

PRELIMINARY STATEMENT  
 PART II  
 SUMMARY OF RATES AND CHARGES

(continued)

CORE SUBSCRIPTION RESERVATION CHARGE

Schedule G-CS

Rate, per month, per decatherm per day reserved ..... \$10.67350

Schedule GW-LB, GW-SD, and GW-SWG

Rate, per month, per decatherm per day reserved ..... \$10.62159

IMBALANCE SERVICE

Rate Summary:

OFO/Daily                      E-OFO                      5-Day Winter                      Monthly

(Dates and rates inserted as necessary)

D  
N  
|  
|  
|  
|  
N

(continued)

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

ISSUED BY  
**William L. Reed**  
 VICE PRESIDENT  
 CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
 DATE FILED \_\_\_\_\_  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT  
PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

A. GENERAL

Balancing accounts are those regulatory accounts where authorized expenses are compared with revenues from rates designed to recover those expenses. The resulting under- or overcollection, plus interested calculated in the manner described in Preliminary Statement, Part I, is recorded on the Utility's financial statements as an asset or liability, which is owed from or due to the ratepayers. Balances in balancing accounts are to be amortized in rates.

B. LISTING OF BALANCING ACCOUNTS

- Purchased Gas Account (PGA)
- Imbalance Charge Account (ICA)
- Core Fixed Cost Account (CFCA)
- Noncore Fixed Cost Account (NFCA)
- Enhanced Oil Recovery Account (EORA)
- Noncore Storage Balancing Account (NSBA)
- California Alternate Rates for Energy Account (CAREA)
- Brokerage Fee Account (BFA)
- Hazardous Substance Cost Recovery Account (HSCRA)
- Natural Gas Vehicle Account (NGVA)

N

(continued)

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

ISSUED BY  
**William L. Reed**  
VICE PRESIDENT  
CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
DATE FILED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT  
 PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(continued)

C. DESCRIPTION OF ACCOUNTS

PURCHASED GAS ACCOUNT (PGA)

The PGA is a balancing account. The purpose of this account is to balance the recorded cost of gas bought for the Utility portfolio with revenue from the sale of that gas.

- a. The PGA consists of five subaccounts. They are:
  - 1. The Core Subaccount which tracks the cost of gas procured for core customers and revenues from the sale of that gas. This includes unbundled storage costs for the retail core customer for 35 Bcf of total core inventory and 163 MMcf of associated firm injection service.
  - 2. The Core-Subscription Subaccount which tracks the cost of gas procured for core-subscription customers and revenues from the sale of that gas.
  - 3. The Excess Core Supply Subaccount which tracks the cost of gas purchases and the revenues from the sale of excess core supplies.
  - 4. The Take-or-Pay Subaccount which tracks revenue from take-or-pay charges that core-subscription customers incur.
  - 5. The Core Brokerage Fee Subaccount which tracks revenues from the core brokerage fee and the authorized core brokerage fee.
- b. The Utility shall maintain the PGA by making entries at the end of each month as follows:
  - 1. A debit entry equal to the recorded gas cost in the Utility Portfolio Account during the month, which includes all gas purchased for procurement customers.
  - 2. Credit entries equal to the procurement revenue from the sale of gas delivered during the month and amortization of the forecasted revision date PGA balance, excluding the allowance for F&U.

T  
N  
N  
D  
T  
T  
T

(continued)

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

ISSUED BY  
**William L. Reed**  
 VICE PRESIDENT  
 CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
 DATE FILED \_\_\_\_\_  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT  
PART V  
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(continued)

C. DESCRIPTION OF ACCOUNTS (continued)

PURCHASED GAS ACCOUNT (PGA) (continued)

- 3. A credit entry equal to the brokerage fee charged to core customers less the allowance for F & U.
- 4. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.
- 5. An entry equal to the interest on the average of the balance in the account during the month, excluding the core-subscription subaccount, calculated in the manner described in Preliminary Statement, Part I, J.

IMBALANCE CHARGE ACCOUNT (ICA)

The ICA is a balancing account. The purpose of the account is to record the receipt of imbalance charge revenue and to refund such revenue to all customers on an equal cents per therm basis.

CORE FIXED COST ACCOUNT (CFCA)

The CFCA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between authorized margin, transition, and other non-gas fixed costs allocated to the core market with revenues intended to recover these costs.

On a monthly basis, SoCalGas maintains this account as follows:

SoCalGas debits this account with the core portion of the following costs: gas margin costs, transition costs, and other non-gas operating costs not included in the PGA.

SoCalGas credits this account with the core portion of the following revenues: transmission revenues from core deliveries; revenues from the brokering of underutilized core interstate pipeline capacity; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program; and other revenues that the Commission has directed SoCalGas to allocate to the core market.

In addition, SoCalGas adjusts this account to amortize previously accumulated overcollected or undercollected balances to reflect payment to, or recovery from, ratepayers. SoCalGas also adjusts this account to reflect volumetric differences associated with the core amortization recorded in other regulatory accounts.

(continued)

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

ISSUED BY  
**William L. Reed**  
VICE PRESIDENT  
CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
DATE FILED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

N  
|  
|  
N  
  
T

Schedule No.GT-SD  
INTRASTATE TRANSMISSION SERVICE

(continued)

SPECIAL CONDITIONS

1. Definitions of the principal terms used in this schedule are contained in Rule No. 1.
2. As a condition precedent to service under this schedule, an executed Master Services Contract, Schedule A, Intrastate Transmission Service (Form Nos. 6597 and 6597-1) is required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
3. In the event of curtailment, customers served hereunder will be curtailed in accordance with Rule No. 23. Charges for violation of curtailment shall apply as set forth in Rule No. 23. T
4. All terms and conditions of Rule No. 30, except balancing provisions, shall apply to the transportation of customer owned gas under this schedule. T  
T
5. San Diego Gas and Electric's Schedule G-IMB shall apply to the transportation of customer-owned gas under this schedule. T
6. The contract term for firm intrastate transmission service shall be two years.
7. Utility shall offer firm intrastate transmission service only to customers whose volumes qualify as follows:
  - a. Firm Interstate Customers: Firm intrastate transmission shall be available for volumes delivered through firm interstate capacity rights or where Customer purchases or receives (1) gas delivered to Utility interconnection with an interstate pipeline on a firm basis, (2) intrastate California supplies delivered directly into the Utility's system, or (3) supplies that are delivered from the Utility's storage facilities, provided that the Utility has sufficient capacity to receive and redeliver all such volumes on a firm basis.
  - b. Interruptible Interstate, Existing Capacity: Firm intrastate transmission shall be available for volumes delivered by Customer or Customer's shipper to the Utility on an interruptible basis through interstate pipeline capacity in existence as of November 6, 1991 to the extent and so long as (1) the capacity of the interstate pipeline is not expanded so as to create a mismatch of interstate and intrastate capacity, and (2) the Utility has adequate intrastate system capacity to receive and redeliver all such volumes on a firm basis.

The Utility shall have no obligation to build new facilities to provide firm intrastate service for Customer's volumes delivered to the Utility on an interruptible basis through interstate pipeline capacity in existence as of November 6, 1991.

(continued)

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

ISSUED BY  
**William L. Reed**  
 VICE PRESIDENT  
 CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
 DATE FILED \_\_\_\_\_  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

Schedule No. GW-LB  
WHOLESALE NATURAL GAS SERVICE

APPLICABILITY

Applicable for core subscription, firm intrastate transmission, and interruptible intrastate transmission service for the City of Long Beach ("Customer").

TERRITORY

Delivery points shall be as specified in the Master Services Contract, Schedule A, Intrastate Transmission Service ("Contract").

RATES

Transmission Charges

G-CS7, Core Subscription

Rate, per therm ..... 1.000¢

GT-F7, GT-I7, Firm & Interruptible Intrastate Transmission

Rate, per therm ..... 1.000¢

Interstate Transition Cost Surcharge (ITCS)

ITCS-LB, per therm ..... 1.520¢

The ITCS, as defined in Rule No. 1, recovers certain interstate capacity costs and applies to all service under this schedule except for that service identified in Rule No. 1 as being exempt. The ITCS under this schedule may include an additional allocation of any capacity costs associated with service hereunder as provided in Special Condition 25.

Transmission Demand Charge

Per month ..... \$129,756

The monthly transmission demand charge will be adjusted periodically in conjunction with Utility's cost allocation proceeding.

(continued)

Schedule No. GW-LB  
WHOLESALE NATURAL GAS SERVICE

(continued)

RATES (continued)

Procurement Charges

G-CS7, Core Subscription

Cost of Gas, per therm .....	23.143¢
Brokerage Fee, per therm .....	<u>0.266¢</u>
Total Procurement Charges, per therm .....	23.409¢

The procurement charge will be filed on the last business day of each month to become effective on the first calendar day of the following month. The procurement charge is comprised of (1) the weighted average cost of gas (WACOG) for the current month, derived in the manner approved in D.98-07-068, including authorized franchise fees and any applicable adjustments; and (2) an authorized brokerage fee.

Reservation Charges

G-CS7, Core Subscription

Rate, per month, per decatherm per day reserved .....	\$10.62159
---	------------

The monthly reservation charge is equal to Customer's contracted demand during the core subscription peak month, as set forth in the Contract, multiplied by one-twelfth of the weighted average cost of the Utility's interstate capacity reserved for core and core subscription service combined, as shown above.

Storage Reservation Charges

Rate, per month .....	\$76,187
-----------------------	----------

The annual storage reservation charge shall be billed in twelve equal monthly installments.

The annual storage reservation charge will be adjusted periodically in conjunction with Utility's cost allocation proceeding.

The above storage reservation charge shall be in lieu of the reservation charges set forth in Schedule G-LTS. The variable charges set forth in Schedule G-LTS shall be applicable to storage service hereunder.

Customer reserves the right to adjust the amount of storage services it require in Utility's cost allocation proceedings and prorate the annual initial reservation charge accordingly.

(continued)

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

ISSUED BY  
**William L. Reed**  
 VICE PRESIDENT  
 CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
 DATE FILED \_\_\_\_\_  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

Schedule No. GW-LB  
WHOLESALE NATURAL GAS SERVICE

(continued)

RATES (continued)

Minimum Charge

The minimum monthly charge shall be the core subscription reservation charge if applicable.

Billing Adjustments

Billing adjustments may be necessary to reflect changes in quantities used in developing prior periods' transportation charges.

Rates may be adjusted to reflect any applicable taxes, franchise or other fees, regulatory surcharges, and interstate or intrastate pipeline charges that may occur.

The number of therms to be billed shall be determined in accordance with Rule No. 2.

SPECIAL CONDITIONS

GENERAL

1. Definitions of the principal terms used in this schedule are contained in Rule No. 1.
2. As a condition precedent to service under this schedule, an executed Master Services Contract, Schedule A, Intrastate Transmission Service (Form Nos. 6597 and 6597-1) is required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
3. In the event of curtailment, Customer will be curtailed in accordance with Rule No. 23. Penalties for violation of curtailment shall apply as set forth in Rule No. 23. If service to Customer's Priority 1 and 2A customers is in jeopardy, such customers shall be served in parity with Utility's Priority 1 and 2A customers as set forth in Rule No. 23.
4. All terms and conditions of Rule No. 30 and Schedule No. G-IMB shall apply to the transportation of customer-owned gas under this schedule.
5. Customer's core load can be out of balance for a period up to twelve months in length. The maximum amount by which quantities purchased to serve the Customer's core market can be out-of-balance is limited to: (1) a quantity equal to the percentage of the Utility's storage capacity equivalent to the percentage of total storage costs assessed to the core customers of Customer as adopted in the most recent cost allocation proceeding; and (2) by any operational constraints experienced by the Utility.

(continued)

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

ISSUED BY  
**William L. Reed**  
VICE PRESIDENT  
CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
DATE FILED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_



Schedule No. GW-LB  
WHOLESALE NATURAL GAS SERVICE

(continued)

SPECIAL CONDITIONS (continued)

SERVICE ELECTIONS

6. Prior to the implementation date of the CPUC's Capacity Brokering Rules, the Utility shall conduct an open season, as described in Rule No. 35, wherein Customer shall be required to designate the extent to which it will take core subscription service (G-CS7) and/or firm intrastate transmission service (GT-F7). If Customer fails to notify the Utility of its service elections, then Customer shall be assigned to interruptible intrastate service (GT-I7) with the exception that Customer's current core subscription requirements shall default to core subscription service.

CORE SUBSCRIPTION

7. The total interstate capacity reserved by the Utility to provide core subscription service during the two-year core subscription period shall be determined pursuant to the open season. Subsequent core subscription open seasons will be held every two years thereafter (biennially). A new core subscription interstate capacity reservation shall be established in each such open season for the subsequent two-year service period.

8. Subsequent to the Utility's initial interstate capacity brokering open season, described in Rule No. 35, the Customer may request additional core subscription service. The Utility shall accept such a request along with the requests of other customers on a first-come first-served basis to the extent Utility determines it is operationally feasible to provide such service. If access to core subscription service becomes restricted, Utility shall maintain a list of the customers requesting such service (by time and date of request) and shall provide service in the order of the customer list in the event additional core subscription capacity becomes available. After the first two-year core subscription period, the Customer may request core subscription service subsequent to the core subscription biennial open season.

FIRM INTRASTATE TRANSMISSION

9. The contract term for firm intrastate transmission service shall be two years.

10. Utility shall offer firm intrastate transmission service only to customers whose volumes qualify as follows:

a. Firm Interstate Customers: Firm intrastate transmission shall be available for customers' volumes delivered through firm interstate capacity rights or where customers purchase or receive (1) gas delivered to Utility interconnection with an interstate pipeline on a firm basis, (2) intrastate California supplies delivered directly into the Utility's system, or (3) supplies which are delivered from the Utility's storage facilities, provided that the Utility has sufficient capacity to receive and redeliver all such volumes on a firm basis.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT

EFFECTIVE \_\_\_\_\_

CHIEF REGULATORY OFFICER

RESOLUTION NO. \_\_\_\_\_

Schedule No. GW-LB
WHOLESALE NATURAL GAS SERVICE

(continued)

SPECIAL CONDITIONS (continued)

FIRM INTRASTATE CUSTOMERS (continued)

10. (continued)

b. Interruptible Interstate, Existing Capacity: Firm intrastate transmission shall be available for volumes delivered by customers or customers of shippers to the Utility on an interruptible basis through interstate pipeline capacity in existence as of November 6, 1991 to the extent and so long as (1) the capacity of the interstate pipeline is not expanded so as to create a mismatch of interstate and intrastate capacity, and (2) the Utility has adequate intrastate system capacity to receive and redeliver all such volumes on a firm basis.

The Utility shall have no obligation to build new facilities to provide firm intrastate service for customers' volumes delivered to the Utility on an interruptible basis through interstate capacity in existence as of November 6, 1991.

c. Interruptible Interstate, New Capacity: Firm intrastate transmission service shall be available for customers' volumes delivered to Utility on an interruptible basis across a new interstate pipeline or an expansion of an existing pipeline (as of November 6, 1991) provided that (1) the customer has given assurances acceptable to the Utility that any costs associated with enhancements of the Utility's intrastate system which are necessary to provide firm intrastate service will be recovered by the Utility, (2) required enhancements are approved by the CPUC and are constructed and placed in service, and (3) the Utility has determined that it can physically provide firm intrastate service for all such volumes.

11. Pursuant to the provisions and guidelines of Decision No. 92-11-052, the Utility may negotiate a discounted contract with Customer for a service term of five years or more. Such a contract must be filed for prior CPUC approval under the CPUC's Expedited Application Docket (EAD) procedure as adopted in Decision No. 92-11-052.

