



J. Steve Rahon
Director
Tariffs & Regulatory Accounts

8330 Century Park Ct.
San Diego, CA 92123-1548
Tel: 858.654.1773
Fax 858.654.1788
srahon@SempraUtilities.com

March 25, 2005

Mr. Sean Gallagher
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Withdrawal of SoCalGas Advice No. 3425

Dear Mr. Gallagher,

Southern California Gas Company (SoCalGas) hereby withdraws Advice No. 3425, filed November 8, 2005. The purpose of this Advice Letter was to request approval of an open season for allocation of firm transmission service to the Rainbow Corridor. Due to recent information about customer intentions, SoCalGas has determined there should be sufficient firm capacity to serve customers' requests in the Rainbow Corridor and it is no longer necessary to hold an open season for the next two year tariff firm service contract period, May 1, 2005 to April 30, 2007.

Sincerely,

A handwritten signature in black ink that reads "Donna M. Shepherd Ser".

J. Steve Rahon
Director – Tariffs & Regulatory Accounts

Cc: Joyce Alfton, Energy Division, CPUC (email only)
Richard Myers, Energy Division, CPUC (email only)
Honesto Gatchlian, Energy Division, CPUC (email only and overnight mail)
Service List attached to Draft Resolution G-3377 (email and mail)



J. Steve Rahon
Director
Tariffs & Regulatory Accounts

8330 Century Park Ct.
San Diego, CA 92123-1548

Tel: 858.654.1773
Fax 858.654.1788
srahon@SempraUtilities.com

November 8, 2004

Advice No. 3425
(U 904 G)

Public Utilities Commission of the State of California

Subject: REQUEST FOR APPROVAL OF OPEN SEASON FOR ALLOCATION OF FIRM TRANSMISSION SERVICE TO THE RAINBOW CORRIDOR COMMENCING ON MAY 1, 2005

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions applicable to its tariffs as shown on Attachment B.

Purpose

The purpose of this filing is to request approval of an open season to be held for customers served on Lines 6900, 1027 and 1028 in the Rainbow Corridor area of SoCalGas' gas transmission system to determine if a capacity constraint exists and, if so, to allocate firm capacity to provide noncore customers with firm natural gas service commencing on May 1, 2005 and ending April 30, 2007. Included in this filing are a revised Constrained Area Amendment to Master Services Contract, Schedule A, Intrastate Transmission Service (Form 6597-14); a new Moreno South Constrained Area Amendment to Master Services Contract, Schedule A (Form 6597-15); and revised Schedule Nos. GW-SD, Wholesale Natural Gas Service, and GT-SD, Intrastate Transmission Service. Schedule Nos. GW-SD and GT-SD are being revised to add information specific to participating in the proposed open season. The Moreno South Constrained Area Amendment was created for GW-SD and GT-SD customers to submit contractually binding bids in the proposed open season. Form 6597-14 is being revised to include the Rainbow Corridor as a potentially capacity constrained area and will be used by SoCalGas customers, other than GW-SD and GT-SD, in submitting bids in the proposed open season.

The filing is being made jointly with San Diego Gas & Electric's (SDG&E) Advice Letter (AL) 1488-G requesting changes to allow SDG&E to hold a new open season (concurrent with this SoCalGas open season) on its gas transmission system similar to the one held in 2003 in compliance with Decision (D.) 02-11-073.

Background

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 to use open seasons to identify firm noncore service needs and to allocate capacity for firm noncore service (page 33 of D.02-11-073).

SoCalGas has recently received several inquiries regarding its ability to provide new firm transportation service (without a specification for initiation of service) from customers served from Line 1027 (16-inch diameter), Line 1028 (24-inch diameter) and Line 6900 (30 and 36-inch diameter) in what is known as the Rainbow Corridor. These three pipelines run parallel to each other and serve several Riverside County communities in addition to providing SDG&E with the majority of its gas supply. SoCalGas currently has adequate capacity in the Rainbow Corridor to meet the firm service requirements of all existing customers and to meet the Commission approved design conditions as specified in D.02-11-073 through the year 2020. However, should demand for firm service on the SoCalGas system in the Rainbow Corridor increase beyond that forecasted, SoCalGas' capacity to provide firm service to SDG&E would be disproportionately reduced. This results from the reduced delivery pressure that would result at Rainbow Station, the inlet into the SDG&E system. To evaluate the seriousness and extent of these inquiries and to determine if requests for firm service exceed available capacity, SoCalGas is proposing to hold an open season in the Rainbow Corridor concurrently with the SDG&E open season proposed in SDG&E AL 1488-G. SDG&E's open season will cover all of SDG&E's service territory. This will allow both utilities to determine concurrently: (1) requests for firm service by SoCalGas and SDG&E customers, and (2) if both utilities have sufficient capacity collectively, and on an equivalent basis, to meet those requests.

The SoCalGas open season will be for all noncore eligible customers including 1) SoCalGas noncore customers, including affiliates, that take service off of the Rainbow Corridor pipelines, 2) SDG&E wholesale service for its firm noncore customers, and 3) SDG&E noncore commercial and industrial and electric generation transportation customers, including affiliates, taking service under SoCalGas Schedule No. GT-SD. Both open seasons will start March 1, 2005 and close March 31, 2005. The awards of firm service in the open seasons shall be in effect for a 24-month period pursuant to provisions in SoCalGas Schedule Nos. GW-SD and GT-SD, effective May 1, 2005 and terminating April 30, 2007. However, due to the SDG&E wholesale contract and other firm contracts¹ with SoCalGas that do not terminate until after May 1, 2005, firm capacity will be set aside for these customers under the terms of the existing service agreements until their contracts expire. Any firm capacity not subscribed by these contracts during the period May 1, 2005 through April 30, 2007 will be made available to firm noncore bidders in this open season.

