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December 22, 2003

Advice No. 3325 (U 904 G)

Public Utilities Commission of the State of California

Subject: Meter Bounce-Back Service

Southern California Gas Company (SoCalGas) hereby submits for filing and approval with the Public Utilities Commission (Commission) revisions to its tariff schedules, applicable throughout its service territory, as shown on Attachment B.

Purpose

This Advice Letter seeks Commission authorization to implement a new experimental tariff, Schedule No. G-MBB, "Meter Bounce-Back Service" and two new pro forma contracts, "Master Services Contract, Schedule P, Operational Displacement Services Master Agreement" (Form No 6597-22) and "Operational Displacement Services Confirmation Exhibit A – Meter Bounce-Back Services" (Form No. 6597-22A).

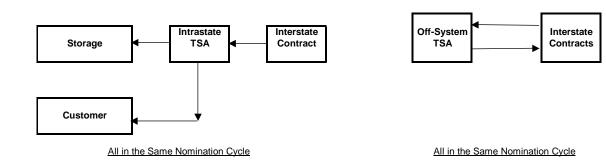
SoCalGas proposes that the new rate schedule filed herein be implemented as an experimental tariff to be effective upon approval for service until the earlier of April 1, 2006 or such date as the Commission may direct. At such time, SoCalGas will discontinue offering this new service under this experimental tariff schedule. Based on the experience gained from providing the service requested, SoCalGas will decide whether to request that this new rate schedule be continued on a permanent basis.

Discussion

Under this new rate schedule, an interstate pipeline shipper will be allowed to transport the gas scheduled to be delivered into California, back into the same interstate pipeline system before the gas actually reaches the SoCalGas system. Interstate pipeline shippers using this new service would continue to nominate gas to a SoCalGas receipt point and then would immediately nominate a like quantity ("bounces") of that supply back to a point on the same interstate pipeline system. SoCalGas would confirm requests for delivery into the interconnecting pipeline. The figures below illustrate today's normal service from an interstate pipeline shipper and the proposed new bounce-back service.

Normal Interstate Nomination Process

Bounce-Back Nomination Process



TSA = Transportation Service Agreement

This service will not increase off-system deliveries since it is unlikely that the supply to southern California would be nominated without the corresponding "bounce" service. Nevertheless, the service will be "interruptible" at the discretion of the SoCalGas system operator.

Authority for Advice Filing

This advice letter is being filed under the provisions of Section V.A of General Order No. 96-A, which allow a utility to introduce new tariff sheets covering a service not heretofore furnished and to have such tariff sheets become effective for service on regular statutory notice.

In accordance with Section V.A of General Order No. 96-A, this filing will not result in an increase in any present rate or charge, nor will it deviate from or conflict with any current rate schedule or rule. Moreover, this advice letter will not cause the withdrawal of any service currently provided by SoCalGas or impose more restrictive service conditions on SoCalGas' customers.

Description of New Rate Schedule

SoCalGas intends to offer this service in a nondiscriminatory manner at a single, market rate. This rate will be subject to a price cap equal to the 31 cents/dth (the current price cap in SoCalGas' FERC Section 284.224 blanket transportation authority). The rate will also be subject to a price floor of 3 cents/dth (which is above SoCalGas' marginal cost for the service). The rate may vary from receipt point to receipt point.

Revenue and Accounting Treatment

This type of service is a special subset of "off-system deliveries" that are more generally described in Appendix B of the Comprehensive Settlement Agreement (CS) approved by the Commission in D.01-12-018. When and if the CS (or any other system of CPUC-approved firm transmission) is implemented, revenues from this service will be treated the same way other revenues for off-system deliveries. In the meantime, SoCalGas would book these revenues as miscellaneous revenues.

Hinshaw Exemption

and/or FERC.

