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January 17, 2003

Advice No. 3228
(U 904 G)

Public Utilities Commission of the State of California

Subject: Compliance with the Gas Transmission OII Decision 02-11-073

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions to its tariffs applicable in two potentially constrained areas pursuant to Decision (D.) 02-11-073, as shown on Attachment B.

Purpose

This filing revises Schedule Nos. GN-10, GT-10, G-AC, GT-AC, G-EN, GT-EN, and GT-F consistent with the provisions of Commission D.02-11-073, dated November 21, 2002, in the Gas Transmission OII (I.00-11-002). In addition, this filing contains a new Constrained Area Amendment to Master Services Contract, Schedule A, Intrastate Transmission Service (Form No. 6597-14).

Information

On November 2, 2000, the Commission initiated I.00-11-002 into the adequacy of SoCalGas' and SDG&E's gas transmission systems to serve the needs of core and noncore gas customers of SDG&E. As a result of this proceeding, the Commission issued D.02-11-073 adopting, among other things, new rules and procedures for SoCalGas' noncore customers. This filing revises SoCalGas' tariffs to comply with the following provisions as described on page 34 of D.02-11-073.

SoCalGas is holding an open season starting January 20, 2003 (within 60 days from the date of D.02-11-073) for noncore firm service on two of its local transmission systems. These systems are located approximately in the following areas: (1) north of Highway 119 and east of Interstate 5 in the San Joaquin Valley; and (2) south of Niland in the Imperial Valley. The results of the open season shall be in effect for 24 months. Customers will be required to commit to the level of their monthly bid for firm noncore capacity and will be subject to use or pay tariff provisions. After conclusion of the open season, existing customers shall be allocated firm noncore service up to the demand level of their most recent 12 months usage. Any remaining firm capacity must be assigned to the new incremental level of existing customers and to the load of new customers on a pro-rata basis.

Concurrently with this filing, all eligible noncore customers are being provided bidding materials for the open season.

Effective Date

This Advice Letter is being filed in compliance with a Commission order and should become effective on January 17, 2003, which is the date filed.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division - IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Jerry Royer (jrr@cpuc.ca.gov) and to Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
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555 West Fifth Street
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Facsimile No. (213) 244-4957
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Notice

In accordance with Section III-G of General Order 96-A, a copy of this filing has been sent to the parties listed on Attachment A, which includes interested parties in I.00-11-002.

J. STEVE RAHON
Director – Tariffs & Regulatory Accounts

Attachments

ATTACHMENT A

Advice No. 3228

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3228

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 36244-G	Schedule No. GN-10, CORE SERVICE FOR SMALL COMMERCIAL AND INDUSTRIAL, Sheet 5	Original 32617-G
Original 36245-G	Schedule No. GT-10, CORE AGGREGATION TRANSPORTATION, FOR CORE COMMERCIAL AND INDUSTRIAL SERVICE, Sheet 7	
Revised 36246-G	Schedule No. G-AC, CORE AIR CONDITIONING SERVICE, FOR COMMERCIAL AND INDUSTRIAL, Sheet 6	Revised 31525-G
Revised 36247-G	Schedule No. GT-AC, CORE TRANSPORTATION-ONLY AIR CONDITIONING, SERVICE FOR COMMERCIAL AND INDUSTRIAL, Sheet 7	Revised 29996-G
Revised 36248-G	Schedule No. G-EN, CORE GAS ENGINE SERVICE, FOR WATER PUMPING, Sheet 3	Revised 31027-G
Revised 36249-G	Schedule No. GT-EN, CORE TRANSPORTATION-ONLY GAS ENGINE, SERVICE FOR WATER PUMPING, Sheet 3	Revised 29999-G
Revised 36250-G	Schedule No. GT-F, FIRM INTRASTATE TRANSMISSION SERVICE, Sheet 8	Revised 35946-G
Original 36251-G	Schedule No. GT-F, FIRM INTRASTATE TRANSMISSION SERVICE, Sheet 9	
Original 36252-G	SAMPLE FORMS - CONTRACTS, Constrained Area Amendment to Master Services Contract, Schedule A, Intrastate Transmission Service (Form No. 6597-14), Sheet 1	
Revised 36253-G	TABLE OF CONTENTS	Revised 36212-G
Revised 36254-G	TABLE OF CONTENTS	Revised 35714-G
Revised 36255-G	TABLE OF CONTENTS	Revised 36243-G

Schedule No. G-AC
CORE AIR CONDITIONING SERVICE
FOR COMMERCIAL AND INDUSTRIAL

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

CARE (Continued)

14. (Continued)

Homeless shelters must provide verification that at least six (6) beds each day or night are provided a minimum of 180 days each year for persons who have no alternate residence, and must provide proof of a valid municipal or county conditional-use permit or any other proof satisfactory to the Utility. Non-profit group living facilities are not required to be licensed or certified.