FULL REQUIREMENTS SERVICE

12. For its core subscription and/or firm intrastate transmission service, Customer may elect full requirements service only for that portion of such usage serving (1) its own core customers' requirements, on an aggregate basis, and/or (2) the requirements, on an individual basis, of those noncore customers designated by Customer as requesting such service; as set forth in the Customer's Contract. Customer must provide Utility sufficient information to establish the usage requirements of its designated full requirements load.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Schedule No. GW-LB  
WHOLESALE NATURAL GAS SERVICE

(continued)

SPECIAL CONDITIONS (continued)

FULL REQUIREMENTS SERVICE (continued)

- 13. In the event Customer's full requirements load is split between core subscription service and firm intrastate transmission service, Customer shall be required to specify in the Contract a fixed core subscription service quantity by month for each contract year during the term of the Contract. Such quantities may not be changed during the term of the Contract.
- 14. In the event Customer's full requirements load is 100% core subscription, Customer shall be required to specify in the Contract the expected core subscription service quantities by month for each contract year during the term of the Contract. Such quantities shall be used to determine the Customer's reservation charge for its full requirements load and may not be changed during the term of the Contract. The monthly quantities may include seasonal variations in accordance with Customer's historic usage patterns. Utility reserves the right to accept or reject such quantities after considering Customer's historic usage and other evidence provided by Customer regarding operational changes affecting consumption. In the event Customer's actual full requirements load exceeds the designated quantity in the core subscription service peak month, Customer shall be assessed, for each month during the applicable contract year, the reservation charge for the additional capacity used. The Utility shall bill such additional charges at the end of the applicable contract year.
- 15. Customer's full requirements service loads are prohibited from being displaced through use of alternate fuels or bypass pipeline service except (1) in the event of curtailment, (2) to test alternate fuel capability, (3) or where the Utility has provided prior written authorization for the use of alternate fuels or bypass for temporary periods. The Utility shall have the right to review the Customer's records in order to determine compliance hereunder.
- 16. In the event of any unauthorized alternate fuel use or bypass which displaces Customer's full requirement load, Customer must provide the Utility written notice thereof quantifying the extent to which alternate fuel or bypass use occurred. Such notice must be provided prior to the end of the month in which the usage took place. Any unauthorized alternate fuel or bypass use will be subject to a use-or-pay charge equal to 80% of the applicable transmission charge. No other use-or-pay charges are applicable to full requirements service.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Schedule No. GW-LB  
WHOLESALE NATURAL GAS SERVICE

(continued)

SPECIAL CONDITIONS (continued)

PARTIAL REQUIREMENTS SERVICE

- 17. For both its core subscription and firm intrastate transmission service (excluding Customer's full requirements load, if applicable), Customer must contract for a separate annual quantity of gas applicable for each contract year during the term of the Contract. The annual contract quantity may not be changed during the term of the Contract and must be broken down by month into fixed service quantities for each contract year during the Contract term. Customer may request changes to the monthly contract quantities on a month-to-month basis, however, the total of the monthly contract quantities for a contract year must equal the annual contract quantity. The monthly quantity breakdown may be established on the basis of seasonal variations in accordance with Customer's historic usage pattern. The Utility reserves the right to accept or reject any requested contract quantities after considering Customer's historic requirements and other evidence provided by Customer regarding operational changes affecting its consumption.
- 18. If at the end of a contract year, Customer's partial requirements core subscription usage is less than 75% of the core subscription contract quantity, Customer will pay (1) take-or-pay charges equal to 14% of the procurement charge for the last month of the contract year times the difference between Customer's actual usage and the 75% threshold; plus use-or-pay charges equal to 80% of the transmission charge for the last billing month of the contract year times the difference between the Customer's actual usage and the 75% threshold.
- 19. Take-or-pay and Use-or-pay charges applicable to partial requirements core subscription service shall only be forgiven to the extent Customer's reduced consumption is specifically due to Force Majeure, as defined in Rule No. 1, intrastate curtailment, or service interruptions imposed by the Utility.
- 20. If at the end of a contract year, Customer's partial requirements firm intrastate transmission usage is less than 75% of the firm intrastate transmission contract quantity, Customer will pay use-or-pay charges equal to 80% of the transmission charge for the last billing month of the contract year times the difference between the Customer's actual usage and the 75% threshold.
- 21. Use-or-pay charges applicable to partial requirements firm intrastate transmission service shall only be forgiven to the extent Customer's reduced consumption is specifically due to intrastate curtailment or a Force Majeure event on either the interstate or intrastate systems.

(continued)

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

ISSUED BY  
**William L. Reed**  
VICE PRESIDENT  
CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
DATE FILED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

Schedule No. GW-LB
WHOLESALE NATURAL GAS SERVICE

(continued)

SPECIAL CONDITIONS (continued)

INTERRUPTIBLE INTRASTATE TRANSMISSION

- 22. Customer may elect interruptible intrastate transmission service for all or part of its requirements. The minimum contract term for such service shall be one month.
23. By mutual agreement, the Utility and Customer may negotiate interruptible intrastate transmission charges for a term of service of less than five years without CPUC approval. Any such negotiated transmission charges shall be set forth in the Customer's Contract. Any such contract must be submitted by letter to the CPUC and made available for public inspection. No other charges for service under this schedule shall be negotiable unless CPUC approval is first obtained.
24. All contracts for a term of service of five years or longer ("long-term") meeting the guidelines set forth in Decision No. 92-11-052 must be filed for prior CPUC approval under the CPUC's Expedited Application Docket (EAD) procedure adopted in Decision No. 92-11-052. All other long-term contracts must be filed by advice letter for prior CPUC approval.

FIRM INTERSTATE PIPELINE CAPACITY

- 25. At any time prior to five (5) business days before commencement of the Utility's initial open season for the brokering of firm interstate pipeline capacity conducted pursuant to the provisions of Rule No. 36, Customer may request an assignment of such capacity for Customer's core requirements. Capacity shall be provided to Customer on a pro rata basis between the El Paso and Transwestern pipeline systems and charged at the full as-billed interstate rate. Such capacity shall be assigned to Customer for a term from the implementation date of the CPUC's Capacity Brokering Rules until the expiration of the Utility's firm capacity contracts with El Paso and Transwestern. If Customer does not provide such a request prior to the 5-day deadline, Utility will reserve sufficient firm interstate pipeline capacity, split 70% on El Paso and 30% on Transwestern, to meet Customer's core load requirements. Interstate capacity allocated to Customer for its core requirements shall be at the full as-billed rate for pipeline demand charges.
26. In the event Customer relinquishes all or a part of its reserved firm interstate capacity, or the capacity reserved by Utility on Customer's behalf, Customer shall be solely responsible for any shortfall between the as-billed interstate pipeline demand charges and the actual revenue the Utility obtains from its subsequent brokering of the relinquished capacity.

RESIDUAL LOAD SERVICE

- 27. Customer may be subject to the provisions of the Residual Load Service Tariff, GT-RLS, if it receives gas transportation service from an alternate service provider.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Schedule No. GW-LB  
WHOLESALE NATURAL GAS SERVICE

(continued)

SPECIAL CONDITIONS (continued)

STORAGE

- 28. Wholesale customers have three options with respect to service for their core loads upon expiration of their existing storage service reservation in effect on the implementation date of the GIR settlement: (1) to rely on alternatives, including SoCalGas storage capacity acquired in the primary or secondary unbundled noncore storage market, to direct assignment of any portion of SoCalGas' storage capacity for reliability and be considered noncore, subject to noncore curtailment rules; (2) to receive an assignment of tariff-based storage service for the storage allocations ordered in the Decision issued in SDG&E's BCAP A.98-10-031 or proportionate to SoCalGas' core reliability reservation as applicable; or (3) to receive an assignment of tariff-based storage service proportionate to SoCalGas' total core storage allocation. The basis for determining proportionate service is annual average core demand.
- 29. Wholesale customers having storage service reservations in effect on the implementation date of the GIR settlement which do not meet or exceed storage capacity quantities proportionate to SoCalGas' core reliability reservation will be considered noncore, subject to noncore curtailment rules.
- 30. Wholesale customers having storage service reservations in effect on the implementation date of the GIR settlement that expire prior to the expiration date of the GIR settlement must make their election for assignment of storage capacity quantities in accordance with Special Condition 28 above by the January 1 date prior to the expiration date of their existing commitment. The assignment will be for a term with expiration on the April 1 date subsequent to the expiration of the GIR settlement. Election assignments will become effective on the day subsequent to the expiration date of their existing storage service reservation. N

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_



Schedule No. GW-SWG  
WHOLESALE NATURAL GAS SERVICE

APPLICABILITY

Applicable for core subscription, firm intrastate transmission, and interruptible intrastate transmission service, and long-term storage service for Southwest Gas Corporation ("Customer") to Customer's service territory in southern California.

TERRITORY

Delivery points shall be as specified in the California Wholesale Gas Transportation and Storage Service Agreement ("Contract").

RATES

Transmission Charges

G-CS9, Core Subscription	
Rate, per therm .....	4.176¢
GT-F9, GT-I9, Firm & Interruptible Intrastate Transmission	
Rate, per therm .....	4.176¢

The transmission charges set forth above shall be escalated annually as of each January 1 during the Contract term in accordance with the transmission charge escalation provisions set forth in the Contract. A 0.3¢ per therm surcharge will be added to the above transmission charges for the total quantities of gas to be delivered by exchange in the Big Bear and Victor Valley Districts. The transmission charges set forth above include an Interstate Transition Cost Surcharge (ITCS) component of 0.532¢ per therm pursuant to D.95-12-060.

Procurement Charges

G-CS9, Core Subscription	
Cost of Gas, per therm .....	23.143¢
Brokerage Fee, per therm .....	<u>0.266¢</u>
Total Procurement Charges, per therm .....	23.409¢

The procurement charge will be filed on the last business day of each month to become effective on the first calendar day of the following month. The procurement charge is comprised of (1) the weighted average cost of gas (WACOG) for the current month, derived in the manner approved in D.98-07-068, including authorized franchise fees and any applicable adjustments; and (2) an authorized brokerage fee.

(continued)



Schedule No. GW-SWG  
WHOLESALE NATURAL GAS SERVICE

(continued)

RATES (continued)

Core Subscription Reservation Charges

G-CS9, Core Subscription

Rate, per month, per decatherm per day, reserved ..... \$10.62159

The monthly reservation charge is equal to Customer's contracted demand during the core subscription peak month, as set forth in the Contract, multiplied by one-twelfth of the weighted average cost of the Utility's interstate capacity reserved for core and core subscription service combined, subject to periodic revision upon changes to interstate pipeline rates.

Storage Reservation Charges

Rate, per year ..... \$1,278,096

The annual storage reservation charge set forth above shall be escalated annually as of each January 1 during the Contract term in accordance with the storage reservation charge escalation provisions set forth in the Contract. The annual reservation charge shall be billed in twelve equal monthly installments.

The above storage reservation charge shall be in lieu of the reservation charges set forth in Schedule No. G-LTS. The variable charges set forth in Schedule No. G-LTS shall be applicable to storage service hereunder.

Minimum Charge

The minimum monthly charge shall be the core subscription reservation charge, if applicable.

Billing Adjustments

Billing adjustments may be necessary to reflect changes in quantities used in developing prior periods' transportation charges.

Rates may be adjusted to reflect any applicable taxes, franchise or other fees, regulatory surcharges, and interstate or intrastate pipeline charges that may occur.

The number of therms to be billed shall be determined in accordance with Rule No. 2.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Schedule No. GW-SWG  
WHOLESALE NATURAL GAS SERVICE

(continued)

SPECIAL CONDITIONS

GENERAL

1. Definitions of the principal terms used in this schedule are contained in Rule No. 1.
2. As a condition precedent to service under this schedule, an executed California Wholesale Gas Transportation and Storage Service Agreement is required. The minimum term of such Contract shall be fifteen (15) years. All contracts, rates and conditions of service are subject to revision and modification as a result of Commission order.
3. In the event of curtailment, Customer will be curtailed in accordance with Rule No. 23. Penalties for violation of curtailment shall apply as set forth in Rule No. 23. If service to Customer's Priority 1 and 2A customers is in jeopardy, such customers shall be served in parity with Utility's Priority 1 and 2A customers as set forth in Rule No. 23.
4. All terms and conditions of Rule No. 30 and Schedule No. G-IMB shall apply to the transportation of customer-owned gas under this schedule.

STORAGE SERVICES

5. The Utility shall provide the Customer with storage service rights in the following capacities:  
  
Annual firm withdrawal: 60 MMcfd  
  
Annual firm inventory: 1.5 Bcf  
  
Monthly firm injection: 12.5 MMcfd (April through September only)
6. On a daily or monthly basis, the Customer's storage service injections or withdrawals may exceed the capacities set forth above by up to ten percent (10%) so long as the Customer's scheduled injections plus total storage quantity in inventory does not exceed 1.5 Bcf at any time.
7. All terms and conditions of Schedule No. G-LTS, Long-Term Storage Service, shall apply to the storage services provided under this schedule except where such provisions would conflict with the charges and conditions set forth in this schedule or in the Customer's Contract.

(continued)

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

ISSUED BY  
**William L. Reed**  
VICE PRESIDENT  
CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
DATE FILED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

Schedule No. GW-SWG  
WHOLESALE NATURAL GAS SERVICE

(continued)

SPECIAL CONDITIONS (continued)

CORE SUBSCRIPTION

- 8. The service period for core subscription service under the Customer's Contract shall be two years.
- 9. The total interstate capacity reserved by the Utility to provide core subscription service during the two-year core subscription period shall be determined pursuant to the core subscription open season. Subsequent open seasons shall be held every two years thereafter. A new core subscription interstate capacity reservation shall be established in each such open season for the subsequent two-year service period.
- 10. Subsequent to the core subscription open season, the Customer may request additional core subscription service. The Utility shall accept such a request along with the requests of other customers on a first-come first-served basis to the extent Utility determines it is operationally feasible to provide such service. If access to core subscription service becomes restricted, the Utility shall maintain a list of the customers requesting such service (by time and date of request) and shall provide service in the order of the customer list in the event additional core subscription capacity becomes available.

FIRM INTRASTATE TRANSMISSION

- 11. The minimum service period for firm intrastate transmission service under the Customer's Contract shall be two years.
- 12. Utility shall offer firm intrastate transmission service only to customers whose volumes qualify as follows:
  - a. Firm Interstate Customers: Firm intrastate transmission shall be available for customers' volumes delivered through firm interstate capacity rights or where customers purchase or receive (1) gas delivered to Utility interconnection with an interstate pipeline on a firm basis, (2) intrastate California supplies delivered directly into the Utility's system, or (3) supplies which are delivered from the Utility's storage facilities, provided that the Utility has sufficient capacity to receive and redeliver all such volumes on a firm basis.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Schedule No. GW-SWG  
WHOLESALE NATURAL GAS SERVICE

(continued)

SPECIAL CONDITIONS (continued)

FIRM INTRASTATE TRANSMISSION (continued)

12. (continued)

- b. Interruptible Interstate, Existing Capacity: Firm intrastate transmission shall be available for volumes delivered by customers or customers of shippers to the Utility on an interruptible basis through interstate pipeline capacity in existence as of November 6, 1991 to the extent and so long as (1) the capacity of the interstate pipeline is not expanded so as to create a mismatch of interstate and intrastate capacity, and (2) the Utility has adequate intrastate system capacity to receive and redeliver all such volumes on a firm basis.

The Utility shall have no obligation to build new facilities to provide firm intrastate service for customers' volumes delivered to the Utility on an interruptible basis through interstate capacity in existence as of November 6, 1991.

- c. Interruptible Interstate, New Capacity: Firm intrastate transmission service shall be available for customers' volumes delivered to Utility on an interruptible basis across a new interstate pipeline or an expansion of an existing pipeline (as of November 6, 1991) provided that (1) the customer has given assurances acceptable to the Utility that any costs associated with enhancements of the Utility's intrastate system which are necessary to provide firm intrastate service will be recovered by the Utility, (2) required enhancements are approved by the CPUC and are constructed and placed in service, and (3) the Utility has determined that it can physically provide firm intrastate service for all such volumes.

FULL REQUIREMENTS SERVICE

- 13. In the event Customer's full requirements load is split between core subscription service and firm intrastate transmission service, Customer shall be required to specify in the Contract a fixed core subscription service quantity by month for each contract year of the applicable service period. Such quantities may not be changed during the term of the service period.

(continued)

(TO BE INSERTED BY UTILITY)  
ADVISE LETTER NO. EXEMP  
DECISION NO.