SoCalGas is generally exempt from jurisdiction of the Federal Energy Regulatory Commission (FERC) under the Hinshaw Exemption. By providing this service SoCalGas will not be required to take any action, including without limitation to enter into any contracts with third parties, which for any reason jeopardizes or in SoCalGas' sole opinion could reasonably raise a question regarding SoCalGas' retention of its Hinshaw Exemptions under the Natural Gas Act (15 U.S.C. §717(c)).

Benefits of New Rate Schedule

Several shippers on the El Paso Natural Gas Company (El Paso) system have requested this service of SoCalGas. SoCalGas believes it should attempt to provide services to the marketplace, if sufficient demand for such services is demonstrated, as is the case here. As a result, SoCalGas requests authorization to offer meter bounce-back service in a non-discriminatory manner to all customers nominating gas from interstate pipelines into SoCalGas' system.

Although a similar service could be performed by El Paso and other pipelines and is, in fact, already being performed by Transwestern Pipeline Company, El Paso currently does not have tariff authority to self-confirm nominations and claims that it cannot provide self-confirmations under its 2003 settlement of the CPUC complaint case. El Paso shippers using this bounce service would be able to access San Juan supplies (as opposed to Permian supplies) using their firm El Paso primary delivery point to SoCalGas Ehrenberg and then bounce those supplies to an alternate point on the El Paso system. If, in the alternative, these shippers were to try to directly deliver to an alternate point with their El Paso capacity, they would lose their priority access to San Juan basin gas. The price differential between San Juan and Permian supplies fluctuates dramatically, and can often exceed the price cap suggested for this bounce service.

Thus, this new rate schedule would permit SoCalGas to allow interstate shippers to realize part of the commodity savings associated with lower-cost San Juan supplies. At the same time, it would generate revenues from off-system services that could be used to reduce the on-system costs of SoCalGas' end-users. SoCalGas believes that a similar type of bounce service is already being offered by Pacific Gas and Electric Company. SoCalGas does not believe this service would reduce total deliveries of gas to California since it is unlikely that the supply to southern California would be scheduled without the corresponding "bounce" service. Nevertheless, the service will be "interruptible" at the discretion of the SoCalGas system operator.

² SoCalGas would track this relative basin price volatility through its market pricing of the bounce service, subject to the price cap and floor.

See "Answer of El Paso to Complaint of East of California Shippers Seeking Fast Track Authorization" in RP04-33-000. The service proposed herein may become unmarketable if El Paso changes its current scheduling practices in response to complaints from EOC shippers

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 received within 20 days of the date of this Advice Letter. 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 (jir@cpuc.ca.gov) and Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest shall 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 Tariff Manager - GT14D6 555 West Fifth Street Los Angeles, CA 90013-1011 Facsimile No. (213) 244-4957

E-Mail: snewsom@semprautilities.com

Effective Date

SoCalGas believes approval of this advice letter does not require a resolution to be issued by the Commission; however, the Commission may determine that a resolution is warranted in this case.

SoCalGas respectfully requests that the tariff sheets filed herein be made effective for service on and after January 31, 2004, which is not less than forty (40) days regular statutory notice, or on such later date the Commission may direct by resolution.

Notice

In accordance with Section III.G of General Order No. 96-A, a copy of this advice letter is being sent to the parties listed on Attachment A, including parties in A.03-06-040, SoCalGas' Firm Rights for California, and A.03-09-008, SoCalGas' 2005 BCAP.

J. STEVE RAHON
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Attachments

ATTACHMENT A

Advice No. 3325

(See Attached Service Lists)

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ATTACHMENT B Advice No. 3325

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Original 37189-G	Schedule No. G-MBB, METER BOUNCE-BACK SERVICE, (Experimental), Sheet 1	
Original 37190-G	Schedule No. G-MBB, METER BOUNCE-BACK SERVICE, Sheet 2	
Original 37191-G	MASTER SERVICES CONTRACT, SCHEDULE P, Operational Displacement Services, Master Agreement, Form 6597-22	
Original 37192-G	Operational Displacement Services Confirmation, Exhibit A - Meter Bounce-Back Service, Form 6597-22A	
Revised 37193-G	TABLE OF CONTENTS	Revised 37179-G
Revised 37194-G	TABLE OF CONTENTS	Revised 37187-G
Revised 37195-G	TABLE OF CONTENTS	Revised 37017-G
Revised 37196-G	TABLE OF CONTENTS	Revised 37018-G
Revised 37197-G	TABLE OF CONTENTS	Revised 37188-G

Original

CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO.