Self-Recertification Requirements: Facilities will be required to recertify on an annual basis. At the time of each annual certification, the Utility shall require the facility, including homeless shelters, to certify how it intends to pass on the rate discount.

Random Post-Enrollment Verification: The self-certification and self-recertification applications for CARE benefits, and certification of the flow-through of the rate discount, shall be made under penalty of perjury under the laws of the State of California by the same individual who is responsible for the annual renewal of the facility's license from the appropriate state agency, when applicable. The accuracy of the self-certification or self-recertification applications may be subject to random post-enrollment verification by the Utility.

Firm Noncore Service in Areas of the San Joaquin Valley and Imperial Valley Commencing April 1, 2003, Pursuant to CPUC Decision 02-11-073

15. Any existing noncore customer, or potential new noncore customer, offered an opportunity to bid for firm noncore service commencing April 1, 2003, but declined to bid, or was not awarded sufficient firm capacity, may not elect core service for the period covered by the open season.
16. Noncore eligible customers, on core service as of January 20, 2003, that do not submit a bid for service commencing April 1, 2003, may remain core.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3228
DECISION NO. 02-11-073

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Jan 17, 2003
EFFECTIVE Jan 17, 2003
RESOLUTION NO. _____

Schedule No. G-EN
CORE GAS ENGINE SERVICE
FOR WATER PUMPING

Sheet 3

(Continued)

SPECIAL CONDITIONS (Continued)

General (Continued)

- 5. Customers receiving service under this rate schedule may be eligible to elect transportation service under Schedule No. GT-EN.
- 6. The Utility will file core procurement rate changes on the last business day of each month to become effective on the first calendar day of the following month.

Priority 2A Customers

- 7. As a condition precedent to service under this schedule, an executed Master Service Contract, Schedule A, Intrastate Transmission Service (Form Nos. 6597 and 6597-1) shall be required. All contracts, rates, and conditions are subject to revision and modification as a result of Commission order.
- 8. The contract term for service under this schedule shall be for a minimum of one year. After the initial one-year term, the contract will continue on a year-to-year basis until terminated by either party upon 15-days written notice.

Firm Noncore Service in Areas of the San Joaquin Valley and Imperial Valley Commencing April 1, 2003, Pursuant to CPUC Decision 02-11-073

- 9. Any existing noncore customer, or potential new noncore customer, offered an opportunity to bid for firm noncore service commencing April 1, 2003, but declined to bid, or was not awarded sufficient firm capacity, may not elect core service for the period covered by the open season.
- 10. Noncore eligible customers, on core service as of January 20, 2003, that do not submit a bid for service commencing April 1, 2003, may remain core.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3228
DECISION NO. 02-11-073

3H20

ISSUED BY

Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jan 17, 2003
EFFECTIVE Jan 17, 2003

RESOLUTION NO. _____

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Schedule No. GN-10

Sheet 5

CORE SERVICE FOR SMALL COMMERCIAL AND INDUSTRIAL

(Continued)

SPECIAL CONDITIONS (Continued)

- 7. The minimum term for service hereunder is one month, except when a customer has ended service under the Core Aggregation Transportation program and elects to return to Utility procurement service, in which event the minimum term is one year, and then month-to-month thereafter, unless the customer executes an authorization form with another aggregator within the 90-day interim period pursuant to Rule No. 32, Section B.4.b.
- 8. The Utility will file core procurement rate changes on the last business day of each month to become effective on the first calendar day of the following month.
- 9. In the event customers make any material change, either in the amount or character of their gas appliances or equipment, written notice to the Utility must be made in accordance with Rule No. 29, Change of Customer's Apparatus or Equipment.
- 10. If the customer splits its gas requirements between service under this schedule and noncore service under Schedule Nos. G-CS, GT-F, and/or GT-I, the customer shall be required to specify a fixed monthly quantity for service hereunder by month for the term of the customer's contract.