ISSUED BY  
**William L. Reed**  
VICE PRESIDENT  
CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
DATE FILED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_



Schedule No. GW-SWG  
WHOLESALE NATURAL GAS SERVICE

(continued)

STORAGE (continued)

- 18. Wholesale customers having storage service reservations in effect on the implementation date of the GIR settlement that expire prior to the expiration date of the GIR settlement must make their election for assignment of storage capacity quantities in accordance with Special Condition 16 above by the January 1 date prior to the expiration date of their existing commitment. The assignment will be for a term with expiration on the April 1 date subsequent to the expiration of the GIR settlement. Election assignments will become effective on the day subsequent to the expiration date of their existing storage service reservation.

N  
|  
|  
|  
|  
|  
|  
N

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_



Schedule No. G-IMB  
TRANSPORTATION IMBALANCE SERVICE

(continued)

RATES (continued)

**70% Daily Winter Balancing Imbalance Charge** = 100% of the Southern California Border price per NGI's *Daily Gas Price Index* for the day.

This daily charge is applicable for deliveries less than 70% of actual daily usage.

**90% Daily Winter Balancing Imbalance Charge** = 100% of the Southern California Border price per NGI's *Daily Gas Price Index* for the day.

This daily charge is applicable for deliveries less than 90% of actual daily usage.

**Monthly Balancing Imbalance Charge** = 50% of the average Southern California Border price per NGI's *Daily Gas Price Index* during the period.

This monthly charge is applicable for deliveries less than 90% or greater than 110% of actual usage.

**Gas Acquisition and Core Aggregator Ending Inventory Imbalance Charge** = 100% of the Southern California Border price per NGI's *Daily Gas Price Index* for the day.

This daily charge is applied only when total storage inventory, for all customers, is less than the collective total month-end storage targets for all Gas Acquisition and core aggregation customers. Then, this daily charge is applicable, on an individual basis, for Gas Acquisition and individual core aggregators that fail to meet their month-end storage inventory targets for core service reliability, during the months of October through March. The charge is applied each day the inventory target is not met. Imbalance trading will not be allowed to offset such monthend storage minimum shortfall.

**Minimum Flowing Supply Winter Delivery Imbalance Charge** = 100% of the Southern California Border price per NGI's *Daily Gas Price Index* for the day.

This daily charge is applicable to Gas Acquisition and core aggregation customers, on an individual basis, who deliver less than 50% of their assigned interstate pipeline capacity or DCQ throughout the winter period. Imbalance trading will not be allowed to offset such minimum delivery requirements.

Rate Summary:

OFO/Daily                      E-OFO                      5-Day Winter                      Monthly

(Dates and rates inserted as necessary)

(continued)

(TO BE INSERTED BY UTILITY)  
ADVISE LETTER NO. EXEMP  
DECISION NO.

ISSUED BY  
**William L. Reed**  
VICE PRESIDENT  
CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
DATE FILED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

D  
N  
N



Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

(continued)

SPECIAL CONDITIONS

- 1. Definitions of the principal terms used in this rate schedule are contained in Rule No. 1.
2. Imbalances will be calculated by combining customer meters served under the same Order Control Code (OCC), combined under several OCC's at the contracted marketer account level, combined at the core aggregator account level and combined under Gas Acquisition.
3. Actual usage for noncore customers is based on metered usage for customers equipped with automated meter reading (AMR) capabilities. Noncore customers without AMR capabilities will use MaxDQ's as a proxy for daily usage during OFO/E-OFO events, MinDQ's during winter balancing and actual usage for monthly balancing. Usage for Gas Acquisition and core aggregation will be determined based on a forecast.
4. Customers are allowed to trade their imbalances with other customers in order to reduce or eliminate an imbalance, unless specifically prohibited. To facilitate market liquidity, trading away from zero will be allowed during the course of the trading period. However, customers will be required to be within imbalance tolerances by the end of the trading period to avoid imbalance charges. Trading of imbalances shall be specific to the day or period for which the imbalance occurred (must trade like-dated imbalances) and any daily imbalance trade would affect monthly imbalances or be carried over to the next month. The imbalance trading period would begin on the day after the end of the period over which the imbalance was accumulated. The imbalance trading period would end on the day before the end of the following month. For example, if during June one OFO was declared on June 6, the imbalance trading period for June 6 imbalances would begin on June 7, the trading period for monthly June imbalances would begin on July 1 and all June imbalance trading, both daily and monthly, would end on July 30. Customers will be served notice of their imbalance(s) on their monthly bill.
5. Imbalance trading may be submitted through GasSelect or by facsimile using the Imbalance Trading Agreement Form (Form No. 6544) and must be received before the close of the trading period. To process a facsimile trade, both parties must submit the form and a processing fee of \$13.73 will be charged for each facsimile.
6. Customer may use their storage account(s) to offset their monthly imbalances only.

A storage customer may trade positive imbalances, i.e., overdeliveries, into its storage account only if its storage inventory capacity is available during the month that the imbalance occurred and at the time the imbalance trade takes place. Similarly, a storage customer may trade negative imbalances, i.e., underdeliveries, using its storage account only if there is sufficient gas in storage in the account during the month that the imbalance occurred and at the time the imbalance trade takes place.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE

RESOLUTION NO.

L
L
L,T
L,T
D,N
N
T
T
T,N
N
N
D
T,D
L

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

(continued)

SPECIAL CONDITIONS (continued)

- 7. For OFO, E/OFO and winter balancing days, imbalances are calculated as the difference between scheduled deliveries to burn...
8. After the trading period, any imbalance outside of the tolerance band will be assessed the applicable charge...
9. Charges for violation of curtailment shall apply as set forth in Rule No. 23...
10. Under this schedule, the responsible customer will reimburse the Utility for any penalties or charges...
11. If, as the result of billing error, metering error, or transportation adjustments, customer trades an incorrect amount of imbalance quantities...
12. If, for any reason, NGI's Daily Gas Price Index ceases to be available for a particular period...
13. Each month, a true up will be performed for Gas Acquisition and core aggregation accounts by comparing the amount of gas actually consumed...

N
|
N
L,T
N
|
N
D
L,T
L,T
D
T
T
N
|
N
N
|
|
N

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE

RESOLUTION NO.

Rule No. 23

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

A. General

The Utility will exercise reasonable diligence and care to furnish and deliver service to its customers, and to avoid any interruption of same. The Utility shall not be liable for damages or otherwise for any failure to deliver gas or provide service to its customers, which failure in any way or manner results from breakage of its facilities, however caused, war, riots, acts of God, strikes, failure of or interruption in service, operating limitations or other conditions beyond its reasonable control.

B. Priority of Service

In the event of a curtailment, as defined in Rule No. 1, the Utility shall curtail gas service to customers as described in Section C, Curtailment of Service, herein. Customer usage will be assigned to appropriate end-use priority or service classifications as set forth below.

Core Service

Priority 1 All residential usage regardless of size. All commercial and industrial usage less than 20,800 therms per active month\* (active month defined as one in which consumption exceeds 1,000 therms), excluding usage for cogeneration and usage reclassified to noncore service pursuant to economic practicality prior to September 29, 1993.

Priority 2A All commercial and industrial usage of 20,800 therms or greater per active month\* who elect to remain core customers.

Noncore Service

Firm Service All usage classified as noncore, as defined in Rule No. 1, Definitions, served through firm intrastate transmission service (including core subscription service).

Interruptible All usage classified as noncore, as defined in Rule No. 1, Service Definitions, served through interruptible intrastate transmission service. Interutility deliveries shall be considered interruptible intrastate service.

\* A customer whose usage does not exceed 20,800 therms per active month on an annualized basis for a period of any 12 contiguous months within the most recent 24 month period will be classified as Priority 1. A commercial or industrial customer whose usage is 20,800 therms per active month or greater on an annualized basis, for a period of any 12 contiguous months within the most recent 24 month period will be classified as Priority 2A and have the option of electing noncore service.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

D

Rule No. 23  
CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(continued)

C. Curtailement of Service

1. Effectuation of Curtailement

When in the judgment of the Utility, operating conditions require curtailement of service and/or the diversion of customer-owned gas, such curtailement shall be effectuated in the order and manner described below, unless otherwise specified in this rule.

- (1) All interutility service provided under Schedule No. GIT. D T
- (2) All as-available storage withdrawal service, provided under Schedule No. G-AUC, or portions thereof according to the as-available withdrawal reservation price paid with customers paying the lowest price curtailed first and customers paying the highest price curtailed last. Customers paying the same price will be curtailed on a pro rata basis with the exception that all Electric Generation (EG) service shall be curtailed before cogeneration service. T
- (3) All interruptible intrastate service according to the percentage of default rate paid, as defined in Rule No. 1, with customers paying the lowest percentage of default curtailed first. Customers paying the same percentage of default shall be curtailed on a pro rata basis (by equal percentage) with the exception that all EG service shall be curtailed before cogeneration service where such service is at the same percentage of default. T
- (4) All firm intrastate service on a rotating basis as described in Section C.2 herein. During such a curtailement period Gas Acquisition and core transportation customers delivering less than 90% of actual usage on a daily basis shall pay the curtailement violation charges described herein. T,D T
- (5) All firm unbundled storage withdrawal, equally with the Utility's core price function storage, on a pro rata basis with the exception that all EG service shall be curtailed before cogeneration service. T
- (6) All Priority 2A service on a pro rata basis. T
- (7) All Priority 1 non-residential service on a pro rata basis. T
- (8) All Priority 1 residential service on a pro rata basis. T

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
 CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 23  
CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(continued)

C. Curtailement of Service (continued)

2. Curtailement of Firm Intrastate Service

Firm intrastate service curtailment shall be effectuated by customer rotation. For determining the order of such curtailment, customers shall be separated into two firm service curtailment lists. The first list shall be for EG and cogeneration customers and the second list shall be for all other firm service customers. Each curtailment list shall be ordered by individual customer as described in Section C.1. The order of customers for the two lists shall be established by lottery or other non-discriminatory means prior to the implementation date of the CPUC's Capacity Brokering Rules. The customer distribution for the two lists shall be maintained for the ten-year period beginning on the date of such implementation. During the ten-year period, new customers to firm service shall be randomly assigned a position on the appropriate list.

Once the order of the customers is established for each firm service curtailment list, the Utility shall aggregate customers with peak-day usage under 20 MMcfd into "blocks" of approximately 20 MMcfd, to the extent possible. Such aggregation shall be accomplished in the order of the listed customers for each list. Customers with peak-day usage of 20 MMcfd or more shall remain separately listed and shall be considered as one curtailment block. In the event firm service customers are added or deleted from the curtailment lists over the ten-year period, the Utility shall adjust the aggregation of the customer blocks as necessary.

In the event of a firm service curtailment, the Utility shall curtail, in unison, that number of customer blocks necessary to provide for a sufficient level of curtailment. The customer blocks curtailed shall be established by (1) selecting the first customer block from one firm service list, (2) then selecting the first customer block from the other firm service list, and (3) continuing such alternating selections down the two lists until that level of curtailment is reached that is operationally necessary. At the conclusion of the curtailment of the initially curtailed customer blocks, additional customer blocks shall be curtailed, if necessary, using the same alternating method beginning with the customer block immediately following the last block selected. Once all customers on a particular firm service list have been selected for curtailment, the alternating rotation process for such list shall continue at the beginning of the list.

In the event the curtailment of the last customer block selected would result in exceeding the level of curtailment operationally necessary, then the customers within that block shall be selected for curtailment based on the customer order within the block. Those customers not selected shall be treated as a separate block in succeeding curtailment rotations. If the curtailment of an individual customer would result in exceeding the level of curtailment necessary, then such customer shall be curtailed only to the level of curtailment which is necessary. Such partial curtailment shall still constitute an interruption for the purposes of the Service Interruption Credit.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 23  
CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(continued)

C. Curtailement of Service (continued)

For the EG and cogeneration customer firm service list, EG customers shall be listed before cogeneration customers. For each curtailement episode, EG customers must be curtailed at least once using the alternating rotation process described above before beginning the curtailement order of cogeneration customers. T

3. Transfers of Intrastate Curtailement

Firm and interruptible intrastate customers may make arrangements among themselves to transfer curtailement requirements in the event the Utility curtails service. Through such arrangements, responsibility for the curtailement imposed by the Utility shall be transferred from the original customer to be curtailed ("original curtailement assignee") to another customer or group of customers ("curtailement transferee") who would not otherwise be curtailed. All of the customers involved in the curtailement transfer must execute and provide to the Utility a Notice of Intrastate Curtailement Transfer (Form No. 6600). T

In the event the Utility provides curtailement notification to the original curtailement assignee less than 48 hours prior to initiation of the curtailement of such customer, the Utility must receive the Notice of Intrastate Curtailement Transfer, executed by all customers involved in the transfer arrangement, within 24 hours of the Utility's notification to the original curtailement assignee. In the event the Utility provides more than 72 hours notice to the original curtailement assignee, the Utility must receive the Transfer Notice, signed by all involved customers, no later than 48 hours prior to the scheduled initiation of curtailement of the original curtailement assignee. If the curtailement transferee does not comply with the curtailement, the original curtailement assignee shall be held entirely responsible for the requirement to curtail and any resulting penalties and charges that would be incurred as a result of such responsibility.

In the event the original curtailement assignee pays a transportation rate which is less than the applicable tariff rate, such customer shall be required to pay the higher of the original curtailement assignee's transportation rate or the curtailement transferee's transportation rate.

The Service Interruption Credit (SIC) shall not apply to curtailed or diverted quantities transferred among customers and the original curtailement assignee shall be considered as having been curtailed for the purposes of the firm intrastate curtailement rotation list described in Section C.2 herein.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 23  
CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(continued)

C. Curtailment of Service (continued)

3. Transfers of Intrastate Curtailment (continued)

For the purpose of facilitating transfers of intrastate curtailment, as described in Section C.3, the Utility shall maintain a curtailment list by customer facility, as defined in Rule No. 1, for interruptible and firm intrastate service with the exception that for EG customers, the curtailment order shall be listed by all service for an individual EG customer for a particular level of service (firm or interruptible) and by percentage of default for interruptible service. The Utility shall make the curtailment list available to firm and interruptible end-use customers upon request.

4. Operating Emergency Declared By A Customer

In the event of an operating emergency as declared by a customer at the customer's facility, service may be made available out of the normal curtailment pattern order, if in the judgment of the Utility it is possible to do so. Out-of-pattern deliveries will be provided to critical customers, as defined in Rule No. 1, whenever they declare an operating emergency. In such an event, subsequent out-of-pattern curtailment may be imposed on the customer in order to balance the amount of curtailment with other customers at the same level on the curtailment order.

5. Intrastate California-Produced Supply

Noncore transportation service for customer-owned, California-produced gas, excluding exchange service and service at less than full tariff rates, shall be treated hereunder as firm intrastate transmission service. Noncore transportation service for customer-owned, California-produced gas under exchange agreements or at less than full tariff rates shall be treated hereunder as interruptible intrastate service.

6. Restoration of Service

When curtailment of service is to be decreased, restoration of service shall be made (a) in the same manner as described in Section C.1, but inversely to the order given, and (b) to the level of service which in the judgment of the Utility can be provided. However, the Utility reserves the right to restore firm intrastate service in such order as it deems necessary irrespective of the curtailment rotation list described in Section C.2 herein.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

T  
T

Rule No. 23  
CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(continued)

D. Diversions of Customer-Owned Gas

In the event insufficient gas supply or capacity is available for the Utility to meet the requirements of its customers, the Utility may effectuate involuntary and/or voluntary diversions of customer-owned gas originally intended for the Utility's noncore customers. Such diversions shall be of the following type:

- (1) Voluntary Diversion Agreements
- (2) Voluntary Core Protection Purchase Agreements
- (3) Involuntary Diversions

1. Voluntary Diversion Agreements

In order to avoid or mitigate curtailment, the Utility may mutually agree with firm and/or interruptible intrastate transmission customers to purchase their flowing gas deliveries. The price paid by Utility for such diverted gas shall not exceed the price paid for gas that is involuntarily diverted as set forth in Section D.3 herein.

In the event of such a voluntary diversion, the customer may make arrangements with another customer or customers in order to transfer the responsibility for the diversion. Such arrangements shall be subject to the same requirements as transfers of intrastate curtailment as set forth in Section C.3 herein.

2. Voluntary Core Purchase Protection Agreements

The Utility may also enter into Voluntary Core Protection Purchase Agreements (VCPAs) with firm and interruptible intrastate transmission customers as a source of supply for the Utility's core requirements.