Information

From Moreno Station south to Rainbow Station (receipt point to SDG&E system), the SoCalGas pipelines have the physical capacity to serve 1 Bcfd of demand in the Rainbow Corridor. SDG&E's pipeline system, which begins at Rainbow Station, has the capacity to redeliver 700 MMcfd in the winter operating season and 680 MMcfd in the summer operating season to its retail customers² given; (1) these customer's current geographical location within SDG&E's system and (2) that SoCalGas maintains an average delivery pressure of 640 psig at Rainbow Station. In order for SoCalGas to maintain this delivery pressure, SoCalGas must limit the

¹ SoCalGas has approximately twelve firm contracts that terminate after May 1, 2005.

² Includes 45 MMcfd of capacity on the SDG&E system reserved for operating margin.

availability of firm service below the 1 Bcfd of physical capacity in the Rainbow Corridor. This effectively reduces the capacity of the Rainbow Corridor pipelines to 750 MMcfd (700 MMcfd available to SDG&E at Rainbow Station and 50 MMcfd available to SoCalGas customers north of Rainbow Station).

This reduction of the SoCalGas pipeline system capacity has not impacted delivery to any SoCalGas customers. Limiting the availability of firm service north of Rainbow Station and maintaining the delivery pressure into SDG&E's system has proven to be a low cost way to meet SDG&E's capacity needs. While SoCalGas could offer more capacity to its customers north of Rainbow Station it would be at the expense of reducing the capacity to SDG&E and vice versa and would not be proportional. For example, a 1 MMcfd reduction on SDG&E's system would make available more than 1 MMcfd north of Rainbow Station.

In order to fully utilize the Rainbow Corridor capacity in the most efficient and effective manner, SoCalGas is proposing to allow the Rainbow Corridor customers (existing and potential) to select through an open season process the level and amount of firm transportation service so that the utilities can determine if the demand for firm service exceeds the collective (and interdependent) capacities of the two systems. The results of this open season will show the seriousness of the recent inquiries SoCalGas has received for service in the Rainbow Corridor, and may provide an indicator for SDG&E to address the possible capacity constraints on its system.

Since, the total firm capacity SDG&E may award in its open season is determined by the firm capacity SDG&E receives in SoCalGas' open season, SoCalGas and SDG&E will hold their respective open seasons concurrently. Criteria based on historical usage, pursuant to D.02-11-073, will be used by both companies to allocate capacity bid.

If the requests for firm service exceed firm transportation capacity in the Rainbow Corridor, firm noncore capacity will be awarded consistent with D.02-11-073 (page 16) and as stated in Section 4.E of (Form 6597-14) and Section 4.E of the Moreno South Amendment (Form 6597-15) as follows:

“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 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.”

Historic usage for the firm noncore bid submitted under Schedule No. GW-SD shall be the sum of adding individually the lower of (1) the historic usage of each customer or (2) the amount bid by each customer served under SDG&E GT-NC and EG tariff schedules in SDG&E's open season. Historic usage for each firm noncore bid submitted individually under Schedule No. GT-SD shall be determined individually from each end-use customer's metered usage. Should it be necessary to prorate, the historic usage for the firm noncore bids submitted under Schedules No. GW-SD and GT-SD will be obtained from SDG&E.

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 multiplying by the operating days in the month. Bid firm quantities that are not awarded shall be added to the customer's interruptible sequence.

Timely approval of this Advice filing will allow SoCalGas to provide all eligible noncore customers with bidding materials on or before January 31, 2005.

Effective Date

This filing will not result in an increase or decrease in any rate or charge, conflict with any rate schedule or any other rules, nor cause the withdrawal of service. SoCalGas respectfully requests that this filing be considered jointly with SDG&E AL 1488-G and become effective December 18, 2004, which is not less than forty (40) days regular statutory notice. However, SoCalGas requests the changes made to Schedule Nos. GT-SD and GW-SD become effective May 1, 2005 coincident with the effective date of the two year contract period.

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
Tariff Manager – GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: snewsom@semprautilities.com

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 R.04-01-025.

J. STEVE RAHON
Director – Tariffs & Regulatory Accounts

Attachments

ATTACHMENT A

Advice No. 3425

(See Attached Service Lists)

ACN
 Brian Spector
 BSpector@acninc.com

ACN Energy
 Gary Morrow
 GMorrow@acninc.com

ACN Energy
 Tony Cusati
 tony.cusati@acnenergy.com

ACN Inc.
 Glenn Kinser
 gkinser@acninc.com

Aglet Consumer Alliance
 James Weil
 jweil@aglet.org

Alcantar & Kahl
 Elizabeth Westby
 egw@a-klaw.com

Alcantar & Kahl
 Kari Harteloo
 klc@a-klaw.com

AFRPA/DD McClellan Attn: L. Baustian
 3411 Olson Street, Room 105
 McClellan, CA 95652-1003

BP Amoco, Reg. Affairs
 Marianne Jones
 501 West Lake Park Blvd.
 Houston, TX 77079

BP EnergyCo.
 J. M. Zaiontz
 Zaiontj@bp.com

Barkovich & Yap
 Catherine E. Yap
 ceyap@earthlink.net

Berliner, Camdon & Jimison
 John Jimison
 johnj@bcjlaw.com

Beta Consulting
 John Burkholder
 burkee@cts.com

CPUC
 Consumer Affairs Branch
 505 Van Ness Ave., #2003
 San Francisco, CA 94102

CPUC
 R. Mark Pocta
 rmp@cpuc.ca.gov

CPUC
 Energy Rate Design & Econ.
 505 Van Ness Ave., Rm. 4002
 San Francisco, CA 94102

California Energy Market
 Lulu Weinzimer
 luluw@newsdata.com

Calpine Corp
 Avis Clark
 aclark@calpine.com

City of Anaheim
 Ben Nakayama
 Public Utilities Dept.
 P. O. Box 3222
 Anaheim, CA 92803

City of Azusa
 Light & Power Dept.
 215 E. Foothill Blvd.
 Azusa, CA 91702

City of Banning
 Paul Toor
 P. O. Box 998
 Banning, CA 92220

City of Burbank
 Fred Fletcher/Ronald Davis
 164 West Magnolia Blvd., Box 631
 Burbank, CA 91503-0631