Firm Noncore Service in Areas of the San Joaquin Valley and Imperial Valley Commencing April 1, 2003, Pursuant to CPUC Decision 02-11-073

- 11. Any existing noncore customer, or potential new noncore customer, offered an opportunity to bid for firm noncore service commencing April 1, 2003, but declined to bid, or was not awarded sufficient firm capacity, may not elect core service for the period covered by the open season.
- 12. Noncore eligible customers, on core service as of January 20, 2003, that do not submit a bid for service commencing April 1, 2003, may remain core.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3228
 DECISION NO. 02-11-073

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jan 17, 2003
 EFFECTIVE Jan 17, 2003
 RESOLUTION NO. _____

Schedule No. GT-10

Sheet 7

CORE AGGREGATION TRANSPORTATION
FOR CORE COMMERCIAL AND INDUSTRIAL SERVICE

(Continued)

SPECIAL CONDITIONS (Continued)

Firm Noncore Service in Areas of the San Joaquin Valley and Imperial Valley Commencing April 1, 2003, Pursuant to CPUC Decision 02-11-073

- 18 Any existing noncore customer, or potential new noncore customer, offered an opportunity to bid for firm noncore service commencing April 1, 2003, but declined to bid, or was not awarded sufficient firm capacity, may not elect core service for the period covered by the open season.
- 19 Noncore eligible customers, on core service as of January 20, 2003, that do not submit a bid for service commencing April 1, 2003, may remain core.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3228
DECISION NO. 02-11-073
7H18

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Jan 17, 2003
EFFECTIVE Jan 17, 2003
RESOLUTION NO. _____

Schedule No. GT-EN

Sheet 3

CORE TRANSPORTATION-ONLY GAS ENGINE
SERVICE FOR WATER PUMPING

(Continued)

SPECIAL CONDITIONS (Continued)

Priority 2A Customers

- 7. As a condition precedent to service under this schedule, an executed Master Service Contract, Schedule A, Intrastate Transmission Service (Form Nos. 6597 and 6597-1) shall be required. All contracts, rates, and conditions are subject to revision and modification as a result of Commission order.
- 8. The contract term for service under this rate schedule shall be for a minimum of one year. After the initial one-year term, the contract will continue on a year-to-year basis until terminated by either party upon 15-days written notice.
- 9. As a condition of transportation service under this schedule, the customer shall be required to take assignment of the interstate capacity reserved by SoCalGas on the customer's behalf in accordance with the provisions of Rule No. 36. The customer shall be required to execute the necessary contracts with the applicable interstate pipelines and shall ultimately be held financially responsible to SoCalGas for all applicable pipeline demand charges, at the full as-billed rate, associated with the customer's reserved capacity. In the event the customer does not qualify for and take full assignment of the interstate pipeline capacity reserved by SoCalGas on customer's behalf, the customer shall not qualify for transportation service and shall be served under the applicable SoCalGas sales service schedule.

Firm Noncore Service in Areas of the San Joaquin Valley and Imperial Valley Commencing April 1, 2003, Pursuant to CPUC Decision 02-11-073

- 10. Any existing noncore customer, or potential new noncore customer, offered an opportunity to bid for firm noncore service commencing April 1, 2003, but declined to bid, or was not awarded sufficient firm capacity, may not elect core service for the period covered by the open season.
- 11. Noncore eligible customers, on core service as of January 20, 2003, that do not submit a bid for service commencing April 1, 2003, may remain core.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3228
DECISION NO. 02-11-073

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Jan 17, 2003
EFFECTIVE Jan 17, 2003
RESOLUTION NO. _____

Schedule No. GT-AC

Sheet 7

CORE TRANSPORTATION-ONLY AIR CONDITIONING
SERVICE FOR COMMERCIAL AND INDUSTRIAL

(Continued)

SPECIAL CONDITIONS (Continued)

Large Commercial and Industrial (Continued)

22. Customers having existing gas exchange arrangements with SoCalGas must exchange the maximum amount of gas allowable under those arrangements prior to the delivery of customer-owned natural gas to SoCalGas for transportation, unless otherwise agreed to by SoCalGas.
23. In the event customers make any material change, in either the amount or character of their gas appliances or equipment, written notice to SoCalGas must be made in accordance with Rule No. 29, Change of Customer's Apparatus or Equipment.
24. Customers receiving service under Schedule A (Form No. 6597-1) may elect to participate in the Core Aggregation Transportation Program and receive service under Schedule No. GT-10.
25. As a condition of transportation service under this schedule, the customer shall be required to take assignment of the interstate capacity reserved by SoCalGas on the customer's behalf in accordance with the provisions of Rule No. 36. The customer shall be required to execute the necessary contracts with the applicable interstate pipelines and shall ultimately be held financially responsible to SoCalGas for all applicable pipeline demand charges, at the full as-billed rate, associated with the customer's reserved capacity. In the event the customer does not qualify for and take full assignment of the interstate pipeline capacity reserved by SoCalGas on customer's behalf, the customer shall not qualify for transportation service and shall be served under the applicable SoCalGas sales service schedule.