The price paid by the Utility for such VCPA deliveries shall be determined through negotiation with such customers and shall be subject to a ceiling price of 150% of the core subscription procurement charge in effect during the period of diversion.

The Utility shall divert customer-owned gas through VCPAs on a least-cost basis, with least expensive supplies being purchased first, to the extent operationally feasible.

As part of a VCPA, the Utility and the customer may agree to allow the customer to arrange a transfer of the responsibility for the diversion. In such event, the VCPA shall specify the conditions under which such a transfer would be allowed by the Utility.

(continued)

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

ISSUED BY  
**William L. Reed**  
VICE PRESIDENT  
CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
DATE FILED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_



Rule No. 23  
CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(continued)

D. Diversions of Customer-Owned Gas (Continued)

3. Involuntary Diversions

To the extent that VCPA, discussed above, are inadequate for the protection of core service, the Utility shall be authorized to involuntarily divert gas supplies from firm noncore transmission customers.

The Utility shall notify the CPUC within one business day in the event of any involuntary diversion of customer gas.

An involuntary diversion of customer-owned gas shall occur as a result of the Utility's curtailment of the customer's service as described in Section C.

In the event customer-owned gas is involuntarily diverted as a consequence of curtailment, the Utility will reimburse the customer at the higher of:

- (1) the customer's cost of alternative fuel or replacement energy used during the diversion plus associated transportation costs actually incurred by the customer;
- (2) the customer's actual cost of gas (price as delivered to SoCalGas' intrastate system) diverted by Utility; or
- (3) 150% of the Utility's core subscription procurement charge during the month in which the gas was diverted.

The Utility shall have the right to audit the customer's alternate fuel or replacement energy cost, or the customer's actual cost of gas. In the event of disagreement, these costs shall be determined by binding third party arbitration.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 23  
CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(continued)

E. Curtailement Due to Emergency Conditions

At a time when there is a threatened or actual shortage creating an emergency condition for a short duration in the Utility's ability to meet the demands of Priority 1 and 2A customers, the Utility may, during such emergency period, curtail and/or divert service of all customers, or a portion of such customers, in the most reasonable and practicable manner possible. Further, in such event, the Utility shall have the right to shut off, discontinue, re-establish, or continue service for all customers or a portion of such customers, irrespective of the priority or preference provisions set forth herein or in the tariff schedules, contracts, or rules and regulations applicable to such service. In such emergency situations, curtailments shall generally be made based on the customer's level of demand and transfers of curtailment responsibility, as provided for in Section C.3 herein, shall not be allowed.

The Utility may also, during any national crisis, give preference, as between all customers, to facilities directly engaged in the production of food supplies and the production of national government requirements, when the discontinuance of service to such customers would stop, or materially diminish, the output of said plants.

F. Localized Curtailement

Curtailements may be effected in certain localized areas due to intrastate system capacity restrictions or emergencies. In such cases, curtailments will generally be made based on the order established herein to the extent it is operationally feasible to do so. In the event of a localized curtailment, customers in unconstrained areas may receive service while other customers of equal or higher priority are curtailed.

G. System Maintenance and Repair

The Utility, whenever it finds necessary for the purpose of making repairs or improvements to its system, will have the right to suspend temporarily the delivery of gas, but, in all such cases, as reasonable notice thereof as circumstances will permit will be given to customers, and the making of such repairs or improvements will be prosecuted as rapidly as may be practicable, and, if practicable, at such times as will cause the least inconvenience to the customers.

In the event such interruption of service affects more than one customer, interruption of service shall be made in the order established herein only to the extent it is operationally feasible to do so. Special conditions which apply to scheduled maintenance for firm intrastate service are set forth in Section L herein.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 23

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(continued)

H. Wholesale Service

Wholesale customers will only receive Priority 1 and 2A service from the Utility in proportion to such customers' Priority 1 and 2A loads if they have received an allocation of storage capacity that is, at a minimum, proportionate to the Utility's core reliability reservation. Otherwise, service to wholesale customers', excluding SDG&E, loads shall be curtailed in the same manner as that for the Utility's noncore customers.

I. Wholesale Service to SDG&E

The Utility and SDG&E shall operate as independent gas systems to the extent operationally feasible. The Utility shall curtail its noncore customers only to the extent necessary to maintain service to its own core customers. Likewise, SDG&E shall curtail service to its noncore customers only to the extent necessary to maintain service to its own core customers. Neither the Utility nor SDG&E shall curtail its noncore customers to serve the core requirements of the other except as expressly provided by a mutual assistance agreement between the two utilities.

J. Curtailment Violations

The Utility shall read the meter of the curtailed customer at the beginning and end of each curtailment period for the applicable service curtailed. For other than a customer operating emergency as set forth in Section C.6, customers failing to curtail on request will be assessed a penalty of \$1.00 per therm for the initial 5 hours of the Customer's operating day, \$3.00 per therm for hours 6 through 8, and \$10.00 per therm for hours 9 through the end of the curtailment episode (customers without AMR devices will be assumed to burn on a uniform basis throughout the day). The penalty applies to all gas quantities determined by the Utility to be in violation of curtailment. All other charges associated with such usage will apply. Any customer failing to curtail after 48 hours will be immediately reassigned to a core rate schedule for a minimum period of one year. Curtailment violations will be determined as follows:

1. System Curtailment

For curtailment of interruptible or firm intrastate service, customers whose consumption under their applicable service schedule exceeds their authorized curtailment quantity during the curtailment of such service will be in violation of curtailment.

2. Localized Curtailment

For curtailment of interruptible or firm intrastate service, customers whose consumption under their applicable service schedule exceeds their authorized curtailment quantity during the curtailment period for such service will be in violation of curtailment.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

T  
D,T  
T  
T  
T,D  
T  
T  
L  
L  
D  
L  
L  
L

Rule No. 23  
CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(continued)

J. Curtailement Violations (continued) T,L

3. Authorized Curtailement Quantity

The authorized curtailement quantity used to determine a customer's compliance with curtailement shall be established on the basis of the monthly contract billing quantities set forth in the customer's Master Services Contract, Schedule A, Intrastate Transmission Service (Form Nos. 6597 and 6597-1).

The customer's total authorized curtailement quantity for the applicable period of curtailement shall be equal to the sum of the authorized curtailement quantities for each of the customer's services which are not subject to curtailement during such period. For each such service, the authorized curtailement quantity shall be equal to the monthly contract quantity divided by the customer's actual number of operating days for such service during the month in which the curtailement occurs, multiplied by the customer's actual number of operating days during the curtailement period.

The customer's actual operating days for the month shall be determined based on the operating-day information set forth in the customer's contract. For service designated as operating seven days per week, the operating days shall be all calendar days in the month. For service designated as less than seven operating days per week, the operating days shall be all designated days in the month excluding national holidays. Customers with non-uniform operating schedules for any particular month shall be required to designate in the contract the actual operating-day schedule for such months. The customer may request a change to the operating schedule on a month-to-month basis. All operating schedules shall be subject to the Utility's acceptance and the Utility may adjust such schedules as it deems necessary based on the customer's operations. L

K. Service Interruption Credit L,T

A qualifying service interruption of firm intrastate transmission service is defined as any curtailement which is not the result of either force majeure or scheduled maintenance, as described below. If a firm intrastate transmission customer (including core subscription service) experiences more than one qualifying interruption during the ten-year period beginning on the implementation date of the CPUC's Capacity Brokering Rules, the Utility shall provide such customer with a Service Interruption Credit (SIC) of \$0.25 per therm of gas curtailed or diverted. L  
L,T  
L,D  
L

For the customer's first qualifying interruption during the ten-year period, the SIC shall only apply to the volume of curtailed or diverted gas over and above 72 consecutive hours of full curtailement or the volumetric equivalent thereof during a five day period. For subsequent qualifying interruptions during this period, the SIC shall apply to all of the customer's curtailed or diverted volumes resulting from the subsequent interruptions regardless of the duration or extent of the customer's initial interruption. L

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 23

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(continued)

K. Service Interruption Credit (continued)

The maximum aggregate SIC obligation of the Utility in any calendar year shall be \$5 million. To the extent such maximum aggregate obligation would be exceeded, the Utility shall provide the SIC on a pro rata basis to all applicable customers for the calendar year. Utility shall make payment of the SIC at the end of the applicable calendar year.

1. Force Majeure

For the purpose of SIC applicability, force majeure shall be defined as the occurrence of unforeseen events or conditions, not resulting from a negligent act or omission on the part of the Utility, that are beyond its reasonable control and that could not have been prevented by the exercise of due diligence on its part. The Utility shall use all reasonable efforts to remedy such events or conditions and to remove the cause of same in an adequate manner and with reasonable dispatch. The occurrence of high demand for gas service due to weather conditions shall not constitute a force majeure event.

2. Scheduled Maintenance

For the purpose of SIC applicability, scheduled maintenance shall be considered the interruption of transmission service to the customer resulting from maintenance of the Utility's facilities which are directly relevant to providing such service to the customer's facilities when the customer has been given at least thirty (30) calendar days prior written notice of the scheduled date of the maintenance and service interruption.

The Utility shall take all reasonable steps to minimize the duration of such scheduled maintenance interruptions and to reroute the flow of natural gas to eliminate any service interruptions that would otherwise occur due to such maintenance.

The Utility shall consult with the customer in scheduling any such maintenance interruptions and shall use reasonable efforts to schedule such maintenance to accommodate the customer's operating needs and to continue same only for such time as is necessary, including any agreed upon adjustments to the scheduled date for maintenance as reasonably necessary in light of unforeseen occurrences affecting the customer and/or the Utility.

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

T

T,L

L  
|  
|  
L

D

Rule No. 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

These general terms and conditions are applicable whenever the Utility transports customer-owned gas over its system.

D,T  
T

A. General

- 1. Subject to the terms, limitations and conditions of this rule and any applicable CPUC authorized tariff schedule, directive, or rule, the customer will deliver or cause to be delivered to the Utility and accept on redelivery like quantities of customer-owned gas. Utility will accept such quantities of gas from the customer or its designee and redeliver to the customer on a reasonably concurrent basis an equivalent quantity, on a therm basis, to the quantity accepted.
- 2. The customer warrants to the Utility that the customer has the right to deliver the gas provided for in the customer's applicable service agreement or contract (hereinafter "service agreement") and that the gas is free from all liens and adverse claims of every kind. The customer will indemnify, defend and hold the Utility harmless against any costs and expenses on account of royalties, payments or other charges applicable before or upon delivery to the Utility of the gas under such service agreement.
- 3. The point(s) where the Utility will receive the gas into its intrastate system (point(s) of receipt, as defined in Rule No. 1) and the point(s) where the Utility will deliver the gas from its intrastate system to the customer (point(s) of delivery, as defined in Rule No. 1) will be set forth in the customer's applicable service agreement. Other points of receipt and delivery may be added by written amendment thereof by mutual agreement. The appropriate delivery pressure at the points of delivery to the customer shall be that existing at such points within the Utility's system or as specified in the service agreement.

T,D

B. Quantities

- 1. The Utility shall as nearly as practicable each day redeliver to customer and customer shall accept a like quantity of gas as is delivered by the customer to the Utility on such day. It is the intention of both the Utility and the customer that the daily deliveries of gas by the customer for transportation hereunder shall approximately equal the quantity of gas which the customer shall receive at the points of delivery. However, it is recognized that due to operating conditions either (1) in the fields of production, (2) in the delivery facilities of third parties, or (3) in the Utility's system, deliveries into and redeliveries from the Utility's system may not balance on a day-to-day basis. The Utility and the customer will use all due diligence to assure proper load balancing in a timely manner.
- 2. The Utility does not undertake to redeliver to the customer any of the identical gas accepted by the Utility for transportation, and all redelivery of gas to the customer will be accomplished by substitution on a therm-for-therm basis.
- 3 Customers, including wholesale customers, contracted marketers, the SoCalGas gas acquisition function (Gas Acquisition) and core aggregators will be provided balancing services in accordance with the provisions of Schedule No. G-IMB.

L  
|  
|  
|  
|  
L

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 30  
TRANSPORTATION OF CUSTOMER-OWNED GAS

(continued)

C. GasSelect

1. SoCalGas prefers and encourages customers to use GasSelect to submit their transportation nominations to the Utility. Imbalance trades are to be submitted through GasSelect or by means of the Imbalance Trading Agreement Form (Form 6544). Charges for GasSelect are set forth in Rule No. 33 and are based upon the level of actual usage. Use of GasSelect is not mandatory for transportation only customers.

D. Receipt Point Capacity

1. SoCalGas accepts nominations from transportation customers or their representatives at the following receipt points into the SoCalGas system:
  - a. Topock (El Paso)
  - b. Ehrenburg (El Paso)
  - c. Wheeler Ridge (includes Kern River/Mojave, PG&E and Elk Hills)
  - d. Needles (Transwestern)
  - e. California Production
  - f. Hector Road (Mojave)
2. Each day, receipt point capacities will be set at their physical operating maximums under the operating conditions for that day.
3. At the Wheeler Ridge receipt point, the physical operating maximum is shared by more than one upstream pipeline. Therefore, the capacity at Wheeler Ridge is allocated between each upstream pipeline prorata based on the most recent nomination cycle scheduled deliveries in SoCalGas' possession.

Example of Wheeler Ridge Allocation:

Wheeler Ridge Operating Maximum (including 50 MMcfd at Hector Road) = 830 MMcfd

	Prior Day Sch. Del.		Allocated Maximum Capacity
Kern/Mojave	= 300	=	356 MMcfd
PG&E	= 325	=	385 MMcfd
Elk Hills	= <u>75</u>	=	<u>89 MMcfd</u>
Total (Via Wheeler)	= 700	=	830 MMcfd

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
 CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_





Rule No. 30
TRANSPORTATION OF CUSTOMER-OWNED GAS

(continued)

E. Operational Requirements (continued)

3. (continued)

Nominations submitted via GasSelect for the Intraday 2 Nomination cycle must be received by the Utility by 3:00 p.m. Pacific Clock Time on the flow date. Nominations submitted via fax must be received by the Utility by 2:00 p.m. Pacific Clock Time on the flow date.

Evening and Intraday nominations may be used to request an increase or decrease to scheduled volumes or a change to receipt or delivery points.

Nominations will automatically roll from cycle-to-cycle and day-to-day until modified by the nomination entity.

4. Where gas is transported by a shipper or agent to more than one customer of the Utility and the transporting pipeline's allocation to the shipper or agent is less than the shipper's or agent's requested quantity, such shipper or agent must allocate among its customers the total quantity of gas scheduled each nomination cycle to the Utility by the shipper or agent.

An allocation ranking should be received for each flow date from each shipper. Rankings should be submitted along with the nominations for each cycle.

If no allocation ranking is made by such shipper or agent by the due date and time, the Utility will use a pro rata allocation in allocating delivered quantities among the shipper's or agent's customers and the Utility's allocation of these quantities will prevail. The total quantity allocated among the customers of a shipper or agent during a month shall be adjusted by the Utility if necessary to match the actual monthly delivery to the Utility for the shipper or agent as reported by the transporting pipeline.

5. As between the customer and the Utility, the customer shall be deemed to be in control and possession of the gas to be delivered hereunder and responsible for any damage or injury caused thereby until the gas has been delivered at the point(s) of receipt. The Utility shall thereafter be deemed to be in control and possession of the gas after delivery to the Utility at the point(s) of receipt and shall be responsible for any damage or injury caused thereby until the same shall have been redelivered at the point(s) of delivery, unless the damage or injury has been caused by the quality of gas originally delivered to the Utility, for which the customer shall remain responsible.

6. The responsible customer shall pay any penalties or charges incurred by the Utility under an interstate or intrastate supplier contract as a result of accommodating transportation service.