City of Colton
 Thomas K. Clarke
 650 N. La Cadena Drive
 Colton, CA 92324

City of Glendale
 Larry Silva
 lsilva@ci.glendale.ca.us

City of Lompoc
 H. Paul Jones
 100 Civic Center Plaza
 Lompoc, CA 93438

City of Long Beach, Gas Dept.
 Chris Garner
 2400 East Spring Street
 Long Beach, CA 90806-2385

City of Los Angeles
 City Attorney
 1700 City Hall East
 Los Angeles, CA 90012

City of Pasadena
 Manuel A. Robledo
 150 S. Los Robles Ave., #200
 Pasadena, CA 91101

City of Riverside
 Stephen Aronson
 saronson@ci.riverside.ca.us

City of Vernon
 Kenneth J. DeDario
 kdedario@ci.vernon.ca.us

Coral Energy
Walter Cinibulk
 wcinibulk@coral-energy.com

County of Los Angeles
Stephen Crouch
 1100 N. Eastern Ave., Room 300
 Los Angeles, CA 90063

Crossborder Energy
Tom Beach
 tomb@crossborderenergy.com

Pat Darish
 pdarish@acninc.com

Davis Wright Tremaine, LLP
Christopher Hilen
 chrishilen@dwt.com

Davis Wright Tremaine, LLP
Edward W. O'Neill
 One Embarcadero Center, #600
 San Francisco, CA 94111-3834

Davis, Wright, Tremaine
Judy Pau
 judypau@dwt.com

Dept. of General Services
Celia Torres
 celia.torres@dgs.ca.gov

Dept. of General Services
Deniese Earley
 deniese.earley@dgs.ca.gov

Douglass & Liddell
 liddell@energyattorney.com

Dan Douglass
 douglass@energyattorney.com

Downey, Brand, Seymour & Rohwer
Ann Trowbridge
 atrowbridge@dbsr.com

Downey, Brand, Seymour & Rohwer
Phil Stohr
 pstohr@dbsr.com

Downey, Brand, Seymour & Rohwer
Dan Carroll
 dcarroll@downeybrand.com

Duke Energy North America
Melanie Gillette
 mlgillette@duke-energy.com

Dynegy
Joseph M. Paul
 jmpa@dynegy.com

Gas Purchasing
BC Gas Utility Ltd.
 16705 Fraser Highway
 Surrey, British Columbia, V3S 2X7

General Services Administration
Facilities Management (9PM-FT)
 450 Golden Gate Ave.
 San Francisco, CA 94102-3611

Goodin, MacBride, Squeri, Ritchie & Day, LLP
J. H. Patrick
 hpatrick@gmssr.com

Goodin, MacBride, Squeri, Ritchie & Day, LLP
James D. Squeri
 jsqueri@gmssr.com

Jacqueline Greig
 jnm@cpuc.ca.gov

Hanna & Morton
Norman A. Pedersen, Esq.
 npedersen@hanmor.com

David Huard
 dhuard@manatt.com

Imperial Irrigation District
K. S. Noller
 P. O. Box 937
 Imperial, CA 92251

JBS Energy
Jeff Nahigian
 jeff@jbsenergy.com

Jeffer, Mangels, Butler & Marmaro
 2 Embarcadero Center, 5th Floor
 San Francisco, CA 94111

Kern River Gas Transmission Company
Janie Nielsen
 Janie.Nielsen@KernRiverGas.com

LADWP
Nevenka Ubavich
 nubavi@ladwp.com

LADWP
Randy Howard
 P. O. Box 51111, Rm. 956
 Los Angeles, CA 90051-0100

Law Offices of Diane I. Fellman
Diane Fellman
 difellman@fellmanlaw.com

Law Offices of William H. Booth
William Booth
 wbooth@booth-law.com

Luce, Forward, Hamilton & Scripps
John Leslie
 jleslie@luce.com

MRW & Associates
Robert Weisenmiller
 mrw@mrwassoc.com

Matthew Brady & Associates
Matthew Brady
matt@bradylawus.com

National Utility Service, Inc.
Jim Boyle
One Maynard Drive, P. O. Box 712
Park Ridge, NJ 07656-0712

ORA
Galen Dunham
gsd@cpuc.ca.gov

PG&E
Anita Smith
aws4@pge.com

PG&E
Sue Shaw
sxs9@pge.com

PG&E
Todd Novak
tsn2@pge.com

PG&E
Sharon Tatai
skt2@pge.com

PG&E National Energy Group
Eric Eisenman
eric.eisenman@neg.pge.com

Pacific Gas & Electric Co.
John Clarke
jpc2@pge.com

Praxair Inc
Rick Noger
rick_noger@praxair.com

Questar Southern Trails
Lenard Wright
Lenard.Wright@Questar.com

Regulatory & Cogen Services, Inc.
Donald W. Schoenbeck
900 Washington Street, #780
Vancouver, WA 98660

Richard Hairston & Co.
Richard Hairston
hairstonco@aol.com

Southern California Edison Co
Fileroom Supervisor
2244 Walnut Grove Ave., Room 290,
GO1
Rosemead, CA 91770

Southern California Edison Co
Karyn Gansecki
601 Van Ness Ave., #2040
San Francisco, CA 94102