37189-G

LOS ANGELES, CALIFORNIA CANCELING

Schedule No. G-MBB <u>METER BOUNCE-BACK SERVICE</u> (Experimental)

Sheet 1

N

APPLICABILITY

A Customer will be allowed to nominate gas originally nominated to be delivered into SoCalGas back into the same interstate pipeline system at the same interconnection point. Customers using this service will nominate gas to a SoCalGas receipt point and then will immediately contemporaneously nominate a like quantity ("bounces") of that supply back to a contract on the same interstate pipeline system. If operationally available by its system SoCalGas will confirm requests for delivery into its system from the interconnecting pipeline and back into the same interconnecting pipeline.

TERRITORY

Applicable to any of the following SoCalGas receipt points and connecting interstate pipelines:

Receipt PointInterstate PipelineWheeler Ridge:Kern River/MojaveKramer Junction:Kern River/MojaveTopock:El Paso, Transwestern

Needles: Transwestern, Southern Trails

Ehrenberg: El Paso

<u>Delivery Point(s)</u>: The gas delivered to one of the above identified receipt points will be re-delivered off-system to the same interstate pipeline listed above at the same interconnection point.

RATES

The customer shall pay a single market-based rate on a volumetric basis established at each receipt point by the Utility. The market price shall be the same for all similarly situated customers using the service at the same time at the same point. However, that market price may vary from receipt point to receipt point on any given day. The market price will be subject to a cap of 31 cents/dth and a floor of 3 cents/dth. If demand exceeds the available capacity at the established price level for a particular receipt point, all requests for the service at that receipt point will be prorated.

SPECIAL CONDITIONS

General

1. The definitions of the principal terms used in this rate schedule and the Utility's other tariff schedules are contained in Rule No. 1.

(Continued)

(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3325 DECISION NO.

1R21

ISSUED BY
Lee Schavrien
Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Dec 22, 2003

EFFECTIVE

RESOLUTION NO.

| | | | | | | LOS ANGELES, CALIFORNIA CANCELING

CAL. P.U.C. SHEET NO.

Schedule No. G-MBB METER BOUNCE-BACK SERVICE

Sheet 2

N

37190-G

(Continued)

SPECIAL CONDITIONS (Continued)

General (Continued)

- As a condition precedent to service under this schedule, an executed Master Services Contract, Schedule P, Operational Displacement Services Master Agreement (Form No. 6597-22) is required. The minimum term for service under this rate schedule is one day.
- Customer must meet the creditworthiness requirements specified in SoCalGas' tariffs.
- This service is interruptible at the sole discretion of the SoCalGas system operator. Volumes available each day for this service are also at the sole discretion of such operator.
- Transported volumes will not be subject to a shrinkage charge on the SoCalGas system.

Nominations

- Nominations must be submitted in accordance with SoCalGas' Rule 30 but will not be made available through SoCalGas' EBB.
- Nominations made for delivery to an interstate pipeline must concurrently have a nomination for receipt into SoCalGas from the same SoCalGas receipt/delivery point. Both nominations must be made in the same cycle and at the same time.
- 8. The quantity nominated to SoCalGas on the interstate pipeline must be the exact quantity nominated for delivery to the same interstate pipeline.

HINSHAW EXEMPTION

SoCalGas is generally exempt from jurisdiction of the Federal Energy Regulatory Commission (FERC) under the Hinshaw Exemption. SoCalGas shall not be required to take any action hereunder, including without limitation to enter into any contracts with third parties, which for any reason jeopardizes or in SoCalGas' sole opinion could reasonably raise a question regarding SoCalGas' retention of its Hinshaw Exemptions under the Natural Gas Act (15 U.S.C. §717(c)).

