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November 22, 2006

Advice No. 3684 (U 904 G)

Public Utilities Commission of the State of California

Subject: Gas OIR Phase 2 Compliance Filing

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

Purpose

This filing is in compliance with Ordering Paragraph (OP) 9 of Decision No. (D.) 06-09-039, in Rulemaking (R.) 04-01-025, which directs SoCalGas to:

"... file an advice letter within 90 days of the adoption of this decision to implement its proposal to offer tradable capacity rights on its local transmission system, as well as revisions to its open season commitment period as described herein."

The Commission issued D.06-09-039 on September 21, 2006 in Phase 2 of its Order Instituting Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California.

Proposed Tariff Revisions

In R.04-01-025, SoCalGas requested revisions to its open season process for expansion of local transmission facilities in potentially capacity-constrained areas. Pursuant to OP 8 and OP 9 of D.06-09-039 SoCalGas is proposing modifications to its tariffs as discussed herein.

Revision to Rule No. 1, Definitions

Previously, the constrained areas were specifically listed in Section 4 of the Constrained Area Amendment to Master Services Contract, Schedule A, Intrastate Transmission Service (Form 6597-14, Rev. 1/2005) ("Constrained Area Amendment"). This filing proposes to eliminate the Constrained Area Amendment and create two new agreements as described below in the "Proposed New Agreements" section. In order to allow for changes in capacity-constrained areas over time, a definition of "Potentially Capacity-Constrained Areas" is proposed to be added to Rule No. 1, based on the discussion on p. 63 of D.06-09-039 which states:

"We will require that SoCalGas and SDG&E hold open seasons for firm capacity over those segments of the local transmission system which are experiencing or are expected to soon experience congestion..."

The following is added to Rule No. 1, Definitions:

<u>Potentially Capacity-Constrained Area</u>: Segments of the local transmission system in which customer requests for firm transportation service currently exceed, or within the next five years may exceed, available capacity. Such requests must be based on historical usage or evidence which substantiates expected incremental load.

The same discussion on p. 63 of D.06-09-039 ends with "...and that they publicize the results." With this direction, SoCalGas plans to hold Open Seasons when and where it believes a potentially capacity-constrained area exists, and will file a report with the Commission indicating the results of any such Open Season. Initially, SoCalGas plans to hold an Open Season in the Rainbow Corridor, as well as in other potentially constrained areas, e.g. Imperial Valley and San Joaquin Valley. The Rainbow Corridor is currently defined as Line 1027 (16-inch diameter), Line 1028 (24-inch diameter) and Line 6900 (30 and 36-inch diameter), which run from Moreno Station south to Rainbow Station. 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.

Revisions to Schedule No. GT-F, Firm Intrastate Transmission Service

The section title under the Special Conditions pertaining to constrained areas is changed from "Firm Noncore Service in Potential Capacity Constrained Areas as Defined in the Constrained Area Amendment to Master Services Contract – Schedule A Intrastate Transmission Service" to "Firm Noncore Service in Potentially Capacity-Constrained Areas" to make the terms consistent with the constrained area definition and because the Constrained Area Amendment will no longer be used.

Pursuant to D.06-09-039 the following Special Conditions are added to the above mentioned renamed section of Schedule No. GT-F as shown in Attachment B:

 Special Condition 30: <u>Open Season</u> – Language is pursuant to D.06-09-039, p.63, which states:

"We will require that SoCalGas and SDG&E hold open seasons for firm capacity over those segments of the local transmission system which are experiencing or are expected to soon experience congestion."

• Special Condition 32: <u>Customer Size</u> – Language is in response to D.06-09-037, p.63, which states:

"We will adopt differential treatment for large customer (G-30 customers with peak usage of at least 20 MMcfd and EG Tier 2 customers) and smaller customers (G-30 customers less than 20 MMcfd and EG Tier 1 customers)."

Some descriptive terms are added to the language for clarity in the tariff. Since the Commission did not explicitly address the classification for the enhanced oil recovery (EOR) customers, SoCalGas plans to classify EOR customers as large or small in the

same manner as commercial/industrial customers and has included such language in Special Condition 32 of Schedule No. GT-F.

 Special Condition 34: <u>Term</u> – Proposed language conforms to D.06-09-037, OP 8, which states:

"For smaller customers, SoCalGas and SDG&E shall retain the current practice of requiring no more than 2-year commitments from those seeking firm capacity through open seasons. For large customers, SoCalGas and SDG&E shall require that they make take-or-pay commitments which last until the earlier of the following two events occurs: either two years shall have elapsed from the date that the associated facilities are placed into service; or five years shall have elapsed from the customer's sign-up date."

Special Condition 48: <u>Intrastate Capacity Trading</u> – This Special Condition is added in compliance with OP 9 of D.06-09-039 ordering SoCalGas to implement its proposal to offer tradable capacity rights on its local transmission system. It describes the terms and conditions under which a noncore customer with an award of firm intrastate capacity in a capacity-constrained area may trade all or a portion of its award with another noncore customer in the same constrained area. It also describes SoCalGas' responsibilities in either facilitating the trade or giving cause why such a trade is denied.

Other Changes to Schedule No. GT-F

- Special Condition 33: <u>Scheduled Quantity Addendum</u> (Addendum) designates the Addendum as the form for specifying scheduled quantities rather than the discontinued Constrained Area Amendment discussed below. Special Conditions 35 and 36 (formerly Special Conditions 31 and 32) are revised to replace references to the Constrained Area Amendment with the Addendum.
- Special Condition 43: <u>Awarding of Firm Noncore Capacity</u> (formerly Special Condition 36) Pursuant to D.06-09-039, language is added to account for the different contract terms for large and small customers. SoCalGas will use small customers' Year 2 bids as a factor in determining the firm service capacity awards for Years 3, 4, and 5 of large customer contracts within the same constrained area. The intent is to provide a known capacity for each customer through the term of the agreement and to fairly provide prorata firm capacity to all customers who desire firm service. Additionally, during the term of its agreement, a large customer may not change its bid for firm service for any of the time periods covered by the agreement. Other language is added to assure that once additional facilities are in service and additional capacity is available, Customers' awards will be increased up to their bid amount for the remaining term of their intrastate transmission service contracts.
- To be consistent across the Special Condition section, titles are added to the Special Conditions and they are renumbered as 31, 35, 36, 37, 40, 42, 43, 47 (combines the original 37 and 38), previously numbered as 30, 31, 32, 33, 34, 35, 36, 37, and 38, respectively.
- Special Condition 47 replaces current Special Conditions 37 and 38 which are combined under one heading, Non-Bidding Customers. Reference to the Constrained Area Amendment is eliminated.