Southern California Edison Co.
Colin E. Cushnie
Colin.Cushnie@SCE.com

Southern California Edison Co.
John Quinlan
john.quinlan@sce.com

Southern California Edison Co.
Kevin Cini
Kevin.Cini@SCE.com

Southern California Edison Company
Michael Alexander
Michael.Alexander@sce.com

Southwest Gas Corp.
John Hester
P. O. Box 98510
Las Vegas, NV 89193-8510

Suburban Water System
Bob Kelly
1211 E. Center Court Drive
Covina, CA 91724

Sutherland, Asbill & Brennan
Keith McCrea
kmccrea@sablaw.com

TURN
Marcel Hawiger
marcel@turn.org

TURN
Mike Florio
mflorio@turn.org

The Mehle Law Firm PLLC
Colette B. Mehle
cmehle@mehlelaw.com

Transwestern Pipeline Co.
Kelly Allen
kelly.allen@enron.com

Vandenberg AFB
Ken Padilla
ken.padilla@vandenberg.af.mil

Western Manufactured Housing
Communities Assoc.
Sheila Day
sheila@wma.org

ALCANTAR & KAHL, LLP
MICHAEL P. ALCANTAR
 mpa@a-klaw.com

CALIF PUBLIC UTILITIES COMMISSION
 Joyce Alfton
 alf@cpuc.ca.gov

CROSBORDER ENERGY
TOM BEACH
 tomb@crossborderenergy.com

CALIFORNIA DEPARTMENT OF WATER RESOURCES
GLORIA BELL
 gbell@water.ca.gov

MC CARTHY & BERLIN, LLP
C. SUSIE BERLIN
 sberlin@mccarthyllaw.com

MANATT, PHELPS & PHILLIPS, LLP
ROGER A. BERLINER
 rberliner@manatt.com

BRADY & ASSOCIATES
MATTHEW BRADY
 matt@bradylawus.com

FERRIS & BRITTON
LEE BURDICK
 lburdick@ferrisbritton.com

BETA CONSULTING
JOHN BURKHOLDER
 burkee@cts.com

TECHNICAL SERVICES MANAGER
JIM CAMPION
 Jim.Campion@conservation.ca.gov

DOWNEY BRAND LLP
DAN L. CARROLL
 dcarroll@downeybrand.com

NATURAL RESOURCES DEFENSE COUNCIL
SHERYL CARTER
 scarter@nrdc.org

COUNTY OF LOS ANGELES
HOWARD CHOY
 hchoy@isd.co.la.ca.us

CALPINE CORPORATION
AVIS CLARK
 aclark@calpine.com

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STEVEN COHN
 scohn@smud.org

GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP
BRIAN T. CRAGG
 bcragg@gmssr.com

TRANSCANADA PIPELINES LIMITED
MARGARET CROSSEN
 margaret_crossen@transcanada.com

CALIF PUBLIC UTILITIES COMMISSION
 Eugene Cadenasso
 cpe@cpuc.ca.gov

GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP
MICHAEL B. DAY
 mday@gmssr.com

DOUGLASS & LIDDELL
DANIEL W. DOUGLASS
 douglass@energyattorney.com

CALIF PUBLIC UTILITIES COMMISSION
 David R Effross
 dre@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Roy Evans
 rle@cpuc.ca.gov

RATEPAYERS FOR AFFORDALE CLEAN ENERGY
PAUL FENN
 paulfenn@local.org

STEEFEL, LEVITT & WEISS, P.C.
MARK FOGELMAN
 mfogelman@steefel.com

THE UTILITY REFORM NETWORK
MATTHEW FREEDMAN
 freedman@turn.org

CALIF PUBLIC UTILITIES COMMISSION
 David K. Fukutome
 dkf@cpuc.ca.gov

ENERGY SERVICES&INVESTMENTS, LLC
WILLIAM S. GARRETT, JR.
 wgarrettesi@aol.com

CALIFORNIA PUBLIC UTILITIES COMMISSION
PATRICK L. GILEAU
 plg@cpuc.ca.gov

SEMPRA ENERGY
DAVID J. GILMORE
 dgilmore@sempra.com

CORAL ENERGY RESOURCES, L.P.
AMY GOLD
 agold@coral-energy.com

DISTRIBUTED ENERGY STRATEGIES STEVEN A. GREENBERG steveng@destrategies.com	CALIF PUBLIC UTILITIES COMMISSION Belinda Gatti beg@cpuc.ca.gov	CALIF PUBLIC UTILITIES COMMISSION Maryam Ghadessi mmg@cpuc.ca.gov
CALIF PUBLIC UTILITIES COMMISSION Jacqueline Greig jnm@cpuc.ca.gov	THE UTILITY REFORM NETWORK MARCEL HAWIGER marcel@turn.org	MORRISON & FOERSTER LLP SETH HILTON shilton@mofo.com
CALIFORNIA ENERGY COMMISSION DARCIE L. HOUCK dhouck@energy.state.ca.us	DAVIS WRIGHT TREMAINE LLP LINDSEY HOW-DOWNING lindseyhowdowning@dwt.com	CALIF PUBLIC UTILITIES COMMISSION Maxine Harrison omh@cpuc.ca.gov
CALIF PUBLIC UTILITIES COMMISSION Trina Horner tah@cpuc.ca.gov	SOUTHERN CALIFORNIA EDISON COMPANY GLORIA M. ING gloria.ing@sce.com	BERLINER, CANDON & JIMISON JOHN JIMISON johnj@bcjlaw.com
ADAMS BROADWELL JOSEPH & CARDOZO MARC D. JOSEPH mdjoseph@adamsbroadwell.com	ALCANTAR & KAHL, LLP EVELYN KAHL ek@a-klaw.com	WHITE & CASE, LLP JOE KARP jkarp@whitecase.com
MANATT PHELPS & PHILLIPS, LLP RANDALL W. KEEN pucservice@manatt.com	ELLISON, SCHNEIDER & HARRIS LLP DOUGLAS K. KERNER dkk@eslawfirm.com	ASSEMBLY COMMITTEE ON UTILITIES & COMMER DANIEL KIM daniel.kim@asm.ca.gov
DOUGLASS & LIDDELL GREGORY KLATT klatt@energyattorney.com	SAN DIEGO GAS & ELECTRIC JOE KLOBERDANZ jkloberd@semprautilities.com	CALIF PUBLIC UTILITIES COMMISSION Sepideh Khosrowjah skh@cpuc.ca.gov
CALIFORNIA DEPARTMENT OF WATER RESOURCES JEANNIE S. LEE jslee@water.ca.gov	HANNA AND MORTON, LLP SCOTT A. LEHECKA slehecka@hanmor.com	LUCE, FORWARD, HAMILTON & SCRIPPS, LLP JOHN W. LESLIE jleslie@luce.com
PACIFIC GAS AND ELECTRIC COMPANY FRANK R. LINDH frl3@pge.com	CALIF PUBLIC UTILITIES COMMISSION Kelly C Lee kcl@cpuc.ca.gov	CALIF PUBLIC UTILITIES COMMISSION James Loewen loe@cpuc.ca.gov
CALIF PUBLIC UTILITIES COMMISSION Alan Lofaso alo@cpuc.ca.gov	CITY OF PALO ALTO RAVEEN MAAN raveen_maan@city.palo-alto.ca.us	MODESTO IRRIGATION DISTRICT CHRISTOPHER J. MAYER chrism@mid.org
SUTHERLAND, ASBILL & BRENNAN KEITH MCCREA keith.mccrea@sablaw.com	PACIFIC GAS & ELECTRIC COMPANY ROBERT B. MCLENNAN rbm4@pge.com	STEEFEL, LEVITT & WEISS JAMES W. MCTARNAGHAN Jmctarnaghan@steefel.com