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(TO BE INSERTED BY UTILITY) 3325 ADVICE LETTER NO. DECISION NO.

2R20

ISSUED BY Lee Schavrien Vice President

(TO BE INSERTED BY CAL. PUC) Dec 22, 2003 DATE FILED

EFFECTIVE

Regulatory Affairs RESOLUTION NO.

SOUTHERN CALIFORNIA GAS COMPANY

LOS ANGELES, CALIFORNIA CANCELING

Original CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO.

37191-G

MASTER SERVICES CONTRACT, SCHEDULE P Operational Displacement Services	N N
Operational Displacement Services Master Agreement, Form 6597-22	N
(See Attached Form)	N

(to be inserted by utility) advice letter no. \$3325\$ decision no.

ISSUED BY
Lee Schavrien
Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Dec 22, 2003

EFFECTIVE

RESOLUTION NO.

MASTER SERVICES CONTRACT

SCHEDULE P

OPERATIONAL DISPLACEMENT SERVICES MASTER AGREEMENT

This Operational Displacement Services Master Agreement ("ODSMA") by and between the Southern		
California Gas Company, a California corporation ("Utility") and ("Customer")		
(collectively the "Parties") is entered into as of ("Effective Date").		
Whereas Utility is a "gas utility" as defined in the Public Utilities Code of the State of California; is		
subject to the jurisdiction of the California Public Utilities Commission ("CPUC"); is a "Hinshaw"		
pipeline generally exempt from the jurisdiction of the Federal Energy Regulatory Commission		
("FERC") under section 1(c) of the Natural Gas Act; and is a "local distribution company" served by an		
interstate pipeline within the meaning of Sections 2(17) and 311 of the Natural Gas Policy Act of 1978		
and the Regulations of the FERC thereunder; and		
Whereas Customer would like to purchase Operational Displacement Services from Utility and Utility is		
willing to provide such services on an interruptible basis;		
NOW, THEREFORE, the Parties hereby agree to the following Agreement terms and conditions:		

SECTION 1. PURPOSE AND PROCEDURES

1.1. This ODSMA is for the purchase of Operational Displacement Services ("Services") that are being provided by the Utility pursuant to and consistent with Utility's FERC Part 284.224 blanket certificate. All Operational Displacement Services are offered solely on an interruptible basis. Utility

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has the right to not offer Services or discontinue Services at any time, and for any or no reason.

Interruptible service is available only in the Utility's sole discretion and after any and all use of its facilities and/or capacity for other tariff service for core and non-core customers, or for its own operational requirements.

- 1.2 The Parties will use the Operational Displacement Services Confirmation ("ODSC") to document individual transactions mutually agreed upon by the Parties using the form set forth in Exhibit A. The Utility shall (and Customer may) confirm each separate transaction in writing on an ODSC and communicate such ODSC by facsimile or mutually agreeable electronic means, to the other party by no later than the close of the Business Day following the date of agreement to the transaction. The Parties acknowledge that their agreement to a transaction will not be binding until the exchange of nonconflicting ODSCs or the passage of the Confirm Deadline without objection from the receiving Party, as provided in Section 1.3. Multiple ODSCs may be in effect at the same time for separate Operational Displacement Services transactions.
- 1.3. If a sending Party's ODSC is materially different from the receiving Party's understanding of the agreement referred to in Section 1.2., such receiving Party shall notify the sending Party via facsimile or other written notification by the Confirm Deadline, unless such receiving Party has previously sent an ODSC to the sending Party. The failure of the receiving Party to so notify the sending Party in writing on or before the Confirm Deadline constitutes the receiving Party's agreement to the terms of the transaction described in the sending Party's ODSC. If there are any material differences between timely sent ODSCs governing the same transaction, then neither ODSC shall be binding until or unless such differences are resolved. The entire agreement between the Parties shall be those provisions contained in both the ODSMA and any effective ODSC. In the event of a conflict among the terms of an ODSC and the ODSMA, the terms of the ODSC shall govern.