• Revisions as a result of the elimination of Constrained Area Amendment:

For ease of administration, SoCalGas is proposing to eliminate the Constrained Area Amendment and replace it with the Scheduled Quantity Addendum (Form 6900) to the Master Services Contract, Schedule A, Intrastate Transmission Service (Form No. 6597-1). The Scheduled Quantity Addendum, as described in the "Proposed New Agreements" section below, is structured to provide a mechanism to capture contract quantities for longer terms and in greater detail than provided for in the standard contract. Pertinent terms of the previously existing Constrained Area Amendment which were not already in the tariff schedules have been added to the Special Conditions in Schedule No. GT-F. These terms are listed below.

| Terms in Constrained Area Amendment | Added to Schedule GT-F |
|--|------------------------|
| | |
| Section 2 C - Use-or-Pay Aggregation | Special Condition 38 |
| Section 4 C - Early Termination | Special Condition 39 |
| Section 4 D – Availability of Daily and Hourly | Special Condition 41 |
| Data | |
| Section 4 F – Hourly Allocation of Bids when | Special Condition 44 |
| Oversubscribed | |
| Section 4 G – Firm Quantities Bid but Not | Special Condition 45 |
| Awarded | |
| Section 4 H – Right of Refusal | Special Condition 46 |

Revisions to Core Non Residential Schedules

Schedule Nos. G-10, Core Commercial/Industrial Service, G-AC/GT-AC, Core Air Conditioning Service, and G-EN/GT-EN, Core Gas Engine Service for Water Pumping, have a section entitled "Firm Noncore Service in Potential Capacity Constrained Areas as Defined in the Constrained Area Amendment to Master Services Contract - Schedule A Intrastate Transmission Service".

This section is renamed and modified to read the same as Special Conditions 30 and 47 in Schedule No. GT-F.

Firm Noncore Service in Potentially Capacity-Constrained Areas

<u>Open Season</u>: The Utility will conduct an open season to solicit contractually binding bids from noncore eligible customers for firm service in potentially capacity-constrained areas, as defined in Rule No. 1.

<u>Non-Bidding Customers</u>: Noncore customers eligible to participate in the open season that do not submit a bid shall be placed on an interruptible noncore rate schedule. Any potential noncore eligible customer, offered an opportunity to bid for firm noncore service, who declines to bid, or was not awarded sufficient firm capacity, may not elect core service during the period covered by the open season. Noncore-eligible customers on core service as of the open season start date that do not submit a bid for service may remain core.

Revisions to Schedule No. GW-SD, Wholesale Natural Gas Service to San Diego:

Schedule No. GW-SD is revised to include language relevant to capacity-constrained areas. Special Conditions 30, 33, 35, 36, 34, 37, 40 – 45, and 47 from the proposed Schedule No. GT-F are added to this schedule as Special Conditions 17 – 20, and 23 - 31, respectively. GW-SD's new Special Conditions 20 and 25 are slightly modified from their counterparts in Schedule No. GT-F to reflect that San Diego Gas and Electric (SDG&E) will only be bidding hourly quantities because its bid will be derived from a combination of monthly and hourly bids aggregated from its noncore customers requiring firm service. Also, Special Conditions 23, 24, and 31 acknowledge the fact that SDG&E's bid includes a combination of bids from small customers who have only two year contracts and large customers who have contracts longer than two years.

Special Conditions 21 and 22 are added to Schedule No. GW-SD to describe the bidding process for SDG&E, including its allocation of core load and its bid for noncore firm service.

Proposed New Agreements

The following two new sample form contracts are proposed:

- Scheduled Quantity Addendum (Form 6900) to the Schedule A Intrastate Transmission Service contract has been created to capture the quantities awarded in the open season. These quantities are stated for greater durations and in more detail than provided for under the standard Intrastate Transmission Service contract. The information contained in this new proposed Addendum was originally part of the Constrained Area Amendment. Other provisions of the Constrained Area Amendment have been relocated to the appropriate Rate Schedules. In effect, the previously existing Constrained Area Amendment has been shortened and renamed as an addendum to reflect the contract quantities bid and awarded in the open season.
- Constrained Area Firm Capacity Trading Agreement (Form 6910) has been created to facilitate the trading of capacity and associated use-or-pay commitments between any two customers who wish to trade and are located in the same constrained area. Form 6910 describes the requested trade and the terms, conditions and obligations of the trading customers and of SoCalGas with respect to a capacity trade.

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 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:

CPUC Energy Division Attention: Tariff Unit 505 Van Ness Avenue San Francisco, CA 94102 Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas (<u>mas@cpuc.ca.gov</u>) and Honesto Gatchalian (<u>inj@cpuc.ca.gov</u>) 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: <u>snewsom@semprautilities.com</u>

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition and therefore respectfully requests that this advice letter become effective December 22, 2006, which is 30 days after the date filed.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes the interested parties in R.04-01-025.

J. STEVE RAHON Director Tariffs and Regulatory Accounts

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY

| ENERGY UTILITY MUST BE COMPLETED BY UTILITY (Attach additional pages as needed) | | | | |
|---|---|---|--|--|
| • • | | | | |
| Company name/CPUC Utility No. SOUTHERN CALIFORNIA GAS COMPANY/ U 904 G | | | | |
| Utility type: | Contact Person: <u>Sid Newsom</u> | | | |
| | Phone #: $(213) 2$ | | | |
| PLC HEAT WATER | E-mail: <u>snewsom</u> | @semprautilities.com | | |
| EXPLANATION OF UTILITY T | YPE | (Date Filed/ Received Stamp by CPUC) | | |
| ELC = ElectricGAS = GasPLC = PipelineHEAT = Heat | WATER = Water | | | |
| Advice Letter (AL) #: <u>3684</u> | | | | |
| Subject of AL: Gas OIR Phase 2 Imp | elementation Complia | nce Filing regarding proposal to offer tradable | | |
| capacity rights on local transmission sys | stem and revisions to | open season commitment period per OP9 | | |
| | | npliance. Contracts, Core, Non-Core, Rules | | |
| | 5). <u> </u> | | | |
| AL filing type: 	Monthly Quarter | erly 🗌 Annual 🕅 O | ne-Time 🗌 Other | | |
| | • | cate relevant Decision/Resolution #: | | |
| OP 9 of D.06-09-039 | | cate relevant Decision/ Resolution ". | | |
| | atad AI 2 If so idar | ntify the prior AL <u>N/A</u> | | |
| | | | | |
| Summarize differences between the | AL and the prior wi | thdrawn or rejected AL1: <u>N/A</u> | | |
| Resolution Required? Yes No | | | | |
| Requested effective date: $12/22/0$ | - | | | |
| - | | | | |
| Estimated system annual revenue e | Estimated system annual revenue effect: (%): <u>N/A</u> | | | |
| v v | - | L chowing owned a note offects on oustomer | | |
| classes (residential, small commerci | | L showing average rate effects on customer Iltural, lighting). | | |
| Tariff schedules affected: G-10, G-AC, GT-AC, G-EN, GT-EN, GT-F, GW-SD, Rule 1, Sample Form Contracts and TOCs | | | | |
| Service affected and changes proposed ¹ : <u>Tradable Capacity Rights and Open Seasons in Potentially</u> | | | | |
| Constrained Areas | | | | |
| Pending advice letters that revise the same tariff sheets: <u>None</u> | | | | |
| 0 | | | | |
| | | | | |
| Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to: | | | | |
| CPUC, Energy Division | | outhern California Gas Company | | |
| Attention: Tariff Unit | | ttention: Sid Newsom | | |
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| San Francisco, CA 94102 Los Angeles, CA 90013-4957 jr@cpuc.ca.gov and jnj@cpuc.ca.gov snewsom@semprautilities.com | | | | |
| w | 51 | | | |