SOUTHWEST GAS CORPORATION
ROGER C. MONTGOMERY
 roger.montgomery@swgas.com

SOUTHERN CALIFORNIA GAS COMPANY
BETH MUSICH
 bmusich@semprautilities.com

CALIF PUBLIC UTILITIES COMMISSION
 Harvey Y. Morris
 hym@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Richard A. Myers
 ram@cpuc.ca.gov

JBS ENERGY, INC.
JEFF NAHIGIAN
 jeff@jbsenergy.com

SEMPRA ENERGY RESOURCES
STEVEN C. NELSON
 snelson@sempra.com

CALIFORNIA DEPARTMENT OF WATER RESOURCES
JOHN PACHECO
 jpacheco@water.ca.gov

DYNEGY MARKETING & TRADE
JOE PAUL
 joe.paul@dynegy.com

HANNA AND MORTON LLP
NORMAN A. PEDERSEN
 npedersen@hanmor.com

CALIFORNIA ENERGY COMMISSION
TODD PETERSON
 tpeterse@energy.state.ca.us

CANADIAN ASSN. OF PETROLEUM PRODUCERS
MARK PINNEY
 pinney@capp.ca

ANDERSON & POOLE
EDWARD G. POOLE
 epoole@adplaw.com

PATRICK J. POWER
 pjpowerlaw@aol.com

CALIF PUBLIC UTILITIES COMMISSION
 Wendy M Phelps
 wmp@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Brian C Prusnek
 bcp@cpuc.ca.gov

SAN DIEGO GAS & ELECTRIC COMPANY
STEVE RAHON
 srahon@semprautilities.com

ASSEMBLY UTILITIES AND COMMERCE COMMITTEE
EDWARD RANDOLPH
 edward.randolph@asm.ca.gov

WESTERN STATES PETROLEUM ASSOCIATION
CATHY REHEIS-BOYD
 creheis@wspa.org

SCHOOL PROJECT UTILITY RATE REDUCTION
MICHAEL ROCHMAN
 RochmanM@spurr.org

REGULATORY & COGENERATION SERVICES, INC.
JAMES ROSS
 jimross@r-c-s-inc.com

ENERGY MINERALS & NATURAL RESOURCES DEPT
STEPHEN C. ROSS
 sross@state.nm.us

CALIF PUBLIC UTILITIES COMMISSION
 Ramesh Ramchandani
 rxr@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Manuel Ramirez
 mzm@cpuc.ca.gov

CALIFORNIA ENERGY COMMISSION
MONICA A. SCHWEBS
 Mschwebs@energy.state.ca.us

BERNARDINO COUNTY
CHARLES SCOLASTICO
 cscolastico@cc.sbcounty.gov

SEMPRA ENERGY
MICHAEL THORP
 mthorp@sempra.com

ARCLIGHT ENERGY PARTNERS FUND I, LP
JOHN TISDALE
 jtisdale@arclightcapital.com

SIMPSON PARTNERS LLP
ANDREW ULMER
 andrew@simpsonpartners.com

SEMPRA ENERGY
LISA G. URICK
 lurick@sempra.com

DEFENSE ENERGY SUPPORT CENTER
SHYLETHA A. WILLIAMS
 swilliams@desc.dla.mil

CALIF PUBLIC UTILITIES COMMISSION
 John S. Wong
 js@cpuc.ca.gov

CALIFORNIA LEAGUE OF FOOD PROCESSORS
ED YATES
 ed@clfp.com

ATTACHMENT B
Advice No. 3425

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 38410-G	Schedule No. GT-SD, INTRASTATE TRANSMISSION SERVICE, Sheet 1	Revised 37538-G
Revised 38411-G	Schedule No. GT-SD, INTRASTATE TRANSMISSION SERVICE, Sheet 2	Revised 30593-G
Revised 38412-G	Schedule No. GT-SD, INTRASTATE TRANSMISSION SERVICE, Sheet 3	Revised 30594-G
Revised 38413-G	Schedule No. GT-SD, INTRASTATE TRANSMISSION SERVICE, Sheet 4	Revised 36311-G
Original 38414-G	Schedule No. GT-SD, INTRASTATE TRANSMISSION SERVICE, Sheet 5	
Revised 38415-G	Schedule No. GW-SD, WHOLESALE NATURAL GAS SERVICE, Sheet 1	Revised 37948-G
Revised 38416-G	Schedule No. GW-SD, WHOLESALE NATURAL GAS SERVICE, Sheet 2	Revised 37949-G
Revised 38417-G	Schedule No. GW-SD, WHOLESALE NATURAL GAS SERVICE, Sheet 3	Revised 37950-G
Revised 38418-G	Schedule No. GW-SD, WHOLESALE NATURAL GAS SERVICE, Sheet 4	Revised 37951-G
Original 38419-G	Schedule No. GW-SD, WHOLESALE NATURAL GAS SERVICE, Sheet 5	
Revised 38420-G	SAMPLE FORMS - CONTRACTS, Constrained Area Amendment to Master Services Contract, Schedule A, Intrastate Transmission Service (Form 6597-14, Rev. 1/2005), Sheet 1	Revised 38165-G
Original 38421-G	SAMPLE FORMS - CONTRACTS, Moreno South Constrained Area Amendment to Master Services Contract, Schedule A, Intrastate Transmission Service (Form 6597-15), Sheet 1	
Revised 38422-G	TABLE OF CONTENTS	Revised 38349-G
Revised 38423-G	TABLE OF CONTENTS	Revised 38167-G
Revised 38424-G	TABLE OF CONTENTS	Revised 37486-G
Revised 38425-G	TABLE OF CONTENTS	Revised 38409-G

Schedule No. GT-SD
INTRASTATE TRANSMISSION SERVICE

Sheet 1

APPLICABILITY

Applicable for firm and interruptible intrastate transmission service for delivery to San Diego Gas & Electric Company ("SDG&E") Rainbow receipt point.