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SECTION 2. DEFINITIONS

- 2.1 "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.
- "Cash-Out Rate" shall mean the daily "Midpoint" rate reported for the Day that any imbalance was created or highest "Absolute" rate reported for any Day during any payback or extended payback period (if an extended payback period has been mutually agreed to) by Platt's Gas Daily in its table entitled "Daily Price Survey" for delivery into the Southern California Gas Company system at the California/Arizona border set forth under "Others" "SoCal Gas". If, for any reason, Gas Daily, or the referenced index price, ceases to be available, the Cash-Out Rate will be the highest daily rate reported for deliveries at the California/Arizona border as reported in any generally accepted available industry publication chosen by the Party to whom the imbalance payment is owed.
- 2.3. "Confirm Deadline" shall mean 5:00 p.m. in the receiving Party's time zone on the second Business Day following the Day a Confirmation is received; provided, if the ODSC is time stamped after 5:00 p.m. in the receiving Party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.4. "Contract" shall mean the legally-binding relationship established by (i) the ODSMA (ii) the provisions contained in any effective ODSC and (iii) the provisions in any effective amendment to an ODSC or ODSMA.
- 2.5. "Contract Price" shall mean the amount expressed in U.S. Dollars per Dth, as evidenced by the Contract Price on the ODSC.
- 2.6. "Daily Contract Quantity" shall mean the quantity of Gas to be delivered and taken as set forth in the ODSC.
- 2.7. "Day" shall mean a period of 24 consecutive hours commencing at 12:00 midnight (Pacific time) on any calendar day and ending at 12:00 midnight (Pacific time) on the next succeeding calendar day.

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- 2.8 "Delivery Point" shall mean such operational point as mutually agreed upon between Utility and Customer as set forth in the ODSC.
- 2.9 "Gas" shall mean any mixture of hydrocarbons and non-combustible gases in a gaseous state consisting primarily of methane that meets all Utility specifications set forth in its Tariff Rule 30.
- 2.10 "Interruptible" shall mean that Utility may interrupt its performance at any time for any reason with no liability to Customer or any other Party.
- 2.11 "Meter Bounce-back Service" shall mean the receipt by Utility of Customer's Gas at a Receipt Point and delivery of an equivalent quantity of Gas at the same point as set forth in the ODSC on an interruptible basis.
- 2.12 "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.13. "Operational Displacement Services Confirmation" shall mean the document, substantially in the form of Exhibit A setting forth the terms of a Meter Bounce-back Service or Off-System Transportation Service transaction formed pursuant to Section 1 specifying a particular Receipt Point and Delivery Point.
- 2.14 "Receipt Point" shall mean such operational point where Gas is received by Utility as mutually agreed upon between Utility and Customer as set forth in the ODSC.
- 2.15 "Scheduled Gas" shall mean the quantity of Gas confirmed by Utility with an upstream or downstream interstate or intrastate pipeline for movement, transportation or management.
- 2.16 "Tariff" shall mean Utility's rules and regulations authorized by the CPUC as they may be amended from time to time.
- 2.17 "Transporter(s)" shall mean all Gas gathering, interstate or intrastate, pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Customer upstream of the Receipt Point or downstream of the Delivery Point pursuant to a particular ODSC.

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2.18 "Utility Storage" shall mean the nomination point for Gas that has been delivered into the Utility's storage system.