 $^{^{\}scriptscriptstyle 1}$ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3684

(See Attached Service Lists)

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ATTACHMENT B Advice No. 3684

| Cal. P.U.C. Sheet No. | Title of Sheet | Cancelling Cal. P.U.C. Sheet No. |
|--------------------------|---|-------------------------------------|
| Revised 41246-G | Schedule No. G-10, CORE COMMERCIAL AND INDUSTRIAL SERVICE, (Includes GN- 10, 10C, 10V, 10VC, 10L, GT-10, 10V, and 10L Rates), Sheet 8 | Revised 41077-G |
| Revised 41247-G | Schedule No. G-AC, CORE AIR CONDITIONING SERVICE, FOR COMMERCIAL AND INDUSTRIAL, Sheet 8 | Revised 38158-G* |
| Revised 41248-G | Schedule No. GT-AC, CORE TRANSPORTATION-ONLY AIR CONDITIONING, SERVICE FOR COMMERCIAL AND INDUSTRIAL, Sheet 8 | Revised 38159-G* |
| Revised 41249-G | Schedule No. G-EN, CORE GAS ENGINE SERVICE, FOR WATER PUMPING, Sheet 4 | Revised 38160-G* |
| Revised 41250-G | Schedule No. GT-EN, CORE TRANSPORTATION-ONLY GAS ENGINE, SERVICE FOR WATER PUMPING, Sheet 3 | Revised 38161-G* |
| Revised 41251-G | Schedule No. GT-F, FIRM INTRASTATE TRANSMISSION SERVICE, Sheet 8 | Revised 38162-G* |
| Revised 41252-G | Schedule No. GT-F, FIRM INTRASTATE TRANSMISSION SERVICE, Sheet 9 | Revised 38163-G* |
| Revised 41253-G | Schedule No. GT-F, FIRM INTRASTATE TRANSMISSION SERVICE, Sheet 10 | Revised 38164-G* |
| Original 41254-G | Schedule No. GT-F, FIRM INTRASTATE TRANSMISSION SERVICE, Sheet 11 | |
| Original 41255-G | Schedule No. GT-F, FIRM INTRASTATE TRANSMISSION SERVICE, Sheet 12 | |
| Original 41256-G | Schedule No. GT-F, FIRM INTRASTATE TRANSMISSION SERVICE, Sheet 13 | |
| Revised 41257-G | Schedule No. GW-SD, WHOLESALE NATURAL GAS SERVICE, Sheet 4 | Revised 37951-G |
| Original 41258-G | Schedule No. GW-SD, WHOLESALE NATURAL GAS SERVICE, Sheet 5 | |
| Original 41259-G | Schedule No. GW-SD, WHOLESALE NATURAL GAS SERVICE, Sheet 6 | |
| Revised 41260-G | Rule No. 01, DEFINITIONS, Sheet 11 | Revised 36713-G |
| Original 41261-G | SAMPLE FORMS - CONTRACTS, Master Services Contract Schedule A Intrastate Transmission Service, Scheduled Quantity Addendum (Form No. 6900) | |

ATTACHMENT B Advice No. 3684

| Cal. P.U.C. Sheet No. | Title of Sheet | Cancelling Cal. P.U.C. Sheet No. |
|------------------------------------|---|-------------------------------------|
| Original 41262-G | SAMPLE FORMS - CONTRACTS, Constrained Area Firm Capacity Trading Agreement, (Form No. 6910) | |
| Revised 41263-G Revised 41264-G | TABLE OF CONTENTS TABLE OF CONTENTS | Revised 41202-G Revised 41244-G |
| Revised 41265-G | TABLE OF CONTENTS | Revised 40826-G |
| Revised 41266-G | TABLE OF CONTENTS | Revised 39142-G |
| Revised 41267-G | TABLE OF CONTENTS | Revised 41245-G |

Schedule No. G-10 Sheet 8 CORE COMMERCIAL AND INDUSTRIAL SERVICE (Includes GN-10, 10C, 10V, 10VC, 10L, GT-10, 10V, and 10L Rates) (Continued) SPECIAL CONDITIONS (Continued) 18. Core Aggregation Transportation Customer Notices and Billing: SoCalGas shall continue to read customer meters, send customers legally required notices and bill inserts pursuant to Public Utilities Code 454(a), and provide customers with all other regular SoCalGas services. This includes direct billing, unless the customer specifies in the electronic Service Request DASR effective with the implementation of D.98-02-108, that SoCalGas bill the ESP or marketer/shipper for all charges. 19. <u>Disputed Bills</u>: All disputes between customers and their Aggregator shall be resolved solely by customers and the Aggregator, and such disputes shall not be subject to Commission jurisdiction. All disputes between the Utility and customers or between the Utility and Aggregators shall be subject to Commission jurisdiction. Firm Noncore Service in Potentially Capacity-Constrained Areas 20. Open Season: The Utility will conduct an open season to solicit contractually binding bids from noncore eligible customers for firm service in potentially capacity-constrained areas, as defined in Rule No. 1. 21. Non-Bidding Customers: Noncore customers eligible to participate in the open season that do not submit a bid shall be placed on an interruptible noncore rate schedule. Any potential noncore eligible customer, offered an opportunity to bid for firm noncore service, who declines to bid, or was not awarded sufficient firm capacity, may not elect core service during the period covered by the open season. Noncore-eligible customers on core service as of the open season start date that do not submit a bid for service may remain core.

ISSUED BY Lee Schavrien Vice President Regulatory Affairs Т

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38158-G* CAL. P.U.C. SHEET NO.

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

(Continued)

SPECIAL CONDITIONS (Continued)

Firm Noncore Service in Potentially Capacity-Constrained Areas

- 16. Open Season: The Utility will conduct an open season to solicit contractually binding bids from noncore eligible customers for firm service in potentially capacity-constrained areas, as defined in Rule No. 1.
- 17. Non-Bidding Customers: Noncore customers eligible to participate in the open season that do not submit a bid shall be placed on an interruptible noncore rate schedule. Any potential noncore eligible customer, offered an opportunity to bid for firm noncore service, who declines to bid, or was not awarded sufficient firm capacity, may not elect core service during the period covered by the open season. Noncore-eligible customers on core service as of the open season start date that do not submit a bid for service may remain core.