TERRITORY

The Rainbow meter delivery point shall be as specified as the sole point of delivery in the Master Services Contract, Schedule A, Intrastate Transmission Service.

RATES

Customer Charge

Per month \$150

Interstate Transition Cost Surcharge (ITCS)

ITCS-SD, per therm (0.223¢)

The ITCS, as defined in Rule No. 1, recovers certain interstate capacity costs and applies to all service under this schedule.

Transmission Charges

The transmission charges below are applicable for firm intrastate transmission service (GT-F11) and interruptible intrastate transmission service (GT-I11).

GT-F11 Rate, per therm 2.440¢
 GT-I11 Rate, per therm 2.440¢

Minimum Charge

The minimum monthly charge shall be the monthly Customer Charges and any applicable use-or-pay charges.

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

The number of therms to be billed shall be all transportation quantities nominated for delivery by or on behalf of the customers into the utility system that are scheduled for delivery to the utility system.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3425
 DECISION NO. 02-11-073

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Nov 8, 2004
 EFFECTIVE _____
 RESOLUTION NO. _____

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Schedule No. GT-SD
INTRASTATE TRANSMISSION SERVICE

Sheet 2

(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 (1) Master Services Contract, Schedule A, Intrastate Transmission Service (Form Nos. 6597 and 6597-1) and (2) Moreno South Constrained Area Amendment to Master Services Contract, Schedule A (Form 6597-15) are 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. Penalties for violation of curtailment shall apply as set forth in Rule No. 23.
4. Terms and conditions of Rule No. 30 concerning Nominations in Excess of System Capacity and Winter Deliveries shall not apply to the transportation of customer-owned gas under this schedule. All other terms and conditions of Rule No. 30 shall apply to the transportation of customer-owned gas under this schedule.
5. Schedule No. G-IMB shall not apply to the transportation of customer-owned gas under this schedule.
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. 3425
DECISION NO. 02-11-073

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Nov 8, 2004
EFFECTIVE _____
RESOLUTION NO. _____

Schedule No. GT-SD
INTRASTATE TRANSMISSION SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

13. The maximum HSQ (in therms) the customer is entitled to transport during an interruptible service curtailment is equal to either: (a) the firm noncore MSQs for the month *divided by* operating days specified *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. In the event interruptible service is only partially curtailed, the Customer shall also be entitled to use the non-curtailed portion of their interruptible MSQ, divided by operating days divided by 24 hours.
14. Scheduled nominations used to determine use-or-pay charges are those quantities transported on a firm basis and are limited to Customer's partial requirements MSQ. Quantities exceeding partial requirements MSQ are transported on an interruptible basis.
15. If during any billing period, the Customer's total scheduled nominations are less than 75% of Customer's firm 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 MSQ and Customer's scheduled nominations for that month.
16. 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.
17. In the event Customer terminates service prior to the end of their agreement, Customer will pay Utility an amount equal to the outstanding use-or-pay charges for the remaining contract period.
18. 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.
19. By mutual agreement, the Utility and non-affiliated customers, 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 service contract. All such service contracts must be submitted by letter to the CPUC and made available for public inspection. No other charges under this schedule shall be negotiable unless CPUC approval is first obtained.
20. 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.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3425
 DECISION NO. 02-11-073
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ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Nov 8, 2004
 EFFECTIVE _____
 RESOLUTION NO. _____

Schedule No. GT-SD
INTRASTATE TRANSMISSION SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

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| 21. Any affiliate of SoCalGas (including SDG&E) or of SDG&E shipping gas on the system of SoCalGas, SDG&E, or both for use in electric generation shall use Electronic Bulletin Board (EBB), as defined in Rule No. 1, to nominate and schedule such volumes separately from any other volumes that it ships on either system. Such gas will be transported under rates and terms (including rate design) no more favorable than the rates and terms available to similarly situated non-affiliated shippers for the transportation of gas used in electric generation. | L
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| 22. SoCalGas shall seek prior Commission approval of any transportation rate discount offered to any affiliated shipper on the SoCalGas system using existing procedures established by the Commission for review of discounted transportation contracts. | T,L
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| 23. Customers who receive gas transportation service from an alternate service provider may be subject to the provisions of Schedule No. GT-PS, Peaking Service. | T,L
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| 24. Transportation quantities nominated for delivery into the utility system that are not confirmed by SDG&E for receipt into the SDG&E system will not be confirmed for delivery into the utility system. | T,L
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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3425
DECISION NO. 02-11-073

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ISSUED BY

Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Nov 8, 2004
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RESOLUTION NO. _____

Schedule No. GW-SD
WHOLESALE NATURAL GAS SERVICE

Sheet 1

APPLICABILITY

Applicable for intrastate transmission service for San Diego Gas & Electric Company ("Customer").

TERRITORY

Delivery points shall be as specified in the Customer's Master Services Contract, Schedule A, Wholesale Intrastate Transmission Service.

RATES

Interstate Transition Cost Surcharge (ITCS)

ITCS-SD, per therm (0.223¢)

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.

Transmission Charges

The transmission charges below are applicable for firm intrastate transmission service (GT-F8) and interruptible intrastate transmission service (GT-I8).

GT-F8 Rate/Therm 2.440¢
 GT-I8 Rate/Therm 2.440¢

Minimum Charge

The minimum monthly charge shall be any applicable use-or-pay charges.