Firm Noncore Service in Areas of the San Joaquin Valley and Imperial Valley Commencing April 1, 2003, Pursuant to CPUC Decision 02-11-073

26. Any existing noncore customer, or potential new noncore customer, offered an opportunity to bid for firm noncore service commencing April 1, 2003, but declined to bid, or was not awarded sufficient firm capacity, may not elect core service for the period covered by the open season.
27. Noncore eligible customers, on core service as of January 20, 2003, that do not submit a bid for service commencing April 1, 2003, may remain core.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3228
DECISION NO. 02-11-073

7H15

ISSUED BY

Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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EFFECTIVE Jan 17, 2003

RESOLUTION NO. _____

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Schedule No. GT-F
FIRM INTRASTATE TRANSMISSION SERVICE

Sheet 8

(Continued)

SPECIAL CONDITIONS (Continued)

COMMERCIAL/INDUSTRIAL

25. Commercial and industrial customers served under this schedule shall be assigned a rate classification based on the type of facilities from which the customer receives service. Customers served from the Utility's distribution-related facilities shall be classified as distribution (GT-F3D). Customers served from the Utility's transmission-related facilities, as established by the Utility's capital accounting records, shall be classified as transmission (GT-F3T). Customers served from transmission facilities or a combination of transmission and distribution facilities may, at their option, elect transmission or distribution rate status.
26. For commercial and industrial customers served under this schedule through multiple meters on a single premises, as defined in Rule No. 1, the Utility shall combine all such meters, excluding meters serving electric generation equipment, for billing purposes in accordance with the provisions of Rule No. 17.

LONG-TERM DISCOUNTED CONTRACTS

27. Pursuant to the provisions of Decision No. 92-11-052, the Utility may negotiate discounted contracts for a service term of five years or longer with customers served under this schedule. Such contracts must be filed for prior CPUC approval under the CPUC's Expedited Application Docket (EAD) procedure as adopted in Decision No. 92-11-052.

PEAKING SERVICE

28. Customers who receive gas transportation service from an alternate service provider may be subject to the provisions of the Peaking Service Tariff, GT-PS.

FIRM NONCORE SERVICE IN AREAS OF THE SAN JOAQUIN VALLEY AND IMPERIAL VALLEY COMMENCING APRIL 1, 2003, PURSUANT TO CPUC DECISION 02-11-073

29. All firm noncore deliveries will be under partial requirements service. Full requirements service is not available.
30. Hourly Scheduled Quantity (HSQ) is the quantity awarded in an open season and to be delivered each hour under Sequence 2 of the Constrained Area Amendment to Master Services Contract, Schedule A, Intrastate Transmission Service, Form 6597-14 (Amendment), under this rate schedule.
31. Monthly Scheduled Quantity (MSQ) is the quantity awarded in an open season and to be delivered each month under Sequence 2 of the Amendment under this rate schedule. For customers bidding hourly, the MSQ under this rate schedule is equivalent to the summation of HSQs for the month.

(Continued)

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Schedule No. GT-F

Sheet 9

FIRM INTRASTATE TRANSMISSION SERVICE

(Continued)

SPECIAL CONDITIONS (Continued)

FIRM NONCORE SERVICE IN AREAS OF THE SAN JOAQUIN VALLEY AND IMPERIAL VALLEY COMMENCING APRIL 1, 2003, PURSUANT TO CPUC DECISION 02-11-073

(Continued)