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(TO BE INSERTED BY CAL. PUC) Nov 22, 2006 DATE FILED Mar 1, 2007 EFFECTIVE **RESOLUTION NO.**

Sheet 8

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38160-G* CAL. P.U.C. SHEET NO.

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

(Continued)

SPECIAL CONDITIONS (Continued)

Priority 2A Customers

- 8. As a condition precedent to service under this schedule, an executed Master Services Contract (Form No. 6597) and Schedule A, Intrastate Transmission Service (Form No. 6597-1) is required. All contracts, rates, and conditions are subject to revision and modification as a result of Commission order.
- 9. The contract term for service under this schedule shall be for a minimum of one year, except as noted in Special Condition 7. After the initial term, the contract will continue on a year-to-year basis until terminated by either party upon 15-days written notice.

Firm Noncore Service in Potentially Capacity-Constrained Areas

- 10. Open Season: The Utility will conduct an open season to solicit contractually binding bids from noncore eligible customers for firm service in potentially capacity-constrained areas, as defined in Rule No. 1.
- 11. Non-Bidding Customers: Noncore customers eligible to participate in the open season that do not submit a bid shall be placed on an interruptible noncore rate schedule. Any potential noncore eligible customer, offered an opportunity to bid for firm noncore service, who declines to bid, or was not awarded sufficient firm capacity, may not elect core service during the period covered by the open season. Noncore-eligible customers on core service as of the open season start date that do not submit a bid for service may remain core.

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Sheet 4

41250-G 38161-G* CAL. P.U.C. SHEET NO.

Schedule No. GT-EN CORE TRANSPORTATION-ONLY GAS ENGINE SERVICE FOR WATER PUMPING

(Continued)

SPECIAL CONDITIONS (Continued)

Priority 2A Customers

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

Firm Noncore Service in Potentially Capacity-Constrained Areas

- 11. Open Season: Utility will conduct an open season to solicit contractually binding bids from noncore customers for firm service in potentially capacity-constrained areas, as defined in Rule No. 1.
- 12. Non-Bidding Customers: Noncore customers eligible to participate in the open season that do not submit a bid shall be placed on an interruptible noncore rate schedule. Any potential noncore eligible customer, offered an opportunity to bid for firm noncore service, but declines to bid, or was not awarded sufficient firm capacity, may not elect core service during the period covered by the open season. Noncore-eligible customers on core service as of the open season start date that do not submit a bid for service may remain core.

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Sheet 3

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Schedule No. GW-SD WHOLESALE NATURAL GAS SERVICE

Sheet 4

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(Continued)

SPECIAL CONDITIONS (Continued)

- 11. If at the end of a contract year, Customer's partial requirements firm intrastate transmission usage is less than 75% of the Customer's firm intrastate transmission contract quantity, Customer will pay use-or-pay charges equal to 80% of the average transmission charge for the last billing month of the contract year times the difference between the Customer's actual usage and the 75% threshold.
- 12. 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.
- 13. 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.
- 14. 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.
- 15. 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.
- 16. 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.

FIRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS

- 17. <u>Open Season</u>: Utility will conduct an open season to solicit contractually binding bids from noncore eligible customers for firm service in potentially capacity-constrained areas, as defined in Rule 1.
- 18. <u>Scheduled Quantity Addendum</u>: The Master Services Contract Schedule A Intrastate Transmission Service Scheduled Quantity Addendum (Form No. 6900) (Addendum) shall be used to specify hourly scheduled quantities in conjunction with the standard Master Services Contract Schedule A, Intrastate Transmission Service (Form No. 6597-1).
- 19. <u>Hourly Scheduled Quantity (HSQ)</u>: HSQ is the quantity awarded in an open season and to be delivered each hour as firm noncore service as specified in the Addendum under this rate schedule.

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CAL. P.U.C. SHEET NO. 41258-G CAL. P.U.C. SHEET NO.

Schedule No. GW-SD WHOLESALE NATURAL GAS SERVICE

Sheet 5

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(Continued)

SPECIAL CONDITIONS (Continued)

FIRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS (Continued)

- 20. <u>Monthly Scheduled Quantity (MSQ)</u>: The MSQ under this rate schedule is equivalent to the summation of HSQs for the month.
- 21. <u>Core Load</u>: For its firm intrastate transmission service, Customer may elect full requirements service only for that portion of such usage serving its own core customer requirements, on an aggregate basis as set forth in the customer's contracts. The Customer must provide the Utility sufficient information to establish the usage requirements of its designated full requirements load.
- 22. <u>Bidding</u>: For its firm intrastate transmission service (excluding Customer's full requirements load), Customer must bid during the open season and contract for separate quantities of gas applicable to each hour of each month during the term of the contract ("partial requirements"). The scheduled quantities for partial requirements in the Addendum may not be changed during the term of the contract, with the exception of reductions made pursuant to Special Condition No. 23 and must be allocated by hour into HSQs for each contract year during the contract term.
- 23. <u>Term</u>: The term for firm service shall be the earlier of (a) two (2) years beyond the in-service date of facilities associated with the expansion of local transmission service or (b) five (5) years. Customer has the right to reduce HSQs in the event Customer's small noncore customer bids for firm service decline in subsequent open seasons.
- 24. <u>Use-or-Pay</u>: At the end of each contract year Customer will provide a report to the Utility detailing aggregated noncore usage for each month of such contract year. If during any month of the contract year, Customer's firm noncore usage is less than 75% of Customer's firm noncore MSQ, Customer will be assessed use-or-pay charges equal to 80% of the transmission charges multiplied by the difference between 75% of Customer's firm noncore MSQ and Customer's firm noncore usage for that month.
- 25. <u>Authorized Curtailment Quantity</u>: The maximum hourly quantity (in therms) the customer is entitled to use during an interruptible service curtailment is equal to Customer's full requirements for its core end-use customers plus the specified and awarded partial requirements HSQ for the specific hour, day, month and year awarded. In the event interruptible service is only partially curtailed, Customer shall also be entitled to use the non-curtailed portion of their interruptible HSQ.
- 26. <u>Availability of Daily and Hourly Data:</u> 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.