7. Customers receiving service from the Utility for the transportation of customer-owned gas shall pay any costs incurred by the Utility because of any failure by third parties to perform their obligations related to providing such service.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

T

L

N
N

T
T

D,T
T

L
|
|
|
|
|
L

L,T
L,T

L
|
L

Rule No. 30
TRANSPORTATION OF CUSTOMER-OWNED GAS

(continued)

F. Interruption of Service

- 1. The customer's transportation service priority shall be established in accordance with the definitions of Core and Noncore service, as set forth in Rule No. 1, and the provisions of Rule No. 23, Continuity of Service and Interruption of Delivery. If the customer's gas use is classified in more than one service priority, it is the customer's responsibility to inform the Utility of such priorities applicable to the customer's service. Once established, such priorities cannot be changed during a curtailment period.
2. The Utility shall have the right, without liability (except for the express provisions of the Utility's Service Interruption Credit as set forth in Rule No. 23), to interrupt the acceptance or redelivery of gas whenever it becomes necessary to test, alter, modify, enlarge or repair any facility or property comprising the Utility's system or otherwise related to its operation. When doing so, the Utility will try to cause a minimum of inconvenience to the customer. Except in cases of unforeseen emergency, the Utility shall give a minimum of ten (10) days advance written notice of such activity.

G. Operational Flow Orders (OFO) and Emergency Operational Flow Orders (E-OFO)

- 1. In the event the Utility's forecasts of transportation deliveries into the system exceed the forecast system capacity (forecast customer usage plus storage injection capacity) to receive gas an OFO will be declared and/or an E-OFO will be declared. If customers fail to respond to OFOs and/or E-OFOs then other corrective measures will be taken to protect the integrity of the pipeline system. Imbalance charges under Schedule No. G-IMB may apply to balancing entities exceeding tolerance limits. Procedures set forth below will be employed.
2. If forecast deliveries exceed forecast system capacity, the Utility shall provide notification via its GasSelect system that an OFO is being declared by 7:30 a.m. for the next flow day. If an OFO has been determined, Gas Acquisition's net Hub transactions in combination with all other Gas Acquisition deliveries, cannot exceed Gas Acquisition's forecast burn, plus 10% tolerance, plus firm injection rights.
3. If customers failed to respond sufficiently to an OFO (scheduled deliveries for the Timely Nomination cycle exceed total system capacity), or if changing operating conditions so require, an E-OFO will be declared. The Utility shall provide notification via its GasSelect system that an E-OFO is being declared by 3:30 p.m. for the next flow day.
4. If customers fail to adequately respond to an OFO and/or an E-OFO, or if conditions exist after the deadline for declaration of an OFO/E-OFO, the Utility reserves the right to institute such other measures it deems necessary to alleviate the operating condition.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE

RESOLUTION NO.

L,T

T

T

|

|

|

T

D

L,T

L,N

N

|

|

N

N

L

Rule No. 30
TRANSPORTATION OF CUSTOMER-OWNED GAS

(continued)

G. Operational Flow Orders (OFO) and Emergency Operational Flow Orders (E-OFO) (continued)

5. In accordance with the provisions of Schedule No. G-IMB charges shall be applied separately to each OFO and/or E-OFO day. For each such day, the Utility shall apply the applicable charges to all of the customer's deliveries, less any firm storage injections made on behalf of the customer, for the designated flow date that is in excess of 110% of the customer's actual usage. Actual usage for noncore customers is based on metered usage for customers equipped with automated meter reading (AMR) capabilities. Noncore customers without AMR capabilities will use MaxDQ's as a proxy for daily usage during OFO/E-OFO events. Daily usage for Gas Acquisition and core aggregation marketers will be determined based on a forecast. Imbalance trading (excluding storage inventory) will be allowed in accordance with Schedule No. G-IMB prior to the application of any imbalance charges.

H. Winter Deliveries

The Utility requires that customers deliver (using a combination of flowing supply and firm storage withdrawal) at least 50% of burn over a five-day period from November through March. As the Utility's total storage inventory declines through the winter, the delivery requirement becomes daily and increases to 70% or 90% depending on the level of inventory relative to peak day minimums. In addition, if a curtailment event is imminent, as described in Rule No. 23, customers will be required to comply with 90% daily balancing, as described in section H.3.

In addition, Gas Acquisition and core aggregation customers, on an individual basis, must deliver flowing supplies to the system at a volume no less than 50% of their allocated firm interstate rights or DCQ, as applicable, throughout the winter period. Failure to deliver the required minimum flowing supplies will result in the application of a separate and additional balancing charge per Schedule No. G-IMB. Imbalance trading will not be allowed to offset such minimum delivery requirements. All Hub activities that would contribute to an underdelivery situation (Hub deliveries greater than Hub receipts) are suspended if such activity prevents Gas Acquisition from meeting its minimum delivery obligation.

1. From November 1 through March 31 customers are required to deliver (flowing supply and firm storage withdrawal) at a minimum of 50% of burn over a 5-day period. In other words, for each 5-day period, the Utility will calculate the total actual usage and the total delivery. If the total delivery is less than 50% of the total actual usage, a 5-daily balancing charge is applied. The balancing charge is 50% of the highest Southern California Border price during the five-day period as published by Natural Gas Intelligence in "NGI's Daily Gas Price Index."

a. "Actual usage" is described in Section F.7.above.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

T
L,T
N
|
|
|
|
|
|
|
|
|
|
N
D
T
N
|
N
N
|
|
|
|
|
|
|
|
|
|
T
|
T
D,N
L

Rule No. 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

(continued)

H. Winter Deliveries (continued)

1. (continued)

b. Example five-day periods are Nov. 1 through Nov. 5, Nov. 6 through Nov. 10, Nov. 11 through Nov. 15 and so on. November with 30 days has six 5-day periods. December, January and March with 31 days have a 6-day period at the end of the month. February has a shortened 3 or 4-day period at the end of the month. The current 5-day period will run its course fully before the implementation of the 70% daily requirement. In the event that inventories rise above the 70% daily trigger levels by 1 Bcf, then a new, 5-day period will be implemented on the following day.

c. Example calculations for determining volumes subject to the daily balancing charge are: if over 5 days, actual usage is 500,000 therms and total deliveries (including firm withdrawal) are 240,000 therms, then 10,000 therms is subject to daily balancing charge. (50% times 500,000 minus 240,000 equals 10,000).

d. Example calculations in using NGI's *Daily Gas Price Index* for determining the daily balancing charge are: if for Jan. 6 through Jan. 10 the NGI Southern California Border quoted price ranges are \$2.36- 2.39, \$2.36-2.44, \$2.38-2.47, \$2.36-2.42, and \$2.37- 2.45, respectively, then the daily balancing charge becomes \$2.47 per Dth, the highest reported index for the period.

e. With the exception of weekends and holidays, the Utility will use quotes from the NGI publication dated on the same day as the flow date. Weekend or holiday flow dates will use the first available publication date after the weekend or holiday.

f. Under current capacity assignments, 50% of core (retail core plus core aggregation) interstate pipeline rights translates to 522 MMcfd. For aggregators this translates to 50% of the Daily Contract Quantity (DCQ) as defined in Rule No. 1.

2. When total inventory declines to the "peak day minimum + 20 Bcf trigger," the minimum daily delivery requirement increases to 70%. Customers are then required to be balanced (flowing supply plus firm storage withdrawal) at a minimum of 70% of actual usage on a daily basis. The daily balancing charge is 100% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day and is applied to each day's deliveries, which are less than the 70% requirement. In this regime as-available storage withdrawal is cut in half.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

T

L  
|  
|  
|  
|  
L

L,T  
|  
L,T  
L

T  
T

T,D  
T  
T  
L

Rule No. 30
TRANSPORTATION OF CUSTOMER-OWNED GAS

(continued)

H. Winter Deliveries (continued)

2. (continued)

a. Peak day minimums are calculated annually before November 1 as part of normal winter operations planning. The peak day minimum is that level of total inventory that must be in storage to provide deliverability for the core 1-in-35 year peak day event, firm withdrawal commitments and noncore balancing requirement.

b. Example calculations in this regime for determining volumes subject to the daily balancing charge are: if on January 6 total burn is 500,000 therms, and total deliveries (including firm withdrawal) are 300,000 therms then 50,000 therms is subject to the daily balancing charge (70% times 500,000 minus 300,000 equals 50,000).

c. Example calculations in using NGI's Daily Gas Price Index for daily balancing charge in this regime are: if for January 6 and January 7, the NGI Southern California Border quoted price ranges are \$2.36-2.39 and \$2.36-2.44, then the daily balancing charge per Dth become \$ 2.39 for January 6, and \$2.44 for January 7, respectively.

3. When total inventories decline to the "peak day minimum + 5 Bcf trigger," or a curtailment event is imminent, as described in Rule No. 23, the minimum daily delivery requirement increases to 90%. Customers are required to be balanced (flowing supply plus firm storage withdrawal) at a minimum of 90% of actual usage on a daily basis. Similar to the 70% regime the 5-day period no longer applies. The daily balancing charge is charged daily and is 100% of the highest Southern California Border price per NGI's Daily Gas Price Index for the day. In this regime there are no as-available storage withdrawals.

4. Information regarding the established peak-day minimums, daily balancing trigger levels and total storage inventory levels will be made available to customers on a daily basis via GasSelect and other customer notification media.

5. If a wholesale customer so requests, the Utility will nominate firm storage withdrawal volumes on behalf of the customer to match 100% of actual usage assuming the customer has sufficient firm storage withdrawal and inventory to match the customer's supply and demand.

I. Accounting, Billing and Credit

1. The customer and the Utility acknowledge that on any operating day during the customer's applicable term of transportation service, the Utility may be redelivering quantities of gas to the customer pursuant to other present or future service arrangements. In such an event, the Utility and customer agree that the total quantities of gas shall be accounted for in accordance with the provisions of Rule No. 23. If there is no conflict with Rule No. 23, the quantities of gas shall be accounted for in the following order:

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

T
L
L
L,T
L
L,T
L
L,T
L
N
N
T
|
T
D
D
T

Rule No. 30  
TRANSPORTATION OF CUSTOMER-OWNED GAS

(continued)

I. Accounting, Billing and Credit (continued)

- a. First, to satisfy any minimum quantities under existing agreements.
  - b. Second, after complete satisfaction of (a), then to any supply or exchange service arrangements with the customer.
  - c. Third, after the satisfaction of (a) and (b), then to any subsequently executed service agreement.
2. The customer agrees that it shall accept and the Utility can rely upon, for purposes of accounting and billing, the allocation made by customer's shipper as to the quality and quantity of gas, expressed both in Dth and therms, delivered at each point of receipt during the preceding billing period for the customer's account. If the shipper does not make such an allocation, the customer agrees to accept the quality and quantity as determined by the Utility. All quality and measurement calculations are subject to subsequent adjustment as provided in the Utility's tariff schedules or applicable CPUC rules and regulations. Any other billing correction or adjustment made by the customer or third party for any prior period shall be based on the rates or costs in effect when the event occurred and accounted for in the period they are reconciled.
  3. The Utility shall render to the customer an invoice for the services hereunder showing the quantities of gas, expressed in therms, delivered to the Utility for the customer's account, at each point of receipt and the quantities of gas, expressed in therms, redelivered by Utility for the customer's account at each point of delivery during the preceding billing period. The Customer shall pay such amounts due hereunder within nineteen (19) calendar days following the date such bill is mailed.
  4. Both the Utility and the customer shall have the right at all reasonable times to examine, at its expense, the books and records of the other to the extent necessary to verify the accuracy of any statement, charge, computation, or demand made under or pursuant to service hereunder. The Utility and the customer agree to keep records and books of account in accordance with generally accepted accounting principles and practices in the industry.
  5. The Utility may require security collateral of the total credit exposure of any customer who is not under contracted marketer service.

J. Gas Quality

1. All gas delivered by the customer into the Utility's system shall conform to the gas quality specifications as provided in any applicable agreements, contracts, service contracts and tariff schedules in effect between the delivering interstate or intrastate pipeline and the Utility at the time of the delivery.

(continued)

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

ISSUED BY  
**William L. Reed**  
VICE PRESIDENT  
CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
DATE FILED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

T  
T  
N  
N  
T

Rule No. 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

(continued)

J. Gas Quality (continued)

- 2. All gas delivered into the Utility's system for the account of the customer for which there is no existing contract between the delivering pipeline and the Utility shall be at a pressure such that the gas can be integrated into the Utility's system at the point(s) of receipt and shall conform to the following minimum specifications:
  - a. Heating Value: The minimum heating value is nine hundred and seventy (970) Btu (gross) per standard cubic feet on a dry basis.
  - b. Moisture Content or Water Content: For gas delivered at or below a pressure of one thousand (1000) psig, the gas shall have a water content not in excess of seven (7) pounds per million standard cubic feet. For gas delivered at a pressure exceeding one thousand (1000) psig, the gas shall have a water dew point not exceeding 32F at delivery pressure.
  - c. Hydrogen Sulfide: The gas shall not contain more than twenty-five hundredths (0.25) of one (1) grain of hydrogen sulfide per one hundred (100) standard cubic feet. The gas shall not contain any entrained hydrogen sulfide treatment chemical (solvent) or its by-products in the gas stream.
  - d. Mercaptan Sulfur: The mercaptan sulfur is not to exceed three tenths (0.3) grains per hundred standard cubic feet.
  - e. Total Sulfur: The gas shall not contain more than seventy-five hundredths (0.75) of a grain of total sulfur compounds per one hundred (100) standard cubic feet. This includes COS and CS<sub>2</sub>, hydrogen sulfide, mercaptans and mono, di and poly sulfides.
  - f. Carbon Dioxide: The gas shall not have a total carbon dioxide content in excess of three percent (3%) by volume.
  - g. Oxygen: The gas shall not at any time have an oxygen content in excess of two-tenths of one percent (0.2%) by volume, and customer will make every reasonable effort to keep the gas free of oxygen.
  - h. Inerts: The gas shall not at any time contain in excess of four percent (4%) total inerts (the total combined carbon dioxide, nitrogen, oxygen and any other inert compound) by volume.
  - i. Hydrocarbons: For gas delivered at a pressure of 400 psig or less, the gas hydrocarbon dew point is not to exceed 45F at the delivery pressure. For gas delivered at a pressure higher than 400 psig, the gas hydrocarbon dew point is not to exceed 45F at a pressure of 400 psig.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

T

Rule No. 30  
TRANSPORTATION OF CUSTOMER-OWNED GAS

(continued)

J. Gas Quality (continued)

2. (continued)

j. Dust, Gums and Other Objectionable Matter: The gas shall be commercially free from dust, gums and other foreign substances.

k. Hazardous Substances: The gas must not contain hazardous substances (including but not limited to toxic and/or carcinogenic substances and/or reproductive toxins) concentrations which would prevent or restrict the normal marketing of gas, be injurious to pipeline facilities, or which would present a health and/or safety hazard to Utility employees and/or the general public.

l. Delivery Temperature: The gas delivery temperature is not to be below 50F or above 105F.

m. Interchangeability: The gas shall meet American Gas Association's Wobbe Number, Lifting Index, Flashback Index and Yellow Tip Index interchangeability indices for high methane gas relative to a typical composition of gas in the Utility system near the points of receipt. Acceptable specification ranges are:

\* Wobbe Number (W for receiving facility)  
(WP for producer)  
 $0.9 \leq WP \leq 1.1 W$

\* Lifting Index (IL)  
 $IL \leq 1.06$

\* Flashback Index (IF)  
 $IF \leq 1.2$

\* Yellow Tip Index (IY)  
 $IY \geq 0.8$

\* Specifications are in relation to a typical composition of gas serving the area to be supplied by the new source.

3. The Utility, at its option, may refuse to accept any gas tendered for transportation by the customer or on his behalf if such gas does not meet the specifications as set out in J.1 and J.2 above, as applicable.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

T



Rule No. 30  
TRANSPORTATION OF CUSTOMER-OWNED GAS

(continued)

K. Termination or Modification

- 1. If the customer breaches any terms and conditions of service of the customer's service agreement or the applicable tariff schedules and does not correct the situation within thirty (30) days of notice, the Utility shall have the right to cease service and immediately terminate the customer's applicable service agreement.
- 2. If the contract is terminated, either party has the right to collect any quantities of gas or money due them for transportation service provided prior to the termination.

L. Regulatory Requirements

- 1. Any gas transported by the Utility for the customer which was first transported outside the State of California shall have first been authorized under Federal Energy Regulatory Commission (FERC) regulations, as amended. Both parties recognize that such regulations only apply to pipelines subject to FERC jurisdiction, and do not apply to the Utility. The customer shall not take any action which would subject the Utility to the jurisdiction of the FERC, the Economic Regulatory Administration or any succeeding agency. Any such action shall be cause for immediate termination of the service arrangement between the customer and the Utility.
- 2. Transportation service shall not begin until both parties have received and accepted any and all regulatory authorizations necessary for such service.