32. If during any billing period, the customer's firm noncore usage is less than 75% of customer's firm noncore MSQ, the customer will be assessed use-or-pay charges equal to 80% of the transmission charges multiplied by the difference between 75% of the customer's firm noncore MSQ and the customer's firm noncore usage for that month.
33. The maximum hourly quantity (in therms) the customer is entitled to use during an interruptible service curtailment is equal to the core MSQs for the month *divided by* operating days specified for that Sequence 1 in the Amendment *divided by* 24 hours. In addition, the customer is authorized to use either: (a) the firm noncore MSQs for the month *divided by* operating days specified for that Sequence 2 in the Amendment *divided by* 24 hours for customer's who bid monthly MSQs; or (b) the stated HSQ for the specific hour, day, month and year awarded for customers who bid hourly HSQ.
34. Curtailment violation charges will apply hourly for any quantities consumed that exceed those authorized by hour at the following charges:
\$1 per therm for hours 1 through 5 of the curtailment event;
\$3 per therm for hours 6 through 8 of the curtailment event; and
\$10 per therm for each hour after hour 8 through end of the curtailment event.
35. For any period where the firm bids exceed firm capacity; all bids that exceed the customers' historic usage will be reduced to historic usage. The historic usage will be equal to the customer's peak day usage for that month within the most recent 12 months. Peak day usage will be divided by 24 to determine historic hourly usage. If firm capacity remains over-subscribed after customers' bids have been reduced to historic usage, the utility shall first award available firm capacity pro-rata based on historic usage. If firm capacity is not over-subscribed after customers' bids have been awarded based on historic usage, quantities bid in excess of the customer's historic usage and quantities submitted by new customers will be awarded on a pro-rata basis.
36. Noncore customers eligible to participate in the open season that do not submit a bid shall be placed on an interruptible noncore rate schedule. Any potential noncore eligible customer, offered an opportunity to bid for firm noncore service, but declines to bid, or was not awarded sufficient firm capacity, may not elect core service during the period covered by the open season.
37. Noncore eligible customers, on core service as of January 20, 2003, that do not submit a bid for service commencing April 1, 2003, may remain core.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3228
DECISION NO. 02-11-073

9H22

ISSUED BY

Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jan 17, 2003
EFFECTIVE Jan 17, 2003

RESOLUTION NO. _____

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SAMPLE FORMS - CONTRACTS
Constrained Area Amendment to Master Services Contract, Schedule A
Intrastate Transmission Service (Form No. 6597-14)

Sheet 1

(See Attached Form)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3228
DECISION NO. 02-11-073

1H13

ISSUED BY

Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jan 17, 2003
EFFECTIVE Jan 17, 2003

RESOLUTION NO. _____

**CONSTRAINED AREA AMENDMENT to
Master Services Contract – Schedule A
Intrastate Transmission Service
Account No. _____**

This Amendment is entered into by and between Southern California Gas Company (“Utility”) and _____ (“Customer”) as of _____ to amend the Master Services Contract (MSC) Schedule A entered into as of _____.

Utility and Customer agree to amend the MSC Schedule A (“Agreement”) as follows:

1. Section 1 (B) is deleted in its entirety and replaced with the following:

B. Effective Date and Term. All gas deliveries shall be transported pursuant to the Agreement as amended by this Amendment, and it shall be effective commencing as of April 1, 2003 (“Effective Date”) and shall terminate on March 31, 2005.

2. Section 1 (C) is added as follows:

C. Partial Requirements and Use-or-Pay Aggregation

(1) Partial Requirements Service. All firm noncore deliveries will be under the partial requirements service. Full requirements service is not available.

(2) Use-or-Pay Aggregation. Individual Customers may aggregate their firm intrastate transmission service only at their facilities located within the same constrained area for purposes of use-or-pay charge determination. If Customer aggregates facilities with different rates, use-or-pay charges shall be based on the highest transmission charge. The following list contains the account numbers that are to be aggregated for use-or-pay purposes:

3. Section 2 is amended as follows:

The first paragraph under the Section heading, beginning with “Customer has requested and agreed to pay for,” and ending with “noted in Section 9(E)”, is deleted. The heading “Sequence 01”, etc. and the “BILLING SCHEDULE” AND “MONTHLY SCHEDULED QUANTITY” tables are deleted and replaced with the following:

Sequence 01

This sequence is for Core Quantities only.

If you (Customer) want your facility to be 100% Core service, you do not need to submit a bid and should contact your Account Representative. (Pursuant to SoCalGas Tariff Rule No. 23, Customers with Electric Generation using 20,800 therms or more per month may not qualify for core service.)