SPECIAL CONDITIONS (Continued)

LOS ANGELES, CALIFORNIA CANCELING

those authorized by hour at the following charges:

\$1 per therm for hours 1 through 5 of the curtailment event; \$3 per therm for hours 6 through 8 of the curtailment event; and

- will be equal to the customer's peak day usage for that month within the most recent 12 months. Peak day usage will be divided by 24 to determine historic hourly usage. If firm capacity remains over-subscribed after customers' bids have been reduced to historic usage, the Utility shall first award available firm capacity pro-rata based on historic usage. If firm capacity is not oversubscribed after customers' bids have been awarded based on historic usage, quantities bid in excess of each customer's historic usage and quantities submitted by new customers will be awarded on a pro-rata basis. The Utility will use small customers' Year 2 bids as a factor in determining the firm service capacity awards for Years 3, 4, and 5 for large customers within the same constrained area. After, and to the extent, the Utility places into service facilities that can provide higher levels of firm service, all customers' awards will be increased by a pro-rated amount, up to their bid amounts, for the duration of their contracts. During the term of its contract, a large customer may not change its
- bids for firm service for any of the time periods in the Addendum. However, Customer may reduce its contract quantities for partial requirements pursuant to Special Condition No. 23. 29. 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 the number of 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 number of operating days in the month.
- 30. Firm Quantities Bid but Not Awarded: Such quantities shall be added to Customer's interruptible sequence.
- 31. Non-Bidding Customer: If Customer is offered an opportunity to bid for firm noncore service, but declines to bid, all noncore service shall be placed on an interruptible noncore rate schedule.

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Schedule No. GW-SD WHOLESALE NATURAL GAS SERVICE

(Continued)

FIRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS (Continued)

27. Curtailment Violation Charges: Charges will apply hourly for any quantities consumed that exceed

28. Awarding of Firm Noncore Capacity: For any period where the firm bids exceed firm capacity, all bids that exceed a customer's historic usage will be reduced to historic usage. The historic usage

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

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CAL. P.U.C. SHEET NO.

Sheet 6

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41248-G 38159-G* CAL. P.U.C. SHEET NO.

Schedule No. GT-AC CORE TRANSPORTATION-ONLY AIR CONDITIONING SERVICE FOR COMMERCIAL AND INDUSTRIAL

(Continued)

SPECIAL CONDITIONS (Continued)

Large Commercial and Industrial (Continued)

26. As a condition of transportation service under this schedule, the customer shall be required to take assignment of the interstate capacity reserved by SoCalGas on the customer's behalf in accordance with the provisions of Rule No. 36. The customer shall be required to execute the necessary contracts with the applicable interstate pipelines and shall ultimately be held financially responsible to SoCalGas for all applicable pipeline demand charges, at the full as-billed rate, associated with the customer's reserved capacity. In the event the customer does not qualify for and take full assignment of the interstate pipeline capacity reserved by SoCalGas on customer's behalf, the customer shall <u>not</u> qualify for transportation service and shall be served under the applicable SoCalGas sales service schedule.

Firm Noncore Service in Potentially Capacity-Constrained Areas

- 27. Open Season: The Utility will conduct an open season to solicit contractually binding bids from noncore eligible customers for firm service in potentially capacity-constrained areas, as defined in Rule No. 1.
- 28. Non-Bidding Customers: Noncore customers eligible to participate in the open season that do not submit a bid shall be placed on an interruptible noncore rate schedule. Any potential noncore eligible customer, offered an opportunity to bid for firm noncore service, who declines to bid, or was not awarded sufficient firm capacity, may not elect core service during the period covered by the open season. Noncore-eligible customers on core service as of the open season start date that do not submit a bid for service may remain core.

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Sheet 8

38162-G* CAL. P.U.C. SHEET NO.

Schedule No. GT-F FIRM INTRASTATE TRANSMISSION SERVICE

Sheet 8

(Continued)

SPECIAL CONDITIONS (Continued)

COMMERCIAL/INDUSTRIAL

- 25. Commercial and industrial customers served under this schedule shall be assigned a rate classification based on the type of facilities from which the customer receives service. Customers served from the Utility's distribution-related facilities shall be classified as distribution (GT-F3D). Customers served from the Utility's transmission-related facilities, as established by the Utility's capital accounting records, shall be classified as transmission (GT-F3T). Customers served from transmission facilities or a combination of transmission and distribution facilities may, at their option, elect transmission or distribution rate status.
- 26. When the Utility uses its discretion, as defined in Rule 20 H.4, to accommodate a current commercial and industrial customer's request to switch from distribution to transmission level service, the Utility shall file an advice letter to notify the Commission before accommodating such a request. The advice letter filing should include an estimate amount of stranded costs associated with the customers' request.
- 27. For commercial and industrial customers served under this schedule through multiple meters on a single premises, as defined in Rule No. 1, the Utility shall combine all such meters, excluding meters serving electric generation equipment, for billing purposes in accordance with the provisions of Rule No. 17.

LONG-TERM DISCOUNTED CONTRACTS

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

PEAKING SERVICE

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

FIRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS

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- 30. Open Season: Utility will conduct an open season to solicit contractually binding bids from noncore eligible customers for firm service in potentially capacity-constrained areas, as defined in Rule No. 1.

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LOS ANGELES, CALIFORNIA CANCELING Revised

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CAL. P.U.C. SHEET NO. 41252-G CAL. P.U.C. SHEET NO. 38163-G*

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| FIRM INT | Schedule No. GT-F RASTATE TRANSMISSION | <u>I SERVICE</u> | Sheet 9 |
| | (Continued) | | |
| SPECIAL CONDITIONS (Continued) | | | |
| FIRM NONCORE SERVICE IN PO | TENTIALLY CAPACITY-C | ONSTRAINED AREAS (| (Continued) T,D |
| 31. <u>Partial Requirements Service</u> : All Full requirements service is not av | | be under partial requireme | nts service. T |
| 32. <u>Customer Size</u> : For the purposes areas, large noncore customers are (EOR) customers with historical p and (2) electric generation custom customers are defined as (1) comr usage of less than 20 MMcfd and therms per year. | e defined as (1) commercial/ir beak day usage of 20 million c hers using three (3) million the nercial /industrial and EOR co | ndustrial and enhanced oil i cubic feet per day (MMcfd) erms or more per year. Sm ustomers with historical pe | recovery) or more all noncore ak day |
| 33. <u>Scheduled Quantity Addendum</u> : Service Scheduled Quantity Adde monthly or hourly scheduled quar Schedule A, Intrastate Transmissi | endum (Form No. 6900) (Addentities in conjunction with the | endum) shall be used to spo standard Master Services (| ecify |
| 34. <u>Term</u>: For large noncore customer beyond the in-service date of facil (b) five (5) years. For small nonc | lities associated with the expa | nsion of local transmission | |
| 35. <u>Hourly Scheduled Quantity (HSQ</u> delivered each hour as firm nonco | | | |
| 36. <u>Monthly Scheduled Quantity (MS</u> delivered each month as firm none For customers bidding hourly, the HSQs for the month. | core service as specified in the | e Addendum under this rate | e schedule. T |
| 37. <u>Use-or-Pay</u> : If during any billing customer's firm noncore MSQ, th transmission charges multiplied b and the customer's firm noncore u | e customer will be assessed u y the difference between 75% | se-or-pay charges equal to | 80% of the |
| | | | |
| | (Continued) | | |
| (TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3684 DECISION NO. 06-09-039 | ISSUED BY Lee Schavrien Vice President | (TO BE INSERTED DATE FILED <u>Nov 22</u> EFFECTIVE | |