SECTION 3. PERFORMANCE OBLIGATION

- 3.1. Utility agrees to provide Meter Bounce-back Service up to the Daily Contract Quantity (DCQ) for a particular transaction in accordance with the terms of the executed ODSC(s). Such Operational Displacement Service will be provided by Utility on an interruptible basis, as specified in the ODSC(s).
- 3.2. The Parties intend that the quantity of gas actually delivered each Day at each Receipt Point and Delivery Point will equal the Scheduled Gas quantities for that Receipt Point and Delivery Point. Any imbalance created, because the actual physical flow is different than the Scheduled Gas quantities, will be the "Operational Imbalance," which will be the responsibility of the Parties to eliminate pursuant to this ODSMA. An Operational Imbalance will also be created if the Scheduled Gas quantities on the Utility's pipeline system do not match the Scheduled Gas quantities of the third party pipeline operator for a Meter Bounce-back Service transaction. For gas accounting purposes, all daily Scheduled Gas quantities scheduled to flow on any Day shall be deemed to be delivered regardless of the actual volume of gas delivered.
- Any imbalance shall be eliminated the next flow Day ("Payback Flow Day") using the same Receipt Point or Delivery Point, by mutually agreeable arrangements between the Parties. If at the end of Payback Flow Day any imbalance remains, it will be subject to a cash-out or an extended payback period, at the discretion of the Party to whom the gas is owed. The Cash-Out Rate for any remaining positive imbalance amounts (actual deliveries exceed Scheduled Gas quantities or the Scheduled Gas quantities from the upstream third party pipeline operator exceed the Scheduled Gas quantities from the downstream third party pipeline operator for a Meter Bounce-back Service transaction) will be at 50% of the Cash-Out Rate except that the Rate will be calculated using the lowest, not highest price reported during the applicable period. The Cash-Out Rate for any remaining negative imbalance amounts (Scheduled Gas quantities exceed actual deliveries or

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further, the Scheduled Gas quantities from the downstream third party pipeline operator exceed the Scheduled Gas quantities from the upstream third party pipeline operator for a Meter Bounce-back Service transaction) will be at 150% of the Cash-Out Rate as defined in Paragraph 2.2.

3.4 In no event will either party be liable under this agreement to the other, whether in contract, in tort (including negligence and strict liability), or otherwise, for any indirect, consequential, special, punitive or exemplary damages and each party hereby releases the other from such liability, even if during the term hereof they advise the other of the possibility of such damages.

SECTION 4. TRANSPORTATION AND NOMINATIONS

- 4.1. Customer shall have the sole responsibility for transporting the Gas to the Receipt Point for a Meter Bounce-back transaction.
- 4.2. The Parties shall coordinate their nomination activities in accordance with Utility's nomination procedures as provided in Utility's then current Tariff Rule Number 30. Nominations for Utility's pipeline system shall be submitted by facsimile. Each Party shall give the other Party timely prior notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered each Day.
- 4.3. Utility is a California public utility regulated by the CPUC Customer and Utility shall conform to the Utility's operating procedures, Tariffs and rules in effect during the term of this ODSMA.
- ODSMA Customers exceed Utility's ability to provide a limited amount of Services to ODSMA customers, the Utility will allocate capacity available to ODSMA Customers based on the rate established pursuant to the ODSCs, highest rate to lowest rate. If two or more Customers are paying the same rate and the available capacity is insufficient to accommodate all requests at the same rate, the remaining capacity will be allocated among such Customers on a pro rata basis. Service may be interrupted or modified by Utility at any

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nomination cycle.

SECTION 5. QUALITY AND MEASUREMENT

Utility shall have the continuing right at any time in its sole discretion to not accept delivery of any Gas that would cause it to not meet the rules, regulations and/or requirements of any federal, state, or local or other agency having subject matter jurisdiction. Utility shall provide notice to Customer as soon as commercially practicable after any decision is made to not accept deliveries. The unit of quantity measurement for purposes of this Agreement shall be one Dth dry.