Billing Schedule				
Rate Schedule <u>Select those that apply with an "X"</u>	Priority	Net Billed	Transmission Rates Tariff/Negotiated	Otherwise Applicable Rate
<input type="checkbox"/> G-EN <input type="checkbox"/> GT-EN <input type="checkbox"/> GN-10 <input type="checkbox"/> GT-10	<i>For Utility use only</i>	<i>For Utility use only</i>	<i>For Utility use only</i>	<i>For Utility use only</i>
Term: <u>2-Years</u>				
Monthly Scheduled Quantities (therms <i>per month</i>)				
Year 1 (April 1 st , 2003 to March 31 st , 2004)			Year 2 (April 1 st , 2004 to March 31 st , 2005)	

Apr _____ May _____ Jun _____ Jul _____ Aug _____ Sep _____ Oct _____ Nov _____ Dec _____ Jan _____ Feb _____ Mar _____	Apr _____ May _____ Jun _____ Jul _____ Aug _____ Sep _____ Oct _____ Nov _____ Dec _____ Jan _____ Feb _____ Mar _____
Annual Quantity _____	Annual Quantity _____

Operating Days M _____ T _____ W _____ Th _____ F _____ Sat _____ Sun _____

Sequence 02
This sequence is for Firm Noncore Quantities

You (Customer) may bid for firm noncore service by entering the quantities in Sequence 02. Select all noncore rate schedules that apply and enter quantities in aggregate. You may bid monthly quantities for one month, and then hourly quantities for the next month; but not both, monthly and hourly, for the same month. Use the appropriate form(s) for monthly and hourly bids.

Billing Schedule				
Rate Schedule <u>Select those that apply with an "X"</u>	Priority	Net Billed	Transmission Rates Tariff/Negotiated	Otherwise Applicable Rate
<input type="checkbox"/> GT-F3 <input type="checkbox"/> GT-F4 <input type="checkbox"/> GT-F5	<i>For Utility use only</i>	<i>For Utility use only</i>	<i>For Utility use only</i>	<i>For Utility use only</i>
Term: <u>2-Years</u>				
Year 1 (April 1 st , 2003 to March 31 st , 2004)			Year 2 (April 1 st , 2004 to March 31 st , 2005)	
<u>Bid Amount</u>			<u>Bid Amount</u>	
<u>Award Amount</u> <i>For Utility use only</i>			<u>Award Amount</u> <i>For Utility use only</i>	
Annual Quantity _____			Annual Quantity _____	

Sequence 02
Firm Noncore Quantities
Monthly Bid Form
Use Additional Pages if Necessary

Monthly Scheduled Quantities (therms <i>per</i> month)	
Year 1 (April 1 st , 2003 to March 31 st , 2004)	Year 2 (April 1 st , 2004 to March 31 st , 2005)

<u>Bid Amount</u>	<u>Award Amount</u> <i>For Utility use only</i>	<u>Bid Amount</u>	<u>Award Amount</u> <i>For Utility use only</i>
Apr _____	_____	Apr _____	_____
May _____	_____	May _____	_____
Jun _____	_____	Jun _____	_____
Jul _____	_____	Jul _____	_____
Aug _____	_____	Aug _____	_____
Sep _____	_____	Sep _____	_____
Oct _____	_____	Oct _____	_____
Nov _____	_____	Nov _____	_____
Dec _____	_____	Dec _____	_____
Jan _____	_____	Jan _____	_____
Feb _____	_____	Feb _____	_____
Mar _____	_____	Mar _____	_____

Operating Days M _____ T _____ W _____ Th _____ F _____ Sat _____ Sun _____

Sequence 02
Firm Noncore Quantities
Hourly Bid Form
use Additional Pages if Necessary

Hourly Firm Noncore Bid Range # 1

Operating Days M_____ T_____ W_____ Th_____ F_____ Sat_____ Sun_____

Date Range: Start on Month_____ End after Month _____
Day _____ Day _____
Year _____ Year _____

Hour Range: Start on Hour _____ am__ pm__ End after Hour _____ am __ pm __
(Indicate am/pm. Start and end on the hour. Midnight is 12:00am; Noon is 12:00pm.)

Therms per Hour: _____

Hourly Firm Noncore Bid Range # 2

Operating Days M_____ T_____ W_____ Th_____ F_____ Sat_____ Sun_____

Date Range: Start on Month_____ End after Month _____
Day _____ Day _____
Year _____ Year _____

Hour Range: Start on Hour _____ am__ pm__ End after Hour _____ am __ pm __
(Indicate am/pm. Start and end on the hour. Midnight is 12:00am; Noon is 12:00pm.)

Therms per Hour: _____

Hourly Firm Noncore Bid Range # 3

Operating Days M_____ T_____ W_____ Th_____ F_____ Sat_____ Sun_____

Date Range: Start on Month_____ End after Month _____
Day _____ Day _____
Year _____ Year _____

Hour Range: Start on Hour _____ am__ pm__ End after Hour _____ am __ pm __
(Indicate am/pm. Start and end on the hour. Midnight is 12:00am; Noon is 12:00pm.)