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LOS ANGELES, CALIFORNIA CANCELING Revised

CAL. P.U.C. SHEET NO. 38164-G*

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|---|--|---|-------------------|
| FIRM INTRA | Schedule No. GT-F | | et 10 |
| | (Continued) | | |
| SPECIAL CONDITIONS (Continued) | | | |
| FIRM NONCORE SERVICE IN POTE | ENTIALLY CAPACITY-C | ONSTRAINED AREAS (Continu | ued) T,E |
| 38. <u>Use-or-Pay Aggregation</u> : Individua service only at their facilities located charge determination. If the custom shall be based on the highest transm intrastate transmission service shall Marketer/Core Aggregator Use or Pa | I within the same constrain er aggregates facilities with ission charge. Customers v execute the Master Service | ed area for purposes of use-or-pay a different rates, use-or-pay charges wishing to aggregate their firm s Contract, Schedule B, | |
| 39. <u>Early Termination</u> : In the event of each an amount equal to the outstanding to | | | ility N |
| 40. <u>Authorized Curtailment Quantity</u> : T to use during an interruptible service operating days specified for that seq | e curtailment is equal to any uence in the contract <i>divide</i> | y core MSQs for the month <i>divided</i> ed by 24 hours. In addition, the | l by T |
| 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 | | | ly T ho lso |
| specified for that sequence, <i>divided</i> | - | inisQ, <i>uivideu by</i> operating days, a | as 1 |
| 41. <u>Availability of Daily and Hourly Da</u> recorded monthly volumes delivered rate over the number of calendar day available, the recorded daily volume constant rate over a 24-hour period. | I to the customer shall be as as during the month. In the | ssumed to be delivered at a constant event that hourly usage data is not | t |
| 42. <u>Curtailment Violation Charges</u>: Charthose authorized by hour at the follo \$1 per therm for hours 1 through \$3 per therm for hours 6 through \$10 per therm for each hour after | wing charges: h 5 of the curtailment event h 8 of the curtailment event | t; t; and | ed T |
| | (Continued) | | |
| (TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3684 | ISSUED BY Lee Schavrien | (TO BE INSERTED BY CAL. DATE FILED Nov 22, 2006 | PUC) |
| DECISION NO. 06-09-039 | Vice President | EFFECTIVE Mar 1, 2007 | |
| 10H21 | Regulatory Affairs | RESOLUTION NO. | |

SOUTHERN CALIFORNIA GAS COMPANY Original

LOS ANGELES, CALIFORNIA CANCELING

CAL. P.U.C. SHEET NO. 41254-G CAL. P.U.C. SHEET NO.

| | Schedule No. GT-F Sheet 11 <u>FIRM INTRASTATE TRANSMISSION SERVICE</u> | |
|-------------|---|---------------------|
| | (Continued) | |
| <u>SPEC</u> | CIAL CONDITIONS (Continued) | |
| <u>FI</u> | IRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS (Continued) | T |
| 43. | <u>Awarding of Firm Noncore Capacity</u> : For any period where the firm bids exceed firm capacity, all bids that exceed a customer's historic usage will be reduced to historic usage. The historic usage will be equal to the customer's peak day usage for that month within the most recent 12 months. Peak day usage will be divided by 24 to determine historic hourly usage. If firm capacity remains over-subscribed after customers' bids have been reduced to historic usage, the Utility shall first award available firm capacity pro-rata based on historic usage. If firm capacity is not over-subscribed after customers' bids have been awarded based on historic usage, quantities bid in excess of each customer's historic usage and quantities submitted by new customers will be awarded on a pro-rata | T T |
| | basis. The Utility will use small customers' Year 2 bids as a factor in determining the firm service capacity awards for Years 3, 4, and 5 for large customers within the same constrained area. After, and to the extent, the Utility places into service facilities that can provide higher levels of firm service, all customers' awards will be increased by a pro-rated amount, up to their bid amounts, for the duration of their contracts. During the term of its contract, a large customer may not change its bids for firm service for any of the time periods in the Addendum. | N |
| 44. | <u>Hourly Allocation of Bids when Oversubscribed</u> : In the event that only certain hours are oversubscribed, then monthly bids will be converted to an hourly basis by dividing by the number of 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 number of operating days in the month. | |
| 45. | Firm Quantities Bid but Not Awarded: Such quantities shall be added to the customer's interruptible sequence. | |
| 46. | <u>Right of Refusal</u> : The Utility reserves the right to reject any bid. Once a bid is rejected, the Utility shall notify the customer as to the reason for such rejection. The customer may re-submit a bid, provided that firm quantities have not yet been awarded to participants in the open season. | |
| 47. | <u>Non-Bidding Customers</u> : Noncore customers eligible to participate in the open season that do not submit a bid shall be placed on an interruptible noncore rate schedule. Any potential noncore eligible customer, offered an opportunity to bid for firm noncore service, who declines to bid, or was not awarded sufficient firm capacity, may not elect core service during the period covered by the open season. Noncore-eligible customers taking core service as of the open season start date that do not submit a bid for service may remain core. | T T N D |
| | (Continued) | |

ISSUED BY Lee Schavrien Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) DATE FILED <u>Nov 22, 2006</u> EFFECTIVE <u>Mar 1, 2007</u> RESOLUTION NO.

CAL. P.U.C. SHEET NO. 41255-G CAL. P.U.C. SHEET NO.

Schedule No. GT-F FIRM INTRASTATE TRANSMISSION SERVICE

Sheet 12

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(Continued)

SPECIAL CONDITIONS (Continued)

FIRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS (Continued)

- 48. <u>Intrastate Capacity Trading</u>: A customer taking firm noncore service within a capacity-constrained service area (Capacity Holder) may request to transfer all or a portion of its awarded firm noncore intrastate capacity and the associated obligations, including monthly use-or-pay obligations (Trade), to another noncore customer (Recipient) that desires the capacity in the same capacity-constrained area during the periods designated in the Constrained Area Firm Capacity Trading Agreement (Form 6910) (Trading Agreement) (see the trading section of http://www.socalgas.com/). The following process shall apply to all proposed Trades of intrastate firm capacity in constrained areas:
 - a. Trades must be within the same constrained service area.
 - b. No less than thirty (30) calendar days prior to the first proposed Trading Day, defined as a calendar day on which a Trade occurs, Capacity Holder and Recipient shall submit to the Utility an original Trading Agreement signed by Capacity Holder and Recipient.
 - c. Any trade requests must be approved by the Utility before the Trade may commence.
 - d. The Utility shall determine, in it sole reasonable discretion, whether the trade request is accepted or rejected based on operational feasibility and/or Recipient's creditworthiness as set forth in the Utility's Rule No. 6.
 - e. Within twenty-five (25) Calendar Days after receiving the trade request, the Utility shall notify Capacity Holder and Recipient as to whether the proposed Trade is approved or rejected.
 - 1) If the Utility approves the proposed Trade, Utility shall execute the Trading Agreement and return a copy of the fully executed original to Capacity Holder and Recipient. The Trade is approved as of the date on which the Utility executes the Trading Agreement.
 - 2) If the Utility rejects the proposed Trade, the Utility shall notify Capacity Holder and Recipient that the trade request has been rejected and the reason for rejection.
 - f. Capacity Holder and Recipient may trade only the capacity amounts for the operating days or hours set forth in the Trading Agreement.