M. Warranty and Indemnification

- 1. The customer warrants to the Utility that the customer has the right to deliver gas hereunder and that such gas is free from all liens and adverse claims of every kind. Customer will indemnify, defend and save Utility harmless against all loss, damage, injury, liability and expense of any character where such loss, damage, injury, liability or expense arises directly or indirectly out of any demand, claim, action, cause of action or suit brought by any person, association or entity asserting ownership of or any interest in the gas tendered for transportation hereunder, or on account of royalties, payments or other charges applicable before or upon delivery of gas hereunder.
- 2. The customer shall indemnify, defend and save harmless Utility, its officers, agents, and employees from and against any and all loss, costs (including reasonable attorneys' fees), damage, injury, liability, and claims for injury or death of persons (including any employee of the customer or the Utility), or for loss or damage to property (including the property of the customer or the Utility), which occurs or is based upon an act or acts which occur while the gas is deemed to be in the customer's control and possession or which results directly or indirectly from the customer's performance of its obligations arising pursuant to the provisions of its service agreement and the Utility's applicable tariff schedules, or occurs based on the customer-owned gas not meeting the specifications of Section J of this rule.

T  
T  
T

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

A. GENERAL

The terms and conditions of this Rule shall apply to Energy Service Providers (ESPs) who are also known as Aggregators, and their end-use customers (Core Transportation Customers), as defined in Southern California Gas Company's (SoCalGas) Rule No. 1.

The specific requirements for Core Transportation Customers are described in each core transportation rate schedule. The transportation of customer-owned gas in conjunction with service under this Rule is subject specifically to the terms and conditions of Rule No. 30, Transportation of Customer-Owned Gas, Rule No. 23, Continuity of Service Interruption of Delivery, and Schedule No. G-IMB, Transportation Imbalance Service. T,N

The terms and conditions of Core Transportation Service as well as the specific rights and obligations of ESPs, Core Transportation Customers, and SoCalGas with regard to Core Transportation Service have been updated in this Rule to reflect CPUC D.98-02-108, which conforms the customer switching process for Core Transportation Service (also known as Core Aggregation Transportation or CAT Service) with the procedures and policies established for electric direct access.

1. Eligibility and Application for ESP Status

- a. ESPs are required to complete an Energy Service Provider Agreement (Service Agreement or ESPA) with SoCalGas and a Credit Application for Energy Service Providers (Credit Application) that includes all financial information needed by SoCalGas to establish credit. ESPs are required to complete a new Credit Application on an annual basis and whenever the ESP's load increases by 25,000 therms per day or more from the ESP's load at the time the most recent Credit Application was completed.
- b. Approved ESPs may provide service to customers eligible for Core Service, as defined in Rule No. 1 in accordance with D.93-09-082. The aggregate load of customers served by each ESP must meet a minimum transport quantity of 250,000 therms annually. If an ESP's aggregated load falls below the 250,000 therms per year, the ESP will be given 90 days from notification to make up the deficient load. If sufficient load is not added within 90 days of the date of notification by SoCalGas, the ESP's contract will be terminated, at SoCalGas' sole discretion, and end-use customers served by the ESP will be able to authorize service from a different ESP or return to SoCalGas' Core Procurement Service.
- c. ESPs must have the capability to exchange data electronically with SoCalGas using the Internet-based processes described herein. Minimum requirements for this process are an Internet-enabled Personal Computer (PC) with Netscape Navigator Version 3.0, or higher, or Microsoft Internet Explorer Version 3.0, or higher. Alternative arrangements may be allowed by mutual agreement between SoCalGas and ESP. N

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

A. GENERAL (continued)

1. Eligibility and Application for ESP Status (continued)

d. The term of the Service Agreement between an ESP and SoCalGas is twelve months, beginning with the first calendar day of the month after the Service Agreement is accepted by SoCalGas, and then month-to-month thereafter, until terminated as set forth in section C.5. below.

2. Changing Customer Status to Core Transportation Service

a. Eligibility for Program service is limited to customers eligible for Core Service, as defined in Rule No. 1, in accordance with D.93-09-082.

b. ESPs communicate changes in customer's status to SoCalGas via successful submission of an electronic Direct Access Service Request (DASR). By submission of the DASR, the ESP warrants that the customer being enrolled in the Transportation Service program by the DASR:

(1) Has been informed of, and consents to all terms and conditions of SoCalGas' Core Transportation Service;

(2) Intended to change their status to "Core Transportation Service" and receive gas procurement and related services from that specific ESP;

(3) Has authorized the ESP to act on the customer's behalf in various gas procurement activities; and,

(4) Has authorized SoCalGas to release the customer's current and historic gas consumption information to that specific ESP.

c. ESPs will maintain a signed customer contract (which includes customer acknowledgments and indemnification of SoCalGas as described in the ESPA) or records of independent third party verification in the manner set forth for requesting electronic direct access service in the Public Utilities Code, Section 366.5. In accordance with D.98-02-108, SoCalGas shall not be responsible for monitoring, auditing, reviewing or enforcing such contracts or arrangements between ESPs and Core Transportation Service Customers.

d. The term of the electronic DASR is twelve months, beginning with the first day of the month that Core Transportation Service is received by the customer under the Program, and then month-to-month thereafter, until terminated as set forth in section A.3.a.10. below.

D,L  
L  
L

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT

EFFECTIVE \_\_\_\_\_

CHIEF REGULATORY OFFICER

RESOLUTION NO. \_\_\_\_\_

Rule No. 32
CORE AGGREGATION TRANSPORTATION

(continued)

A. GENERAL (continued)

3. DASR Transaction Processing

a. The DASR system is used to submit customer enrollment (Service Request) and termination (Termination Request) transactions for Core Transportation Service. This also applies to alternative arrangements allowed by mutual agreement between SoCalGas and ESP.

- (1) DASRs may only be submitted by approved ESPs who have executed a Service Agreement with SoCalGas, and are in compliance with all applicable tariffs and requirements of the Core Transportation Program.
(2) DASRs must be submitted by the customer's authorized ESP, or by the customer, if customer is self-aggregating.
(3) A separate DASR must be submitted for each service account.
(4) The status of DASRs will be communicated using the same method by which the DASR was submitted.
(5) DASRs shall not be submitted to SoCalGas by the ESP until three days after the verification required under Public Utilities Code Section 366.5 has been performed. Verification of all DASRs is the responsibility of the ESP. It is also the responsibility of the ESP to ensure that the requests of the residential and small commercial customers to cancel service pursuant to Public Utilities Code Section 395 are honored. If a DASR is accidentally submitted for a customer prior to the three day period, and the customer cancels, the submitting ESP shall direct SoCalGas to submit a Cancellation Request. (The Cancellation Request differs from a Termination Request because the customer would not be considered "active" in the program.)
(6) Submitted DASRs which comply with all processing, legal and regulatory requirements will be accepted by SoCalGas, and will be implemented based on the following time schedule:
a) Accepted DASRs received from the first calendar day through the fifteenth calendar day of any month will be switched no later than the customer's meter read date in the following calendar month.
b) Accepted DASRs received from the fifteenth calendar day through the last calendar day of any month will be switched no later than the customer's meter read date in the second calendar month after the DASR is submitted.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE

RESOLUTION NO.

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

A. GENERAL (continued)

3. DASR Transaction Processing (continued)

(6) (continued)

c) All DASR transactions (Service Request, Termination Request and Cancellation Request) are considered "received" by SoCalGas on the date that the DASR System reflects the DASR Status as "Pending UDC Review." The confirmation screen showing this status change is SoCalGas' acknowledgment of receipt of the transaction. If the DASR is submitted in another alternate approved format other than the DASR system, then "received" is the actual date that the enrollment was received.

d) SoCalGas will exercise best efforts to process DASRs within 3 working days after the receipt date and provide notification to the ESP and customer of the DASR status: "Accepted by UDC," "Rejected by UDC" (including a reason). Upon acceptance of a DASR, the customer will be notified of the effective switch date.

(7) SoCalGas maintains the right to deny any DASR request where the information provided by the ESP is false, incomplete, or inaccurate in any material respect.

(8) If more than one DASR is received for an account, the first accepted DASR will be processed. All subsequent DASRs will be rejected. The current ESP must submit a termination request before a subsequent enrollment request can be accepted from a new ESP.

(9) Customers who are enrolled in the CAT Program and who elect ESP billing services will be terminated from SoCalGas offered billing arrangement(s) prior to being enrolled in the CAT Program.

(10) Inactive customers cannot be enrolled in the CAT Program.

(11) The Authorization Form (Form 6538-A) (pre-DASR customer enrollment, submitted in accordance with D.95-07-048) and DASR Service Requests will remain in effect unless any of the following events occur:

a) After the initial twelve-month term, a termination transaction is submitted by SoCalGas in response to a customer request, or a termination transaction is submitted by the ESP at customer or ESP request;

b) Any party files for or is forced into bankruptcy proceedings or goes out of business;

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

A. GENERAL (continued)

3. DASR Transaction Processing (continued)

(11) (continued)

- c) The customer is no longer receiving service at the meter location, or the customer status and applicable tariff schedules change due to changes in customer gas consumption;
- d) The ESP submits a request to terminate service to the customer for the customer's failure to pay for service provided to the customer by ESP;
- e) SoCalGas cancels ESP's authorization for ESP failure to pay for capacity service provided to the ESP or for other breach of the Service Agreement or applicable tariffs. In this event, SoCalGas will send written notice of cancellation to the ESP and to the customer, pursuant to Section C.5, Termination of the Service Agreement;
- f) There is a change in SoCalGas' tariff rate schedules that materially affects the rights of the parties; or,
- g) There is a regulatory or other legislative change which impacts an ESP's right or ability to provide service hereunder.

(12) Core Transportation Service Customers who wish to exit the program and return to SoCalGas Core Procurement Service, or who wish to change ESPs, may contact their existing ESP to request termination or submit a request for termination to SoCalGas. Upon receipt of the customer request for termination, SoCalGas will verify the customer has completed the minimum 12 month contractual requirement for Core Transportation Service, and terminate the customer's participation in the program. When SoCalGas terminates the customer's participation, SoCalGas will notify the ESP within 24 hours via the DASR system.

(13) The customer will have 90 days from the termination submission in which to select another ESP or the customer may return to Procurement Service from SoCalGas under the customer's otherwise-applicable rate. If the customer returns to SoCalGas Procurement Service, they must remain a Procurement Customer for a minimum of twelve months thereafter.

(14) Upon successful processing of a termination request, SoCalGas will notify the customer in writing of the termination, including reason. ESP will be able to view termination transactions via the DASR system.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

A. GENERAL (continued)

3. DASR Transaction Processing (continued)

b. Customers remain responsible to SoCalGas for any charges incurred by their ESP associated with Program Service prior to the effective date of service termination, except Procurement Management Charges as defined in Rule No. 1, even if such charges are rendered after cancellation has taken place.

4. Rates

Charges for service shall be in accordance with SoCalGas' core transportation rates for each end-use customer, as set forth in the core transportation rate schedules. Aggregation with other loads does not change the otherwise applicable rate schedule for a specific facility.

Charges by SoCalGas may be adjusted to reflect the applicable taxes, franchise fees or other fees, regulatory surcharges and interstate or intrastate pipeline charges that may occur.

5. Release of Customer Information

Upon receipt of a accepted DASR service request, SoCalGas will provide the ESP with available information for up to twelve months of customer gas consumption no later than 5 days before the scheduled switch date, where possible, in electronic format.

Except as provided above, SoCalGas must receive a signed "Customer Information Release" (Form 6538) to release customer-specific usage data to parties. Subject to customer authorization, SoCalGas will provide a maximum of the most recent 12 month's customer usage data (or all data available if customer has less than 12 month's usage history) to the customer or its authorized agent. If a customer, or a customer's ESP, requests this historic usage more than two times per year for a specific service account, SoCalGas shall have the ability to assess a processing charge if approved by the CPUC.

Customers may also obtain up to 24 months individual gas consumption history in a "downloadable" format free of charge at the "Customer Service Connection" located in SoCalGas' website at [www.socalgas.com](http://www.socalgas.com).

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

A. GENERAL (continued)

6. Taxes

The ESP shall pay the applicable Utility User's Tax, and any other fees and taxes applicable within the city or political subdivision where the gas is actually used unless otherwise provided for in a specific ordinance or other legislative ruling. For those customers located in Los Angeles county, pursuant to Los Angeles City Ordinance No. 168164, dated August 4, 1992, SoCalGas shall collect the user tax for all gas delivered through the gas system for transportation service customers and consumed in Los Angeles County. T

7. Applicable Contract Provisions

All contracts and customer authorizations of ESPs under this Rule shall be subject to Rule No. 4, except as set forth below. DASRs and Customer Authorizations (Form 6568-A) shall be deemed to be "contracts for gas service between ESP and Core Transportation Service Customer" for purposes of applying Rule No. 4 to this Rule:

a. Damages

SoCalGas shall not be assessed any special, punitive, consequential, incidental, or indirect damages, whether in contract or tort, for any actions or inactions arising from or related to the Program.

b. CPUC Jurisdiction

The contracts and authorizations pertaining to Transportation Only Service under this Rule, shall at all times be subject to such changes or modifications by the CPUC as said Commission may, from time to time, direct in the exercise of its jurisdiction.

B. ESTABLISHMENT OF CREDIT

1. Credit Application

The ESP (Contractor) shall be required to complete a credit application that includes any financial information needed to establish credit upon the initial application to the Program and/or as requested by the Utility or whenever the ESP's (Contractor's) requested load increases by 25,000 therms per day or more. A non-refundable credit application processing fee of \$500 may be charged to offset the cost of determining the ESP's creditworthiness. SoCalGas will establish the ESP's credit limit based on the creditworthiness evaluation and the ESP's Daily Contract Quantity (DCQ), as defined in Rule No. 1. T  
|  
T

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_



Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

B. ESTABLISHMENT OF CREDIT (continued)

1. Credit Application (continued)

To assure the continued validity of an established credit limit, the ESP shall be required to furnish SoCalGas with financial information satisfactory to SoCalGas, as requested by SoCalGas, during ESP's participation in the Program. In the event SoCalGas determines that a financial change has or could adversely affect the creditworthiness of the ESP, or if the ESP does not provide the requested financial information, SoCalGas may terminate the ESP's participation in the Program immediately. T

A creditworthiness evaluation may be conducted by an outside credit analysis agency, to be determined by SoCalGas, with final credit approval granted by SoCalGas. Credit reports will remain strictly confidential between the credit analysis agency and SoCalGas. T

2. Security Deposit

a. Acceptable Forms of Security Deposits

ESPs may submit a security deposit in lieu of the creditworthiness evaluation to qualify for participation and/or to increase their DCQ. The security deposit may be in the form of:

- (1) Cash Deposit - The Utility will pay interest, compounded monthly and based on a daily calculation, at the time the deposit is applied to the Contractor's account or refunded, except as noted below. Deposits will earn interest computed each month at a rate of 1/12th of the interest rate on commercial paper (prime, 3-month), published the prior month in the Federal Reserve Statistical Release, G.13., or its successor publication. No interest will be paid if non-payment of bills exist. D,N
- (2) Letters of Credit - Irrevocable and renewable standby Letters of Credit issued by a major U.S. financial institution acceptable to SoCalGas.
- (3) Surety Bonds - Renewable surety bonds in a form acceptable to SoCalGas which are issued by a major insurance company acceptable to SoCalGas.
- (4) Guarantees - Guarantors must furnish financial information as requested by SoCalGas and have credit standards acceptable to SoCalGas. Guarantors must use a Guaranty form acceptable to the Utility and may be required to furnish other forms and or amounts of security deposit which the Utility, at its sole discretion, agrees in writing. T

(continued)

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

B. ESTABLISHMENT OF CREDIT (continued)

1. Security Deposit (continued)

b. Amount of Security Deposit

The amount of security deposit, or the established credit limit required, is a function of the DCQ. The formula for determining the security deposit or credit limit depends upon the nature of services for which ESPs bill their customers. This creditworthiness requirement (CWR) shall be calculated as follows:

(1) ESP Bills Customers For Gas Commodity Only:

$CWR1.0 = 90 \text{ days} \times DCQ \times \text{Twice the Monthly Balancing Charge as described in Schedule No. G-IMB};$

Where: CWR1.0 equals the security deposit in dollars for ESP Procurement Management Charges, as defined in Rule No. 1, for which the ESP is liable.