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

The number of therms to be billed shall be the number of therms determined in accordance with Rule No. 2 less the number of therms billed to customers under Schedule No. GT-SD for the same applicable billing period.

SPECIAL CONDITIONS

1. Definitions of the principal terms used in this schedule are contained in Rule No. 1.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVISE LETTER NO. 3425
 DECISION NO. 02-11-073

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Nov 8, 2004
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 RESOLUTION NO. _____

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Schedule No. GW-SD
WHOLESALE NATURAL GAS SERVICE

Sheet 2

(Continued)

SPECIAL CONDITIONS (Continued)

2. As a condition precedent to service under this schedule, an executed (1) Master Services Contract, Schedule A, Intrastate Transmission Service (Form Nos. 6597 and 6597-1) and (2) Moreno South Constrained Area Amendment to Master Services Contract, Schedule A (Form 6597-15) are required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
3. In the event of curtailment, the Utility shall provide service to Customer in accordance with the provisions of Rule No. 23.
4. The transportation imbalance will be calculated by aggregating the confirmed transportation deliveries for the customer with the confirmed transportation deliveries for customers taking service under Schedule No. GT-SD less the actual usage recorded by the Utility at the SDG&E system receipt points. All other 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. The contract term for firm intrastate transmission service shall be two years. In the event the Customer does not subsequently execute an agreement electing an additional term, service may continue to be provided on an interruptible basis under this schedule.
6. 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.

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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.

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(TO BE INSERTED BY UTILITY)
 ADVISE LETTER NO. 3425
 DECISION NO. 02-11-073

ISSUED BY
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 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Nov 8, 2004
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 RESOLUTION NO. _____

Schedule No. GW-SD
WHOLESALE NATURAL GAS SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

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|---|-------------------------|
| 17. If during any billing period, Customer's partial requirements scheduled nominations are less than 75% of Customer's firm partial requirements 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 partial requirements MSQ and Customer's partial requirements scheduled nominations for that month. | N

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| 18. <u>Use-or-pay</u> 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. | L,T
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| 19. 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. | L,T
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| 20. 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. | L,T
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| 21. 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. | L,T
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| 22. Customer may be subject to the provisions of the Peaking Service Tariff, GT-PS, if it receives gas transportation service from an alternate service provider. | L,T
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(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3425
DECISION NO. 02-11-073

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
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SAMPLE FORMS - CONTRACTS

Sheet 1

Moreno South Constrained Area Amendment to Master Services Contract, Schedule A
Intrastate Transmission Service (Form 6597-15)

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3425
DECISION NO. 02-11-073

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Nov 8, 2004
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RESOLUTION NO. _____

**MORENO SOUTH CONSTRAINED AREA AMENDMENT to
Master Services Contract – Schedule A
Intrastate Transmission Service (for Delivery to the SDG&E System)
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 _____ (“Effective Date”) and shall terminate on _____ (“Termination Date”).

2. 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 1

This sequence is for Firm Full Requirements Quantities only.

SDG&E is the only customer eligible for firm full requirements noncore service under this amendment. Full Requirements quantities are limited to SDG&E's forecast core requirements per Rate Schedule GW-SD.

Billing Schedule				
Rate Schedule (Select one)	Priority	Net Billed	Transmission Rates Tariff/Negotiated	Otherwise Applicable Rate
___GW-SD	<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</u> -Years				
Monthly Scheduled Quantities (therms <i>per month</i>)				
Year 1			Year 2	

Apr _____ May _____ Jun _____ Jul _____ Aug _____ Sep _____ Oct _____ Nov _____ Dec _____ Jan _____ Feb _____ Mar _____ Annual Quantity _____	Apr _____ May _____ Jun _____ Jul _____ Aug _____ Sep _____ Oct _____ Nov _____ Dec _____ Jan _____ Feb _____ Mar _____ Annual Quantity _____
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Sequence 2

This sequence is for Firm Partial Requirements Noncore Quantities

Customer may bid for firm partial requirements noncore service by entering the quantities in appropriate sequence. SDG&E is the only customer eligible for service under Rate Schedule GW-SD. Customer 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 (Select one)	Priority	Net Billed	Transmission Rates Tariff/Negotiated	Otherwise Applicable Rate
<input type="checkbox"/> GW-SD <input type="checkbox"/> GT-SD	<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</u> -Years				
Year 1		Year 2		
<u>Bid Amount</u>		<u>Award Amount</u>		
		<i><u>For Utility use only</u></i>		
Annual Quantity _____	_____	Annual Quantity _____	_____	_____

Sequence 2
Firm Noncore Partial Requirements Quantities
Monthly Bid Form
Use Additional Pages if Necessary

Monthly Scheduled Quantities (therms <i>per month</i>)	
Year 1	Year 2

<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 2
Firm Noncore Quantities
Hourly Bid Form
use Additional Pages if Necessary

Hourly Firm Noncore Bid Range # 1

Operating Days M ___ T ___ W ___ Th ___ F ___ Sa ___ Su ___

Date Range: Start Month _____ End Month _____
 Day _____ Day _____
 Year _____ Year _____

Hour Range: Start _____ ___ am End _____ ___ am
 ___ pm ___ pm

Therms per Hour: _____

(Indicate am/pm. Start and end on the hour. Midnight is 12:00am; Noon is 12:00pm.)

Hourly Firm Noncore Bid Range # 2

Operating Days M ___ T ___ W ___ Th ___ F ___ Sa ___ Su ___

Date Range: Start Month _____ End Month _____
 Day _____ Day _____
 Year _____ Year _____

Hour Range: Start _____ ___ am End _____ ___ am
 ___ pm ___ pm

Therms per Hour: _____

(Indicate am/pm. Start and end on the hour. Midnight is 12:00am; Noon is 12:00pm.)

Hourly Firm Noncore Bid Range # 3

Operating Days M ___ T ___ W ___ Th ___ F ___ Sa ___ Su ___

Date Range: Start Month _____ End Month _____
 Day _____ Day _____
 Year _____ Year _____

Hour Range: Start _____ ___ am End _____ ___ am
 ___ pm ___ pm

Therms per Hour: _____

(Indicate am/pm. Start and end on the hour. Midnight is 12:00am; Noon is 12:00pm.)