(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3684 DECISION NO. 06-09-039 12H19 (Continued)

ISSUED BY Lee Schavrien Vice President Regulatory Affairs (TO BE INSERTED BY CAL. PUC) DATE FILED <u>Nov 22, 2006</u> EFFECTIVE <u>Mar 1, 2007</u> RESOLUTION NO. SOUTHERN CALIFORNIA GAS COMPANY Original

LOS ANGELES, CALIFORNIA CANCELING

CAL. P.U.C. SHEET NO. 41256-G CAL. P.U.C. SHEET NO.

Schedule No. GT-F FIRM INTRASTATE TRANSMISSION SERVICE

Sheet 13

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(Continued)

SPECIAL CONDITIONS (Continued)

FIRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS (Continued)

- 48. Intrastate Capacity Trading (Continued)
 - g. Customers desiring a Trade may use a Utility-hosted platform or other lawful means to solicit a Trade.
 - h. As of the first Trading Day and throughout the period subject to the Trade, all of Capacity Holder's obligations with regard to the traded capacity, including use-or-pay obligations, shall become Recipient's sole responsibility. Capacity Holder's use-or-pay obligations will decrease and Recipient's use-or-pay obligations will increase by the quantities set forth in the Trading Agreement.

ISSUED BY Lee Schavrien Vice President Regulatory Affairs

| (TO BE INSERTED BY CAL. PUC) | | | |
|------------------------------|--------------|--|--|
| DATE FILED | Nov 22, 2006 | | |
| EFFECTIVE | Mar 1, 2007 | | |
| RESOLUTION NO. | | | |

41260-G CAL. P.U.C. SHEET NO. 36713-G CAL. P.U.C. SHEET NO.

Rule No. 01 DEFINITIONS

Sheet 11

(Continued)

Percentage of Default: Ratio that shall be determined on a monthly basis and shall be equal to:

- A. Customer's total (1) volumetric transmission charges, (2) demand charges or other non-volumetric transmission charges, (3) customer or facilities charges, (4) CPUC Reimbursement Fee (Schedule No. G-SRF), and (5) Interstate Transition Cost Surcharge, under the applicable noncore service schedule for the immediate prior twelve-month period, divided by:
- B. Total of the above charges that would have applied if the customer were paying full-tariff rates for the same 12-month period.

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

Point(s) of Delivery: Place(s) where Utility delivers customer-owned natural gas to customer at its Facility.

Point(s) of Receipt: Place(s) where customer delivers, or has delivered on its behalf, natural gas into the Utility System.

Post-Bypass Load Factor: Used to calculate the ceiling rate for Residual Load Service customers subject to one of the following applicable customer classes:

- A. Non-UEG Customers and Non-Jurisdictional UEG Customers: The post-bypass load factor shall be calculated by dividing the average daily volume by the Peak-Day Volume on the Utility System on a cumulative basis from the first day after bypass begins, or over the previous twelve months, whichever is less, to the 20th day of the calendar month prior to the month service is provided.
- B. UEG customers subject to CPUC jurisdiction: The post-bypass load factor shall be calculated using the customer's average daily volume divided by the Peak-Day Volume on the SoCalGas system on a cumulative basis over the relevant time period as follows:
 - 1) For the first three billing months following the date of bypass, the relevant time period will be the three months prior to the month service is provided, up to the 20th day of the month prior to the month service is provided.
 - 2) After the first three billing months following the date of bypass, the relevant time period will be all days since the first day after bypass begins, or over the previous twelve months, whichever is less, to the 20th day of the month prior to the month service is provided.

Potentially Capacity-Constrained Area: Segments of the local transmission system in which customer requests for firm transportation service currently exceed, or within the next five years may exceed, available capacity. Such requests must be based on historical usage or evidence which substantiates expected incremental load.

(Continued)

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

| (TO BE INSERTED BY CAL. PUC) | | | |
|------------------------------|--------------|--|--|
| DATE FILED | Nov 22, 2006 | | |
| EFFECTIVE | Mar 1, 2007 | | |
| RESOLUTION NO. | | | |

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CAL. P.U.C. SHEET NO. 41261-G CAL. P.U.C. SHEET NO.

SAMPLE FORMS - CONTRACTS <u>Master Services Contract Schedule A Intrastate Transmission Service</u> <u>Scheduled Quantity Addendum (Form No. 6900)</u>

(See Attached Form)

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(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3684 DECISION NO. 06-09-039 1H10 ISSUED BY Lee Schavrien Vice President Regulatory Affairs (TO BE INSERTED BY CAL. PUC) DATE FILED <u>Nov 22, 2006</u> EFFECTIVE <u>Mar 1, 2007</u> RESOLUTION NO.

MASTER SERVICES CONTRACT SCHEDULE A INTRASTATE TRANSMISSION SERVICE SCHEDULED QUANTITY ADDENDUM

This Addendum is incorporated into the Master Services Contract Schedule A Intrastate

Transmission Service Agreement between Southern California Gas Company ("Utility") and

_____ ("Customer") effective _____

for the applicable Account and Billing Schedule Sequence as shown below.

Applicable to Account No. _____, Billing Schedule Sequence _____

| | Year | | | Year | |
|-------|------------|----------------------|-------|---------------|----------------------|
| Month | Bid Amount | Award Amount | Month | Bid Amount | Award Amount |
| | Therms | For Utility use only | | <u>Therms</u> | For Utility use only |
| Jan | | | Jan | | |
| Feb | | | Feb | | |
| Mar | | | Mar | | |
| Apr | | | Apr | | |
| May | | | May | | |
| Jun | | | Jun | | |
| Jul | | | Jul | | |
| Aug | | | Aug | | |
| Sept | | | Sept | | |
| Oct | | | Oct | | |
| Nov | | | Nov | | |
| Dec | | | Dec | | |

Monthly Scheduled Quantities

| | Year | | | Year | |
|-------|----------------------|----------------------|-------|----------------------|----------------------|
| Month | Bid Amount Therms | Award Amount | Month | Bid Amount Therms | Award Amount |
| | Therms | For Utility use only | | <u>Therms</u> | For Utility use only |
| Jan | | | Jan | | |
| Feb | | | Feb | | |
| Mar | | | Mar | | |
| Apr | | | Apr | | |
| May | | | May | | |
| Jun | | | Jun | | |
| Jul | | | Jul | | |
| Aug | | | Aug | | |
| Sept | | | Sept | | |
| Oct | | | Oct | | |
| Nov | | | Nov | | |
| Dec | | | Dec | | |