SECTION 6. BILLING, PAYMENT AND AUDIT

Attn:

6.1. Utility shall invoice Customer in accordance with the rate in the appropriate ODSC and for any other
applicable charges, providing supporting documentation acceptable in industry practice to support the amount
charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the
quantity of Scheduled Gas. Such invoice shall be sent to Customer at the below designated address:

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All payments by Customer	hall be made for the account of Ut	ility to the following	address:
			-
			-
Attn:			_
Notices other than Invoices	shall be made to the following:		
Customer:	Utility	:	
Address:	Addres	ss: 555 West Fi	fth Street
Fax, email:		Los Angeles,	, California 90013-1011
Phone:		Attn: Transp	oortation Contract Advisor
	Fax, er	mail: (213) 244-8	449
		rishikawa@s	emprautilities.com
	Phone	(213) 244-2	844

- 6.2 The Parties recognize that billings may be subject to adjustment in subsequent periods during the term hereof or after the expiration of this ODSMA to reflect subsequent reconciliations with the records of interstate transporters or third parties delivering or receiving gas for Customer.
- 6.3 Utility shall submit an invoice to Customer on or before the 15th of the month following the receipt of Services. Customer shall remit the amount due within 10 calendar Days after the date mailed. Service may be

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discontinued for non-payment of a past due bill immediately after a written notice of discontinuance of service has been issued by Utility if payment has not been received in a timely manner.

SECTION 7. INDEMNITY

- 7.1. The Customer warrants to the Utility that the Customer has the right to deliver the Gas 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 from and against any costs and expenses on account of royalties, payments, upstream transportation or other charges applicable to the Gas before or at its delivery to the Utility.
- 7.2. Notwithstanding the other provisions of this Section 7, as between Utility and Customer, Customer will be liable for all claims to the extent that such arise from the failure of Gas delivered by Customer to meet the quality requirements of Section 5 herein.

SECTION 8. NOTICES

- 8.1. All ODSCs, invoices, payments and other communications made pursuant to the ODSMA ("Notices") shall be made to the addressees and addresses specified in Section 6. The Parties may change such information at any time by providing two days' prior written notice to the other Party.
- 8.2. All Notices required hereunder may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.
- 8.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending Party's receipt of its facsimile machine's confirmation of successful transmission, if the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving Party. Notice via first class mail shall

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be considered delivered two Business Days after mailing.

8.4 Customer shall provide prior written notice to Utility of those persons authorized by Customer to make nominations on behalf of Customer. Customer shall notify Utility in writing when such persons are no longer authorized to conduct these activities on behalf of Customer. Customer shall further notify Utility in writing whenever any person who has been given a secure log-in ID by Utility for purposes of making nominations on behalf of Customer is no longer authorized by Customer to use such secure log-in ID. Customer remains responsible for all actions of its authorized persons until Utility has received such written notification.

SECTION 9. FINANCIAL RESPONSIBILITY

- 9.1. In order to receive service from Utility, Customer must meet Utility's credit requirements as determined by the Utility in its sole discretion.
- 9.2. Each Party reserves to itself all rights, set-offs, counterclaims, and other defenses which it is or may be entitled to arising from the Contract.

SECTION 10. TERM

This ODSMA may be terminated on thirty (30) days' prior written notice by either Party, but shall remain in effect until the expiration of the latest Day of any ODSC(s). The rights of either Party pursuant to Section 6.4., the obligations to make payment hereunder, and the obligation of either Party to indemnify the other, pursuant hereto shall survive the termination of the ODSMA or any ODSC.

SECTION 11. MISCELLANEOUS

- 11.1. If any provision in this ODSMA is determined to be invalid, void or unenforceable by any court or administrative agency having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this ODSMA
- 11.2. There is no third party beneficiary to this ODSMA

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- 11.3 The interpretation and performance of this Agreement shall be in accordance with the laws of the State of California excluding however, any conflict of laws rule which would apply the law of another jurisdiction..
- 11.4 Except as required to conform with California law, no amendment or modification shall be made to this ODSMA except by an instrument in writing executed by all Parties thereto, and no amendment or qualification shall be made by course of performance, course of dealing or usage of trade.
- 11.5 No waiver by any Party of one or more defaults under this ODSMA shall operate or be construed as a waiver of any other default or defaults, whether of a like or different character.
- 11.6 This ODSMA (or any rights or obligations related thereto) shall not be assigned without the prior written consent of Utility, which consent shall not be withheld unreasonably (but Utility may require that any assignee confirm in writing its assumption of the rights and obligations of its predecessor).
- 11.7 Utility may terminate this ODSMA and all ODSCs immediately in the event that any governmental entity (including a court) issues an order or rule that in the sole judgment of Utility could result in the loss of Utility's Hinshaw Exemption from federal regulations as a result of or by reason associated with this ODSMA.