(2) ESP Bills All Customers For Gas Commodity and Transportation Charges:

$CWR2.0 = CWR1.0 + (75 \text{ days} \times DCQ \times \text{Average Retail Core Transportation Charge});$

Where: CWR2.0 equals CWR1.0 plus the security deposit in dollars for handling the customer's money in the event that an ESP bills and collects SoCalGas' transportation charges.

If a security deposit is to be in lieu of a creditworthiness evaluation it is due and payable upon demand prior to commencement of the ESP's participation in the Program or when there is an increase in DCQ.

Any deposit will be considered past due if it is not paid within fifteen calendar days after it is requested by SoCalGas. Past due notices will be mailed to the ESP and may be mailed to each of its customers. If the deposit is not paid within seven days of the issuance of the past due notice, the ESP's participation will be subject to termination.

All forms of security shall be retained as long as the ESP is participating in the Program unless otherwise reduced pursuant to the provisions of Section B.3., Other Forms of Security Deposit, listed below.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

B. ESTABLISHMENT OF CREDIT (continued)

3. Other Forms of Security Deposit L

The Utility, at its sole discretion, may agree to alternative forms of security to reduce the CWR. N

4. Additional Documents D

The ESP shall execute and deliver all documents and instruments (including, without limitation, security agreements and Uniform Commercial Code financing statements) reasonably requested from time to time to implement the provisions set forth above and to perfect any security interest granted to SoCalGas. L

C. BILLING AND PAYMENT TERMS

CAT Program participants have two billing options. First, they may choose to receive one bill from SoCalGas for gas transportation services and another bill from the ESP for gas commodity charges. Second, they may opt to receive a single bill from the ESP that includes charges for both SoCalGas' transportation services and the ESP's commodity charges. SoCalGas shall provide customers choosing the second option with a "view-only" bill containing transportation and related charges, unless customer elects to not receive. Under this option, the customer remains ultimately responsible for transportation and related charges billed by SoCalGas, should the ESP fail to remit payment to SoCalGas on the customer's behalf. D,N

1. Weekly Billing N

For an ESP who bills for SoCalGas' transportation charges, in order to eliminate the cash lag in the current month-end billing of SoCalGas' transportation charges and reduce the ESP's creditworthiness requirements, weekly summary billing of customer accounts will be implemented. Interstate transmission charges, and imbalance billing and notification will occur monthly. On a monthly basis, the ESP will receive from SoCalGas the interstate transportation credit less any unpaid, overdue Procurement Management Charges owed by the ESP.

2. Payment Terms N

The ESP's bill is due and payable upon receipt. All payments will be made electronically or by wire transfer unless otherwise agreed to by SoCalGas. The bill will be considered past due if it is not paid within fifteen calendar days after transmittal. Past due notices will be mailed to the ESP and may be mailed to each of its customers. If the bill is not paid within seven days of the issuance of the past due notice, the ESP's participation will be subject to immediate termination by SoCalGas. T

(continued) L

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

ISSUED BY  
**William L. Reed**  
 VICE PRESIDENT  
 CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
 DATE FILED \_\_\_\_\_  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

Rule No. 32
CORE AGGREGATION TRANSPORTATION

(continued)

C. BILLING AND PAYMENT TERMS (continued)

2. Payment Terms (continued)

For an ESP who does not bill for SoCalGas' transportation charges, bills issued to the ESP for any Procurement Management Charges remaining after offset will be past due if not paid within fifteen calendar days after the date the bill is mailed.

3. Late Payment

If an ESP does not pay any bill rendered to it by SoCalGas within fifteen days after transmittal, then:

- a. A seven-day notice will be mailed to the ESP and its customers may be advised of such notice. If the charges in the notice remain unpaid after the expiration of the seven-day notice, participation under the Program is subject to termination. If participation is terminated, the ESP remains responsible for all charges incurred under the Program, even if such charges are identified after the termination becomes effective.
b. The outstanding balance will be subject to any applicable late payment fees as authorized by the CPUC.
c. The ESP will be unable to add customers, or increase its DCQ to its contract until late payment is cured; and,
d. The ESP may not trade, sell or withdraw any gas in storage until late payment is cured.

If an ESP pays late three or more times by seven days or less, or pays late one or more times by greater than seven days in any contiguous twelve month period, then, in addition to all other rights of SoCalGas resulting from such late payments (or any non-payments), the ESP will lose its "good payment" status as defined below in Section C.4., Good Payment History. SoCalGas may also require full collateral in the form of cash, irrevocable standby letter of credit, security bond, or any other security instrument deemed appropriate by SoCalGas. If such collateral is requested and not provided by the ESP to SoCalGas, the ESP's participation will be subject to termination by SoCalGas.

In addition, if an ESP that bills customers for SoCalGas' transmission charges loses its good payment status, the ESP will be required to establish an escrow agreement/account with a financial institution acceptable to SoCalGas, in a form acceptable to SoCalGas, and will grant SoCalGas a first priority security interest in all proceeds and accounts receivable in escrow. The escrow account will give a third party, acceptable to SoCalGas, the rights to receive accounts receivable and pay accounts payable on behalf of the ESP. The third party will keep a record of all payments made by each customer, and payment to the third party.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE

RESOLUTION NO.

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

C. BILLING AND PAYMENT TERMS (continued)

4. Good Payment History

In order to establish a good payment history, the ESP must pay each bill in full within fifteen days after transmittal. An ESP's creditworthiness requirements will be reduced by 2% for every twelve consecutive months of good payment history. This calculation will be retroactive to the date of first participation by the ESP in the Program. Three or more late payments of seven days or less, or one or more late payments of greater than seven days during any contiguous twelve month period will cause the ESP to lose its "good payment" status and obligate it to reestablish full creditworthiness requirements.

If at any time, under the provisions of this rule, SoCalGas does not receive the requested financial information or determines that there has been a detrimental change in the financial condition of the ESP, SoCalGas, at its sole discretion, may re-establish the original creditworthiness requirements for the ESP or establish new creditworthiness requirements.

5. Termination of the Service Agreement

If a payment is not received within seven days of the issuance of a past due notice, the ESP's participation in the Program will be subject to termination. In addition, if SoCalGas receives any notification that the ESP has filed or will be filing any type of bankruptcy, or is closing its business, the ESP's participation will be terminated immediately and all of the ESP's rights to conduct business with SoCalGas thereunder shall be terminated, consistent with any bankruptcy laws that may take precedence over the rules set forth herein. Further, SoCalGas may terminate an ESP's participation in the Program for failure to pay the interstate pipeline for the full cost of its assigned capacity.

Upon termination of an ESP's participation:

- a. Notices of such Termination will be sent to the ESP, the CPUC, and may be sent to each of its customers;
- b. SoCalGas will establish an escrow agreement/account for collections of outstanding customer payments;
- c. Any gas in storage and gas that has been delivered into SoCalGas' system on behalf of the customers served by ESPs will be used to off-set any immediate imbalances. This gas cannot be subject to encumbrances of any kind, including, but not limited to, liens, trades, or sales to other customers;

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

C. BILLING AND PAYMENT TERMS (continued)

5. Termination of the Service Agreement (continued)

- d. The ESP will lose its right to a 10% tolerance for transportation imbalances and will be required to trade toward a zero imbalance; and,
- e. All fees, charges and other obligations of ESP to SoCalGas shall be immediately due and payable without further notice of demand and shall thereafter be subject to CPUC authorized late payment fees and interest, until paid in full.
- f. The customer will have 90-days from date of cancellation by the ESP in which to join another ESP's group or the customer may return to full service from SoCalGas (see Section A.1.b., above).

At the time of termination, if the ESP has not paid SoCalGas billings, any deposit held on the ESP's accounts shall be applied to recoup unpaid bills. In addition, if an ESP is terminated and/or declares bankruptcy, the ESP will be liable to SoCalGas for any and all costs, expenses, and attorney's fees incurred by SoCalGas as a result of such termination or bankruptcy. Payment by the ESP of all such costs, expenses and attorney's fees will be a condition of re-entry into, or continuation in, the Program.

6. Customer Liability For ESP Obligations

If a security deposit has not been provided or does not adequately cover the outstanding charges owed by an ESP, excluding any Procurement Management Charges, the customers represented by the ESP will be liable for any such charges. These outstanding charges will first be reconciled and assigned to customers based on the customers' outstanding balance with SoCalGas and the payment records in the escrow account, if an escrow account has been established. Any outstanding charges that remain unreconciled after that process will then be allocated to customers served by the ESP on a pro rata basis to customers based on the customers' usage during the period the outstanding balance was accumulated.

Regardless of who renders bills for SoCalGas transportation charges, the ESP will continue to be financially liable for outstanding Procurement Management Charges.

7. SoCalGas Collection Assistance

SoCalGas will pursue normal collection activity for nonpayment of SoCalGas' charges, if SoCalGas bills such charges directly to the customer. SoCalGas will bill the customer directly for such charges when the ESP bills for the gas commodity only. Under this situation, the ESP's creditworthiness requirements will be reduced as set forth in Section B.2.b.(1).

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

C. BILLING AND PAYMENT TERMS (continued)

8. Billing Disputes

If a Core Transportation Service customer disputes a SoCalGas bill, the disputed amount will be deposited by the customer with the CPUC pending resolution of the dispute under the existing CPUC procedures for resolving such disputes with SoCalGas. If a Core Transportation Service customer has a billing dispute with its ESP, the customer will remain obligated to pay SoCalGas charges in a timely manner. The ESP shall not withhold payment of any such SoCalGas charges pending resolution of any such disputes regarding the ESP's bills.

If the ESP, or customer who's transportation charges are billed by the ESP, disputes a SoCalGas bill, the disputed amount will be deposited by the ESP with the CPUC pending resolution of the dispute under existing CPUC procedures. No termination of participation in the Program will occur for this dispute while the CPUC is hearing this matter.

D. INTERSTATE PIPELINE CAPACITY FOR PROCUREMENT AND TRANSPORTATION SERVICES

1. Initial Assignment of Interstate Pipeline Capacity

Firm interstate pipeline costs will be assigned to ESPs at the average cost of interstate transportation reservation charges incurred by SoCalGas to serve its core customers. Such allocation will be based on the ESP's annual forecasted throughput or actual historical usage, consistent with SoCalGas-adopted practices.

SoCalGas' interstate pipeline capacity will be allocated on a prorated basis in a manner consistent with the allocation of interstate pipeline capacity costs in SoCalGas' procurement rates to the classes of customers represented by the ESP and will be defined as the DCQ for the ESP. This allocation will be updated on an annual basis at a minimum.

The assigned interstate pipeline capacity will be calculated using the following formula:

$$DCQ = A / B \times C$$

Where: "A" = ESP group's most recent twelve months historical consumption,

"B" = Most recent twelve months deliveries on SoCalGas' system for the customer class, and

"C" = Core capacity reservation

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 32
CORE AGGREGATION TRANSPORTATION

(continued)

D. INTERSTATE PIPELINE CAPACITY FOR PROCUREMENT AND TRANSPORTATION SERVICES (continued)

1. Initial Assignment of Interstate Pipeline Capacity (continued)

Interstate capacity assignment to ESPs will be split between the interstate pipelines on which SoCalGas holds firm mainline interstate rights for its core customers on a pro rata basis between any such pipelines in a manner equivalent to the percentage of SoCalGas' total firm interstate capacity reservation represented by each such pipeline to the extent that these costs are allocated to core customers.

2. Nominations and Deliveries

ESPs participating in the Program will perform capacity nominations and gas deliveries pursuant to the provisions and conditions set forth in Rule No. 30.

3. Adding and Deleting Customers

When ESPs add customers, firm interstate pipeline capacity will be assigned for the incremental load for such additional customers computed in the manner described above. When ESPs release customers, ESPs will have the right to release associated assigned interstate pipeline capacity to SoCalGas, at the ESP's discretion. However, SoCalGas will have the option to recall any such interstate pipeline capacity, at SoCalGas' discretion, if, in SoCalGas' sole judgment, such capacity is necessary to serve the returning customer[s].

ESPs will be reimbursed pursuant to the provisions of Section E.2 below, up to the ESP's DCQ, for interstate pipeline capacity assignments which have been made by SoCalGas. To avoid the administrative burden of minor monthly changes, such assignment or release of firm interstate pipeline capacity will not be made unless and until the aggregated net change exceeds ten percent (10%) of the prior effective DCQ or 1,000 therms per day, whichever is lower.

4. Rebrokering

ESPs may rebroker their allocated capacity pursuant to applicable FERC regulations. If the ESP rebrokers the capacity in whole or in part to another party, the ESP shall remain financially responsible to SoCalGas for the rebrokered capacity and any associated charges.

ESPs may participate under the provisions of Rule No. 36, Interstate Capacity Brokering, for any capacity that is additional to their reserved capacity amount.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE

RESOLUTION NO.



Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

E. BILLING FOR INTERSTATE PIPELINE CAPACITY L

1. Interstate Pipeline Charges

All core customers, including Core Transportation Service Customers and Core Procurement Customers, will be billed at a rate equivalent to the fully bundled core transmission charge, including, but not limited to the allocated interstate demand charges or a surcharge therefore, transition cost surcharges established under the authority of Section 785.1 of the Public Utilities Code, and associated franchise fees and taxes, by SoCalGas. ESPs will remit payment for interstate pipeline demand charges for all assigned firm interstate pipeline capacity directly to the appropriate interstate pipeline. L

Each month, after receiving confirmation from the interstate pipeline that the ESP has made full payment for its assigned capacity, SoCalGas will reimburse the ESP for the entire dollar amount that the ESP has properly paid to the interstate pipeline for its assigned interstate pipeline demand charges offset by Procurement Management Charges the ESP owes to SoCalGas, if any, less any reservation refunds credited to the ESP by the pipeline by wire transfer. The ESP will be financially liable for any Procurement Management Charges.

Any pipeline interconnect charges will be billed to ESPs as agents of their customers and are in addition to the transmission charges. Customers will remain liable for the cost of additional services that they contract for from SoCalGas (i.e., equipment financing, etc.) in addition to the bundled transmission charges.

2. Interstate Pipeline Refunds

Because both Core Transportation Service Customers and Procurement Customers will be contributing equally to any under- or over-collections, differences between the actual costs and the allocated costs will be booked to the Core Fixed Cost Account for standard balancing account treatment. Any refunds provided by the interstate pipelines to firm-core shippers will be credited to SoCalGas and be added to the Core Fixed Cost Account for future refund on the same schedule and manner as refunds are made to SoCalGas' Procurement Customers as approved by the CPUC.

F. STORAGE RIGHTS AND OBLIGATIONS D

1. Allocation of Storage Rights T,L

Storage rights and costs will be allocated to each ESP by SoCalGas in the same proportion as storage costs, for core minimum service reliability, are allocated to the customer classes represented by each ESP in SoCalGas' core procurement rates. Additional storage inventory and associated firm injection rights which are elected by the ESP provide it with a proportionate share held by Gas Acquisition are available at unscaled LRMC rates during the first 30 days that the ESP acquires the core customer. L  
L,T  
L,T  
N  
N  
N,L

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 32
CORE AGGREGATION TRANSPORTATION

(continued)

F. STORAGE RIGHTS AND OBLIGATIONS (continued)

2. Monthly Storage Inventory Requirements

ESPs will be assigned month-end storage targets. Preliminary storage targets will be estimated in March and final storage targets will be assigned in September for the month of October and in October for the months of November through March to meet SoCalGas' storage targets for core service reliability and maintain minimum quantities to meet Abnormal Peak Day (APD) and cold year requirements. This gas in storage may not be subject to encumbrances of any kind. ESPs will not be allowed to withdraw gas below these month-end targets. Failure to deliver the required month-end storage minimum will result in the application of a separate and additional balancing charge, per Schedule No. G-IMB for each day the inventory target is not met. Imbalance trading will not be allowed to offset such month-end storage minimum shortfall.