Therms per Hour: _____

Sequence 03
This sequence is for Interruptible Noncore Quantities

Billing Schedule				
Rate Schedule <u>Select those that apply with an "X"</u>	Priority	Net Billed	Transmission Rates Tariff/Negotiated	Otherwise Applicable Rate
<input type="checkbox"/> GT-I3 <input type="checkbox"/> GT-I4 <input type="checkbox"/> GT-I5	<i>For Utility use only</i>	<i>For Utility use only</i>	<i>For Utility use only</i>	<i>For Utility use only</i>
Term: <u>2-Years</u>				
Monthly Scheduled Quantities (therms <i>per month</i>)				
Year 1 (April 1 st , 2003 to March 31 st , 2004)			Year 2 (April 1 st , 2004 to March 31 st , 2005)	

<u>Bid Amount</u>	<u>Award Amount</u> <i>For Utility use only</i>	<u>Bid Amount</u>	<u>Award Amount</u> <i>For Utility use only</i>
Apr _____	_____	Apr _____	_____
May _____	_____	May _____	_____
Jun _____	_____	Jun _____	_____
Jul _____	_____	Jul _____	_____
Aug _____	_____	Aug _____	_____
Sep _____	_____	Sep _____	_____
Oct _____	_____	Oct _____	_____
Nov _____	_____	Nov _____	_____
Dec _____	_____	Dec _____	_____
Jan _____	_____	Jan _____	_____
Feb _____	_____	Feb _____	_____
Mar _____	_____	Mar _____	_____
Annual Quantity _____	_____	Annual Quantity _____	_____

4. Section 10 is added to the Agreement as follows:

Section 10 Special Terms and Conditions for Constrained Area Transportation:

A. Definitions

(1) **Hourly Scheduled Quantity (“HSQ”).** The quantities awarded and to be delivered each hour under a sequence with a firm noncore rate schedule.

(2) **Monthly Scheduled Quantity (“MSQ”).** The quantities awarded and to be delivered each month under the specified sequence and applicable rate schedule. For Customers bidding hourly in Sequence 2, the MSQ for Sequence 2 is equivalent to the summation of HSQs for the month.

(3) **Bidding Core and Noncore Rates.** If both core and noncore rates are bid, the core rates must be entered in Sequence 1 before any noncore sequence.

(4) **Last Sequence.** In all bids, the last sequence will be an interruptible noncore rate schedule (GT-I3, GT-I4, GT-I5) with an MSQ of at least 1 therm. This will allow the Customer to receive more quantities of gas than core or firm noncore MSQ specifies, provided the system is delivering interruptible service at the time. If the last Sequence submitted is not an interruptible rate schedule, an additional Sequence will automatically be added and awarded for an MSQ of 1 therm.

(5) **Use-or-Pay.** Use-or-pay charges will be calculated as follows: If during any billing period, the Customer’s firm noncore usage is less than 75% of Customer’s firm noncore MSQ, the Customer will be assessed use-or-pay charges equal to 80% of the transmission charges multiplied by the difference between 75% of the Customer’s firm noncore MSQ and the Customer’s firm noncore usage.

(6) **Firm Noncore Usage for Monthly Billing and Use-or-Pay Charges Determination.** Firm usage are those volumes transported on a firm basis and are limited monthly to the Firm MSQ. Usages exceeding the firm MSQs for the month are delivered on an interruptible basis.

(7) **Authorized Curtailment Quantity.** The maximum hourly quantity (in therms) the Customer is entitled to use during an interruptible service curtailment is equal to the core MSQ for the month divided by operating days, as specified for that sequence, *divided by 24 hours*. In addition, the Customer would be authorized to use either: (a) the firm noncore MSQs for the month *divided by* operating days, as specified for that sequence, *divided by 24 hours* for Customer’s who bid monthly MSQs; or (b) the stated HSQ for the specific hour and month awarded for Customers who bid hourly HSQ, which ever applies.

(8) **Billing of Interruptible Metered Volumes.** Billed at the rate schedule(s) indicated on the appropriate sequence. The rate tier for interruptible volumes each month will begin at the rate tier of the last firm metered volume.

(9) **Curtailment.** Utility shall curtail service in accordance with its tariffs as in effect from time to time, including but not limited to its Rule 23.