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IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this ODSMA in
two (2) duplicate original copies.

Southern California Gas Company		
	(Customer)	
By	Ву	_
Title	Title	

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SOUTHERN CALIFORNIA GAS COMPANY

LOS ANGELES, CALIFORNIA CANCELING

CAL. P.U.C. SHEET NO. 37192-G CAL. P.U.C. SHEET NO.

Operational Displacement Services Confirmation <u>Exhibit A - Meter Bounce-Back Service</u> <u>Form 6597-22A</u>	
(See Attached Form)	

Original

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3325
DECISION NO.

1R12

ISSUED BY
Lee Schavrien
Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Dec 22, 2003

EFFECTIVE

RESOLUTION NO.

OPERATIONAL DISPLACEMENT SERVICES CONFIRMATION EXHIBIT A METER BOUNCE-BACK SERVICE

VIA FACSIMILE



Date:	, 200_
Operational Displacement Services Confirmation #:	

Operational Displacement Services Master Agreen	ntion (ODSC-MBB) is for interruptible services and is subject to the ment (ODSMA) between Utility and Customer dated DSC-MBB are binding unless disputed in writing within two Business Days of
UTILITY:	CUSTOMER:
Attn:Phone:Fax:E-mail address:	Phone: Fax:
Term : Begin:, 200	End:, 200_
Daily Interruptible Contract Quantity: Up to	
Receipt/Delivery Point: (select one) □ El Paso Pipeline at Ehrenberg □ Transwestern Pipeline at Needles □ Transwestern Pipeline at Topock □ El Paso Pipeline at Topock □ Mojave Pipeline at Wheeler Ridge	 ■ Mojave Pipeline at Kramer Junction ■ Southern Trails Pipeline at Needles ■ Kern River Pipeline at Kramer Junction ■ Kern River Pipeline at Wheeler Ridge
Rate: per Dth	
Utility:	
Title:	Title:
Date:	

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(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3325 DECISION NO. 2R7

ISSUED BY Lee Schavrien Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Dec 22, 2003 DATE FILED **EFFECTIVE** RESOLUTION NO.

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(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3325 DECISION NO.

3R11

ISSUED BY Lee Schavrien Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Dec 22, 2003 DATE FILED **EFFECTIVE** RESOLUTION NO.

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(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3325 DECISION NO.

2R10

ISSUED BY Lee Schavrien

Vice President Regulatory Affairs

EFFECTIVE RESOLUTION NO.

(TO BE INSERTED BY CAL. PUC) DATE FILED Dec 22, 2003

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(to be inserted by utility) advice letter no. \$3325\$ decision no.

3R10

ISSUED BY **Lee Schavrien**

Vice President
Regulatory Affairs

 $\begin{array}{c} \text{(TO BE INSERTED BY CAL. PUC)} \\ \text{DATE FILED} \quad \underline{Dec~22,2003} \end{array}$

EFFECTIVE RESOLUTION NO.

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Revised Revised CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO.

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 $\begin{array}{ll} \mbox{(TO BE INSERTED BY UTILITY)} \\ \mbox{ADVICE LETTER NO.} & 3325 \\ \mbox{DECISION NO.} \end{array}$

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ISSUED BY
Lee Schavrien

Vice President
Regulatory Affairs

 $\begin{array}{c} \text{(TO BE INSERTED BY CAL. PUC)} \\ \text{DATE FILED} \qquad Dec~22,~2003 \end{array}$

EFFECTIVE ______RESOLUTION NO.