ESP winter month-end storage minimums are based on a proportionate allocation of total core minimum inventory requirements.

3. Injection Rights, Withdrawal Rights and Obligations

ESPs are given a share of injection and withdrawal rights associated with the core minimum reliability storage reservation from April 1 through October 31 proportionate to their DCQ.

Monthly deliveries in excess of burn forecast can be traded into storage during the imbalance trading period by utilizing the ESP's assigned storage capacity .

4. Adding and Deleting Customers

The ESP and SoCalGas' core procurement group, on an individual basis, will remain obligated to meet all applicable storage targets resulting from additions or deletions of customers by ESPs.

G. IMBALANCE SERVICES

The ESP is responsible for balancing transportation services for the customers they represent pursuant to Schedule No. G-IMB and Rule No. 30.

H. CURTAILMENT

In the event of curtailment, SoCalGas shall make every effort to maintain service to Core Transportation Service customers. Such curtailment shall be effectuated in accordance with the provisions of Rule No. 23, Continuity of Service and Interruption of Delivery. Charges for violations of curtailment shall apply as set forth in Rule No. 23.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE

RESOLUTION NO.

T
D
T,L
|
|
|
|
|
|
T,L
N
|
N
T
T
T
D
T
T
T
T,L
L,T
L,T
T,L
L
L
L,T
L

Rule No. 32  
CORE AGGREGATION TRANSPORTATION

(continued)

I. SERVICES PROVIDED BY SOCALGAS T,L

SoCalGas shall read customer meters, send customers legally required notices and bill inserts in accordance with Public Utilities Code 454(a), and provide customers with all other regular SoCalGas services. This includes direct billing, unless the customer specifies in the Core Aggregation Transportation Authorization (Form No. 6568-A) or the DASR that SoCalGas bill the ESP for all charges.

J. OTHER TARIFFS T

Service under this Rule is subject to the terms and conditions of SoCalGas' tariff schedules on file with the CPUC, including all applicable contracts and agreements.

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT  
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Rule No. 35

CONTRACTED MARKETER TRANSPORTATION

The terms and conditions of this Rule shall apply to Contracted Marketers (referred to herein as "Contractor"). The Contracted Marketer may perform the same functions as the Agent Marketer (referred to herein as "Agent"), that is, the purchasing, nominating and balancing of gas supplies for one or more transportation customers. In addition to these responsibilities, the Contractor is required to sign a Master Services Contract (referred to herein as "MSC") and MSC Schedule B, Marketer/Core Aggregator/Use or Pay Aggregator Agreement (Form Nos. 6597 and 6597-2) with the Utility and as part of such agreement accepts the financial responsibility of managing imbalances for their customers. This Rule shall also apply to the Contractor's end-use customers served under their applicable rate schedules.

Both Contractors and Agents are appointed by individual customers in their MSC Schedule A, Intrastate Transmission Service, (Form No. 6597-1) to act on behalf of the customers in the purchasing, nominating and balancing of gas supplies, but Agents bear no financial responsibility for the transportation imbalances incurred by the customers they represent.

The specific requirements of transportation customers are described in each transportation rate schedule. The transportation of customer-owned gas in conjunction with service under this Rule is subject, on behalf of their customers, specifically to the terms and conditions of Rule No. 30, Transportation of Customer-Procured Gas, and Rule No. 23, Continuity of Service and Interruption of Delivery, and the penalties or credits associated with these rules.

A. General

1. Customer Elections

Customers may designate only one Contractor at a time. Customers may elect to have their entire transportation gas requirements supplied by the Contractor or Customers may designate one or more Agents in addition to the Contractor. The Contractor is responsible for all transportation imbalances for transportation volumes delivered to the customer. The minimum term of obligation for a Contractor is one calendar month. A customer or Contractor can only elect changes in their service arrangements at the beginning of a month, with appropriate notice. There can be no mid month changes, except in the case where a Contractor is terminated from the Program.

2. Rates

Charges for service shall be in accordance with the Utility's transportation rates for each end-use customer, as set forth in each transportation rate schedule.

Imbalance charges shall be in accordance with Schedule No. G-IMB, Transportation Imbalance Service.

Curtailment charges and diversion credits shall be in accordance with Rule No. 23, Continuity of Service and Interruption of Delivery.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

**William L. Reed**

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT

EFFECTIVE \_\_\_\_\_

CHIEF REGULATORY OFFICER

RESOLUTION NO. \_\_\_\_\_

T

T

|

T

D

L

L

L

L,T

L,T

L,T

L

Rule No. 35
CONTRACTED MARKETER TRANSPORTATION

(continued)

A. General (continued)

3. Taxes, Fees and Surcharges

Applicable taxes will be added to all billings, including Utility User's Tax, and any other fees, surcharges and taxes applicable within the city or political subdivision where the gas is actually used.

B. Establishment of Credit

1. Application for Service

The ESP (Contractor) shall be required to complete a credit application that includes any financial information needed to establish credit upon the initial application to the Program and/or as requested by the Utility or whenever the ESP's (Contractor's) requested load increases by 25,000 therms per day or more. A non-refundable credit application processing fee of \$500 may be charged to offset the cost of determining the Contractor's creditworthiness. The Utility will establish the Contractor's credit limit based on the creditworthiness evaluation and the Contractor's requested Daily Customer Pool Volume (DCPV). The DCPV for a particular month is the sum of all a Contractor's customer's monthly contracted quantities divided by the days in that same month. The DCPV represents the maximum quantity of gas a Contractor may transport on behalf of its customers on a secured or unsecured basis.

To assure the continued validity of an established credit limit, the Contractor shall be required to furnish the Utility with financial information satisfactory to the Utility, as requested by the Utility, during the Contractor's participation in the Contracted Marketer Program. In the event the Utility determines that a financial change has or could adversely affect the creditworthiness of the Contractor, or if the Contractor does not provide the requested financial information, the Utility may terminate the Contractor's participation in the Contracted Marketer Program immediately or at its sole discretion, establish new creditworthiness requirements.

A creditworthiness evaluation may be conducted by an outside credit analysis agency, to be determined by the Utility, with final credit approval granted by the Utility. Credit reports will remain strictly confidential between the credit analysis agency and the Utility.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

L

T
|
T

T

N
N

L,T
L
L

Rule No. 35  
CONTRACTED MARKETER TRANSPORTATION

(continued)

B. Establishment of Credit (continued)

2. Security Deposit

Contracted Marketers may submit a security deposit in lieu of the creditworthiness evaluation to qualify for participation and/or to increase their DCPV. The security deposit may be in the form of:

- a. Cash Deposit - The Utility will pay interest, compounded monthly and based on a daily calculation, at the time the deposit is applied to the Contractor's account or refunded, except as noted below. Deposits will earn interest computed each month at a rate of 1/12th of the interest on commercial paper (prime, 3-month), published the prior month in the Federal Reserve Statistical Release, G.13, or its successor publication. No interest will be paid if non-payment of bills exist.
- b. Letters of Credit - Irrevocable and renewable standby Letters of Credit issued by a major U.S. financial institution acceptable to the Utility.
- c. Surety Bonds - Renewable surety bonds in a form acceptable to the Utility which are issued by a major insurance company acceptable to the Utility.
- d. Guarantees - Guarantors must furnish financial information as requested by the Utility and have credit standards acceptable to the Utility. Guarantors must use a Guaranty Form acceptable to the Utility and may be required to furnish "other" forms and or amounts of security deposit which the Utility, at its sole discretion, agrees in writing.

The creditworthiness requirement (CWR) is the amount of security deposit or the established credit limit required and is a function of the DCPV. The formula for determining the CWR is:

$$CWR = (90days \times DCPV \times \text{Twice the Monthly Balancing Charge Rate as described in Schedule No. G-IMB})$$

The CWR is due and payable upon demand prior to commencement of the Contractor's participation in the program if in lieu of a creditworthiness evaluation or prior to an increase in the Contractor's DCPV. The CWR will be considered past due if it is not paid within fifteen calendar days after demand. Past due notices will be mailed to the Contractor and may be mailed to each of its customers. If the CWR is not paid within seven days of the issuance of the past due notice, the Contractor's participation will be subject to termination.

All forms of security shall be retained as long as the Contractor is participating in the program.

(continued)

(TO BE INSERTED BY UTILITY)  
 ADVISE LETTER NO. EXEMP  
 DECISION NO.

ISSUED BY  
**William L. Reed**  
 VICE PRESIDENT  
 CHIEF REGULATORY OFFICER

(TO BE INSERTED BY CAL. P.U.C.)  
 DATE FILED \_\_\_\_\_  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

L  
 T,N  
 N  
 |  
 |  
 |  
 N  
 T  
 |  
 T  
 T,N  
 N  
 T

Rule No. 35
CONTRACTED MARKETER TRANSPORTATION

(continued)

B. Establishment of Credit (continued)

3. Other forms of Security Deposit

The Utility at its sole discretion may agree to alternative forms of security to reduce the CWR.

4. Additional Documents.

The Contracted Marketer shall execute and deliver all documents and instruments (including, without limitation, security agreements and UCC financing statements) reasonably requested from time to time to implement the provisions set forth above and to perfect any security interest granted to Utility.

C. Contract Requirements

After credit has been established, the Contractor must sign a two-year MSC and MSC Schedule B, Marketer/Core Aggregator/Use or Pay Aggregator Agreement (Form Nos. 6597 and 6597-2) with the Utility. Attached to the contract, as Exhibit B, shall be an authorization form indicating each of the customers being represented by the Contractor. Customers participating in the Program shall designate only one Contractor at a time for all the Customer's transportation accounts. Customers and Contractors are to submit separate authorizations.

D. Contracted Marketer Responsibilities

1. Nomination Procedures

The Contractor's contract with the Utility shall establish their right to nominate daily transportation deliveries to the Utility. Such nominations shall be in accordance with Rule No. 30 and must be made through the Utility's electronic communication network as defined in Rule No. 33, GasSelect.

The Contractor shall be responsible for nominating directly to their designated individual contracted marketer alpha numeric code as assigned by the Utility.

2. Imbalance Service

The Contractor is responsible for balancing transportation services with the customer's end-use consumption. The Contractor is responsible for managing the imbalances of the end-users through means, which include participation in the Utility's Imbalance Trading Program pursuant to the provisions of Schedule No. G-IMB.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

T
D

L

L
L,D
L

L,T
L,T

L

L
L
L,D

Rule No. 35
CONTRACTED MARKETER TRANSPORTATION

(continued)

D. Contracted Marketer Responsibilities (continued)

2. Imbalance Service (continued)

Imbalances will be calculated on an aggregated customer basis, not by individual account or delivery point. Imbalances will be determined by comparing the amount of gas delivered specifically to the Contractor's alphanumeric code and the amount of gas actually consumed by the Contractor's customers as defined in Schedule No. G-IMB. The Contractor shall be responsible for all imbalance charges, including any Utility Users Tax.

The Contractor will assume responsibility for any pre-existing imbalance that a customer, new to that Contractor, possesses as specified in Schedule No. G-IMB. Additionally, when a customer leaves a Contractor, the customer's imbalance remains the responsibility of the Contractor.

E. Billing and Payment Terms

1. Billing

The Contractor's bill is due and payable upon receipt. All payments will be done electronically or by wire transfer unless otherwise agreed to by the Utility. The bill will be considered past due if it is not paid within fifteen calendar days after mailing. Past due notices will be mailed to the Contractor and may be mailed to each of its current contracted customers. If the bill is not paid within seven days of the issuance of the past due notice, the Contractor's participation will be subject to immediate termination by the Utility.

2. Late Payment

If a Contractor does not pay any bill rendered to it by the Utility within fifteen days after transmittal, then:

- a. Past due notices will be mailed to the Contractor and may be sent to each of its current contracted customers;
b. The outstanding balance will be subject to any applicable late payment fees as authorized by the CPUC;
c. The Contractor will be unable to add customers or increase its DCPV until late payment is cured; and,
d. The Contractor will lose its rights to trade or sell gas in storage to other customers until late payment is cured.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE

RESOLUTION NO.

L
T
|
T
D
T
L
|
|
|
L
L,T
L
|
|
|
L
L,T
L
L,T
L



Rule No. 35
CONTRACTED MARKETER TRANSPORTATION

(continued)

E. Billing and Payment Terms (continued)

2. Late Payment (continued)

If a Contractor pays late three or more times by seven days or less, or pays late one or more times by greater than seven days in any contiguous twelve month period, then, in addition to all other rights of the Utility resulting from such late payments (or any non-payments), the Utility may require full collateral in the form of cash, irrevocable standby letter of credit, security bond or any other security instrument deemed appropriate by the Utility. If such collateral is requested and not provided by the Contractor to the Utility, the Contractor's participation will be subject to termination by the Utility.

F. Termination of Service

If a payment is not received within seven days of the issuance of a past due notice, the Contractor's participation in the program will be subject to termination. In addition, if the Utility receives any notification that the Contractor has filed or will be filing any type of bankruptcy, or is closing its business, the Contractor's participation will be terminated immediately and all of the Contractor's rights to conduct business with Utility thereunder shall be terminated.

Upon termination of a Contractor's participation:

- 1. Termination notices will be sent to the Contractor, the CPUC and may be sent to each of its current contracted customers;
2. Any gas in storage and gas that has been delivered into the Utility's system on behalf of the Contractor's customers will be used to off-set any immediate imbalances. This gas cannot be subject to encumbrances of any kind, including, but not limited to, liens, trades, or sales to other customers;
3. The Contractor will lose its right to any tolerance for transportation imbalances and will be required to trade toward a zero imbalance;
4. All fees, charges and other obligations of Contractor to Utility shall be immediately due and payable without further notice of demand; and,
5. The Contractor will be suspended from the Utility's electronic communication network as defined in Rule No. 33, GasSelect.

At the time of termination, if the Contractor has not paid Utility billings, any deposit held on the Contractor's accounts shall be applied to recoup unpaid bills.

(continued)

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE

RESOLUTION NO.

L

L

L

L,T

L

L

L,T

L

L

Rule No. 35
CONTRACTED MARKETER TRANSPORTATION

(continued)

F. Termination of Service (continued)

If a security deposit has not been provided or does not adequately cover the charges owed by the Contractor, the customers represented by the Contractor will be liable for any and all outstanding charges. Any outstanding purchase gas costs, transportation imbalance charges, curtailment penalties, over nomination penalties or adjustment transactions will be allocated on a prorata basis to the Contractor's customers based on each customer's current month's usage.

After termination, a Contractor will not be allowed to participate in the Contracted Marketer Program again until the Contractor has reimbursed the Utility for all outstanding charges and all operating, maintenance, legal, and uncollectible expenses incurred by the Utility as a result of the Contractor's participation in the program being terminated.

G. Customer Changes

Contractors may add or delete customers to their contract by written notice. Customers can only be added or deleted for the first day of the subsequent month. There are no mid month changes. The Contractor's new total capacity resulting from each new member added to the contract must not exceed the Contractor's established credit limit as specified in Section B herein. Customer and Contractor authorization forms must be submitted on time or the customer will not be part of the Contractor's pool.

H. Arbitration of Disputes

If a customer disputes a Utility bill, the disputed amount will be deposited with the California Public Utilities Commission pending resolution of the dispute under the existing Commission procedures for resolving such disputes with the Utility. If a customer has a billing dispute with its Contracted Marketer, the customer will remain obligated to pay Utility charges in a timely manner. The Contractor shall not withhold payment of any such Utility charges pending resolution of any such disputes. If a Contractor disputes a Utility bill, the disputed amount will be deposited with the CPUC pending resolution of the dispute under existing Commission procedures. No termination of participation will occur for this dispute while the Commission is hearing the matter.

I. Utility Services

The Utility shall continue to read customer meters and provide customers with all other regular utility services.

L

D
T,L

L
L,D
L
|
L

D
L,T

L
|
|
|
|
|
|
L

L,T

L
L

(TO BE INSERTED BY UTILITY)

ISSUED BY

(TO BE INSERTED BY CAL. P.U.C.)

ADVICE LETTER NO. EXEMP

William L. Reed

DATE FILED \_\_\_\_\_

DECISION NO.

VICE PRESIDENT
CHIEF REGULATORY OFFICER

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_