Sequence 3

This sequence is for Interruptible Noncore Partial Requirements Quantities

SDG&E is the only customer eligible for service under Rate Schedule GW-SD.

Billing Schedule				
Rate Schedule (Select one)	Priority	Net Billed	Transmission Rates Tariff/Negotiated	Otherwise Applicable Rate
<input type="checkbox"/> GW-SD <input type="checkbox"/> GT-SD	<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			Year 2	

<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 _____	_____

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

4. Section 8 is added to the Agreement as follows:

Section 8 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) **Last Sequence**. In all bids, the last sequence will be an interruptible noncore rate schedule 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.

(4) **Use-or-Pay**. Use-or-pay charges will be calculated in accordance with Schedules GT-SD and GW-SD, as applicable.

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.

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) **Open Season Start Date.** The Open Season will commence on _____.

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

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: _____

SAMPLE FORMS - CONTRACTS

Sheet 1

Constrained Area Amendment to Master Services Contract, Schedule A
Intrastate Transmission Service (Form 6597-14, Rev. 1/2005)

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(See Attached Form)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3425
DECISION NO. 02-11-073

1W24

ISSUED BY

Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Nov 8, 2004
EFFECTIVE _____
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 _____ (“Effective Date”) and shall terminate on _____ (“Termination Date”).

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. Firm intrastate transmission service shall be aggregated with similar service under Account No. _____ (if specified) and any applicable use or pay charges shall be applied to that account.

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 1

This sequence is for Core Quantities only.

If you (Customer) want your facility to have 100% Core service, you do not need to submit a bid and should contact your Account Representative to arrange for a transfer to core service before the Due Date. (Pursuant to SoCalGas Tariff Rule No. 23, Electric Generation, Refinery and Enhanced Oil Recovery Customers using 20,800 therms or more per month may not qualify for core service.)

Billing Schedule				
Rate Schedule (Select one)	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</u> -Years				
Monthly Scheduled Quantities (therms <i>per</i> month)				
Year 1			Year 2	

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 2
This sequence is for Firm Noncore Quantities

You (Customer) may bid for firm noncore service by entering the quantities in appropriate sequence. If multiple firm noncore rate schedules apply, each rate schedule and its associated volumes must be submitted separately as Sequence 2, 3, etc. (in the order in which they apply after core service). 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 (Select one)	Priority	Net Billed	Transmission Rates Tariff/Negotiated	Otherwise Applicable Rate
___ GT-F3 ___ ___ GT-F4 ___ ___ 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</u> -Years				
Year 1			Year 2	
<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>	
Annual Quantity _____			Annual Quantity _____	

Sequence 2
Firm Noncore Quantities
Monthly Bid Form
Use Additional Pages if Necessary

Monthly Scheduled Quantities (therms <i>per month</i>)	
Year 1	Year 2

<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 2
Firm Noncore Quantities
Hourly Bid Form
use Additional Pages if Necessary

Hourly Firm Noncore Bid Range # 1

Operating Days M ___ T ___ W ___ Th ___ F ___ Sa ___ Su ___

Date Range: Start Month _____ End Month _____
Day _____ Day _____
Year _____ Year _____

Hour Range: Start _____ am End _____ am
_____ pm _____ pm

Therms per Hour: _____

(Indicate am/pm. Start and end on the hour. Midnight is 12:00am; Noon is 12:00pm.)

Hourly Firm Noncore Bid Range # 2

Operating Days M ___ T ___ W ___ Th ___ F ___ Sa ___ Su ___

Date Range: Start Month _____ End Month _____
Day _____ Day _____
Year _____ Year _____

Hour Range: Start _____ am End _____ am
_____ pm _____ pm

Therms per Hour: _____

(Indicate am/pm. Start and end on the hour. Midnight is 12:00am; Noon is 12:00pm.)

Hourly Firm Noncore Bid Range # 3

Operating Days M ___ T ___ W ___ Th ___ F ___ Sa ___ Su ___

Date Range: Start Month _____ End Month _____
Day _____ Day _____
Year _____ Year _____

Hour Range: Start _____ am End _____ am
_____ pm _____ pm

Therms per Hour: _____

(Indicate am/pm. Start and end on the hour. Midnight is 12:00am; Noon is 12:00pm.)

Sequence 3
This sequence is for Interruptible Noncore Quantities

If multiple interruptible noncore rate schedules apply, each rate schedule and its associated volumes must be submitted separately as Sequence 3, 4, etc. (in the order in which they apply after core and firm noncore service).

Billing Schedule				
Rate Schedule (Select one)	Priority	Net Billed	Transmission Rates Tariff/Negotiated	Otherwise Applicable Rate
___ GT-I3 ___ ___ GT-I4 ___ ___ 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</i> month)				
Year 1			Year 2	

<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 _____	_____

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

4. Section 8 is added to the Agreement as follows:

Section 8 Special Terms and Conditions for Constrained Area Transportation:

A. Definitions

(1) **Potential Capacity Constrained Areas.** (a) The Imperial Valley from Niland, CA South to Mexico border (b) The San Joaquin Valley, the approximate area impacted is North of Highway 119, East of Interstate 5, South of the City of Fresno, and West of the Sierra Nevada Mountain range (c) The Rainbow Corridor, the approximate area is along Interstate 215 from Moreno Valley, CA south to Temecula, CA near the border of San Diego County.

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

(3) **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.

(4) **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.

(5) **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.

(6) **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.

(7) **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.

(8) **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. In the event interruptible service is only partially curtailed, the Customer shall also be entitled to use the non-curtailed portion of their interruptible MSQ, divided by operating days, as specified for that sequence, *divided by 24 hours*.

(9) **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.

(10) **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.

(11) **Curtailed 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.

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) **Open Season Start Date.** The Open Season will commence on _____.

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

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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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3425
 DECISION NO. 02-11-073

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Nov 8, 2004
 EFFECTIVE _____
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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3425
 DECISION NO. 02-11-073
 3W24

ISSUED BY
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