provided for a new customer at a premises not heretofore served in accordance with the service extension rule.

Shipper: See Marketer.

Short-Run Marginal Cost: Variable per-unit cost of providing additional throughput to the average customer in a customer class. Short-Run Marginal Cost (SRMC) is determined for a given customer class by dividing the sum of Company Use and Unaccounted for (UAF) costs allocated to that customer class in the most recent BCAP by the cost allocation throughput for that customer class.

Small Nonresidential Service: Core Service to customers whose usage does not exceed 28 therms/day (approximately 10,000 therms/year) for the most recently available twelve monthly billing periods. Small Nonresidential Service shall also include service to core customers who demonstrate to the satisfaction of the Utility that they fully meet the criteria for microbusiness, as set forth in Section 14837 of the California Government Code, including the requirement that such businesses together with affiliates, have average annual gross receipts of two million five hundred thousand dollars (\$2,500,000) or less over the previous three years, or is a manufacturer with 25 or fewer employees.

SoCalGas: Southern California Gas Company (also referred to as "Utility").

Solar Electric Generation Project: Project which utilizes solar energy as the primary fuel in the generation of electricity, uses natural gas as a secondary fuel constituting 25% or less of the total fuel utilized on an equivalent basis, has a natural gas efficiency utilization rate of more than 60%, and qualifies as a small power production facility under the Public Utility Regulatory Policies Act of 1978.

Space Heating Only: Term applied to customers who are using gas primarily for space heating for human comfort as determined by survey or under the presumption that customers who use less than 11 therms per month during each of the regular billing periods ending in August and September are using gas primarily for space heating for human comfort.

Standby: Gas service used as an alternate energy source, typically for emergency or backup purposes. Includes gas service provided to an existing transmission level customer that takes service from an Alternate Gas Transportation Service Provider and either specifically requests standby service or uses  
(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 3977-B  
DECISION NO.

ISSUED BY  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Feb 26, 2010  
EFFECTIVE Mar 28, 2010  
RESOLUTION NO. \_\_\_\_\_

Rule No. 16  
ADJUSTMENT OF BILLS

Sheet 2

(Continued)

C. ADJUSTMENT OF BILLS FOR BILLING ERROR (Continued)

Where the Utility overcharges or undercharges a customer as the result of a billing error, the Utility may render an adjusted bill for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without interest, in accordance with the procedures and limitations set forth below. Such adjusted bills shall be computed as follows:

1. Billing Error Resulting in Overcharges to the Customer

If either a residential or nonresidential service is found to have been overcharged due to a billing error, the Utility shall calculate the amount of the overcharge, for refund to the customer, for a period of three years. However, if it is known that the period of billing error was less than three years, the overcharge shall be calculated for only those months during which the billing error occurred.

2. Billing Errors Resulting in Undercharges to the Customer

If either a residential or nonresidential service is found to have been undercharged due to a billing error, the Utility may bill the customer for the amount of the undercharge for a period of three months for residential service or small nonresidential service, as defined in Rule No. 1, and ~~and~~ three years for all other nonresidential service. However, if it is known that the period of billing error was less than three months for residential service or small nonresidential service, as defined in Rule No. 1, or ~~and~~ three years for all other nonresidential service, the undercharge shall be calculated for only those months during which the billing error occurred.

D. ADJUSTMENT OF BILLS FOR METER ERROR

A meter error is incorrect gas registration resulting from a malfunctioning or defective meter or pressure correction device. A meter error does not include billing errors, unauthorized use, or errors in registration caused by meter tampering by an unauthorized person. It also does not include conditions such as incorrect meter readings, meter dial overs, accounting errors, meter configuration errors, incorrect meter sizing, or switched meters.

Where as a result of a meter test, except for "Other Than Displacement Gas Meter" as described in Section 4 below, a meter is found to be nonregistering or incorrectly registering, the Utility may render an adjusted bill to the customer for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without interest, computed back to the date that the Utility determines the meter error commenced. The period of adjustment for meter error shall not exceed three years and shall be computed in accordance with the following:

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3287  
 DECISION NO.

ISSUED BY  
**Lee Schavrien**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Aug 27, 2003  
 EFFECTIVE Mar 16, 2004  
 RESOLUTION NO. G-3360



**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing **OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) ON THE SMALL BUSINESS PROGRAM STAFF REPORT: WORKSHOP ON BACK-BILLING & DEPOSITS RULEMAKING 10-05-005** on all parties identified in Docket No. R.10-05-005 by U.S. mail and electronic mail, and by Federal Express to the assigned Commissioner(s) and Administrative Law Judge(s).

Dated at San Diego, California, this 6<sup>th</sup> day of August, 2010.

/s/ JOEL DELLOSA

Joel Dellosa