(10) **Curtailment violation charges.** Curtailment violation charges will apply hourly for any quantities consumed that exceed those authorized by hour at the following charges:

\$1 per therm for hours 1 through 5 of the curtailment event;

\$3 per therm for hours 6 through 8 of the curtailment event

\$10 per therm for each hour after hour 8 through end of the curtailment event.

B. Future Regulatory Changes Regarding Un-Bundling and to Current Transmission Services

The California Public Utilities Commission (“CPUC”) has instructed Utility to un-bundle services which are currently included as part of the intrastate noncore transportation service, but has not yet approved Utility’s proposed implementation of these changes. Upon CPUC approval of

implementation, such services shall be unbundled. The CPUC has also instructed Utility to exclude large refineries and Enhanced Oil Recovery from core service. Utility is awaiting approval on its advice letter to implement this change. If implemented during the term of this Agreement, Customers who are large EOR and/or refineries may be required to move from core service to noncore service necessitating appropriate changes to this Agreement.

C. Early Termination. In the event of early termination, Customer will pay Utility an amount equal to the outstanding use-or-pay charges for the contract period.

D. Availability of Daily and Hourly Data. In the event that daily usage data is not available, the recorded monthly volumes delivered to Customer shall be assumed to be delivered at a constant rate over the number of calendar days during the month. In the event that hourly usage data is not available, the recorded daily volumes delivered to Customer shall be assumed to be delivered at a constant rate over a 24-hour period.

E. Awarding of Firm Noncore Capacity. For any period where the firm bids exceed firm capacity; all bids that exceed the customers' historic usage will be reduced to historic usage. The historic usage will be equal to the customer's peak day usage for that month within the most recent 12 months. Peak day usage will be divided by 24 to determine historic hour. If firm capacity remains oversubscribed after customers' bids have been reduced to historic usage, the utility shall first award available firm capacity pro-rata based on historic usage. If firm capacity is not oversubscribed after customers' bids have been awarded based on historic usage, quantities bid in excess of the customer's historic usage and quantities submitted by new customers will be awarded on a pro-rata basis.

F. Hourly Allocation of Bids when Oversubscribed. In the event that only certain hours are oversubscribed, then monthly bids will be converted to an hourly basis by dividing by operating days in the month and then by 24 hours; the "converted hourly bid" will be pro-rated along with hourly bids for the oversubscribed hour(s); and then converted back into a monthly award by multiplying the pro-rated hour amount by 24 hours and then multiplied by the operating days in the month.

G. Firm Quantities Bid but Not Awarded. Such quantities shall be added to Customer's interruptible sequence.

H. Right of Refusal. Utility reserves the right to reject any bid. Once rejected, Utility shall notify Customer as to the reason for such rejection. Customer may re-submit a bid, provided that firm quantities have not yet been awarded to participants in the Open Season.

I. Rates. The effective rate(s) to be charged for all natural gas services under this Agreement are specified in the appropriate CPUC-approved Tariff(s) Schedules identified herein, and their successor Schedules that become effective during the term of this Agreement. All applicable Tariff Schedules and Rules are incorporated by reference in this Agreement, including, but not limited to generally applicable Tariff Rules 1 and 23.

J. Open Season/Contractual Bid

(1) This Agreement including the Amendment must be executed and received by Utility no later than the Due Date (defined below). By signing this Amendment, Customer agrees that it is making an irrevocable offer to enter into an Agreement on the terms stated in this Amendment and agrees that the Amendment will become effective as of the Effective Date for the MSQs and HSQs Customer is awarded by Utility at the end of the Open Season.

(a) **Due Date.** All Bids must be received by Utility pursuant to the bidding instructions no later than **5:00PM (Pacific Standard Time) on March 3, 2003**. After this time, the Open Season is closed.

(b) **Open Season.** This Amendment and Agreement are being entered into as a result of CPUC Decision 02-11-073 ordering Utility to conduct an Open Season to award capacity in the constrained capacity areas of Northern San Joaquin and Southern Imperial counties.

K. Amendment Prevails. In the event of any conflict or inconsistency between this Amendment and the MSC Schedule A, the terms and conditions of this Amendment shall control.

5. Except as provided herein, all other terms and conditions of the Agreement (Schedule A) remain the same and are hereby ratified and affirmed.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed two duplicate original copies hereof.

Customer

Utility

Name: _____

Name: Southern California Gas Company

By: _____

By: _____

Title: _____

Title: _____

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(Continued)

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Lee Schavrien
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(Continued)

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3228
 DECISION NO. 02-11-073

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jan 17, 2003
 EFFECTIVE Jan 17, 2003
 RESOLUTION NO. _____