MASTER SERVICES CONTRACT SCHEDULE A INTRASTATE TRANSMISSION SERVICE SCHEDULED QUANTITY ADDENDUM

Monthly Scheduled Quantities - Continued

| | Year | | | Year | |
|--------------|----------------------|--------------------------------------|-------|----------------------|--------------------------------------|
| <u>Month</u> | Bid Amount Therms | Award Amount For Utility use only | Month | Bid Amount Therms | Award Amount For Utility use only |
| Jan | | | Jan | | |
| Feb | | | Feb | | |
| Mar | | | Mar | | |
| Apr | | | Apr | | |
| May | | | May | | |
| Jun | | | Jun | | |
| Jul | | | Jul | | |
| Aug | | | Aug | | |
| Sept | | | Sept | | |
| Oct | | | Oct | | |
| Nov | | | Nov | | |
| Dec | | | Dec | | |

All Requests to trade must include the monthly quantity amount(s).

Operating Days M____ T ___ W ___ Th ___ F ___ Sat ___ Sun ____ (applicable if quantities are only stated on a monthly basis)

Bid Amounts may be specified hourly by using the Hourly Scheduled Quantities attachment. Alternatively, a schedule of specific hourly or daily quantities to be used for the entire term of the applicable Billing Schedule Sequence may be attached. The total of all hourly or daily bid quantities must equal the Monthly Bid Amounts specified herein. The Award Amounts, the allocated maximum quantities, shall be incorporated into the Schedule A Intrastate Transmission Service agreement as Customer's Monthly Scheduled Quantities for the designated Billing Schedule Sequence.

Except as expressly modified by this Addendum, the terms and conditions of the Master Services Contract, Schedule A Intrastate Transmission Service remain in full force and effect without modification or amendment, and the Parties hereto ratify and reaffirm the same in its entirety.

Customer

| Signature: | |
|------------|--|
| Name: | |
| Title: | |

| Signature: | | |
|------------|------|-------|
| Name: | | - |
| Title: | | - |
| The: | | _ |

Utility

MASTER SERVICES CONTRACT SCHEDULE A INTRASTATE TRANSMISSION SERVICE SCHEDULED QUANTITY ADDENDUM

| | Hourly Scheduled Quantities Attachment | | | | | | |
|-------------------------|--|-----------|--------------|-----------|-------------|----------|--|
| Applicable to A | ccount No | | , Billi | ing Sched | ule Sequ | ence | |
| Hourly Scheduled Quanti | ties Range # | - | | | | | |
| Operating Days | MT | W | Th | _ F | Sa | Su | |
| Date Range: | | nth | | | | | |
| | | ay ear | | | | | |
| Hour Range: | Start | | _ am | | 1 car | am | |
| | | | _ pm | | | pm | |
| Bid Amount Th | erms per Hour: | | | | | | |
| Hourly Scheduled Quanti | ties Range # | _ | | | | | |
| Operating Days | MT | W | Th | _ F | Sa | _ Su | |
| Date Range: | | nth ay | | | | | |
| Hour Range: | Ye Start | | _ am _ pm | End _ | Year | am | |
| Bid Amount Th | erms per Hour: | | | | | 1 | |
| Hourly Scheduled Quanti | ties Range # | - | | | | | |
| Operating Days | MT | W | Th | _ F | Sa | Su | |
| Date Range: | | nth | | End M | | | |
| | D Yf | ay ear | | | Day Year | | |
| Hour Range: | Start | | _am | | | am | |
| | | | _ pm | | | pm | |
| Bid Amount Th | erms per Hour: | | | | | | |

Times are stated in Pacific Standard Time. Date ranges are specified using the first and last day of the applicable period (the last day is inclusive). Date ranges are applicable for each operating day during the applicable period. Starting and ending times are specified in whole hours (the last hour specified is included).

(Use Additional Pages if Necessary)

CAL. P.U.C. SHEET NO. 41262-G CAL. P.U.C. SHEET NO.

SAMPLE FORMS - CONTRACTS Constrained Area Firm Capacity Trading Agreement (Form No. 6910)

(See Attached Form)

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(TO BE INSERTED BY UTILITY) 3684 ADVICE LETTER NO. 06-09-039 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC) Nov 22, 2006 DATE FILED Mar 1, 2007 EFFECTIVE **RESOLUTION NO.**

<u>CONSTRAINED AREA</u> FIRM CAPACITY TRADING AGREEMENT

This **Constrained Area Firm Capacity Trading Agreement** ("**Agreement**") is entered into among **Southern California Gas Company** ("**Utility**"), ______ ("**Capacity Holder**") and ______ ("**Recipient**") to trade all or a portion of firm capacity and the associated obligations ("Trade"), pursuant to Utility's Tariff Schedules. In consideration of the promises and premises hereinafter set forth, Utility, Capacity Holder, and Recipient (individually referred to as "**Party**" and collectively referred to as the "**Parties**") agree as follows:

Terms and Conditions

1. By execution and submission of this Agreement, including the attached Exhibit 1, to Utility in accordance with Utility's Tariff Schedules, Capacity Holder and Recipient request that Utility approve the trade of volumes and periods set forth below and/or on Exhibit 1 hereto:

Monthly Scheduled Quantities (Subject to Trade)

| Y | /ear | Year | | |
|-------|------------------------|-------|------------------------|--|
| Month | Trade Amount in Therms | Month | Trade Amount in Therms | |
| | | | | |
| | | | | |
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Operating Days M____ T ____ W ____ Th ____ F ____ Sat ____ Sun _____ (Operating Days are applicable if quantities are only stated on a monthly basis.)

(Additional Monthly Scheduled Quantities tables may be added as necessary)

Monthly Amounts may be specified hourly on Exhibit 1 (Hourly Scheduled Quantities). The total of all hourly quantities for each month must equal the Monthly Scheduled Quantities specified herein.

2. Utility shall either approve or reject the request as provided in Utility's Tariff Schedules. Capacity Holder and Recipient agree that:

(a) If Utility rejects the request, this Agreement shall be null and void.

(b) Utility may accept the request by executing this Agreement.

<u>CONSTRAINED AREA</u> <u>FIRM CAPACITY TRADING AGREEMENT</u>

3. This Agreement shall not become effective unless and until the date on which it is executed by Utility. Each calendar day on which a Trade occurs shall constitute a Trading Day. The Trade(s) shall commence on the first Trading Day. This Agreement shall continue in full force and effect through 11:59 p.m. on the last Trading Day set forth in the Request, unless terminated earlier by Utility in accordance with Utility's Tariff Schedules. Notwithstanding the forgoing, no contract shall exist and no Trades may occur until Utility approves the request and executes this Agreement.

4. Each Party hereto agrees to comply with the terms and conditions of this Agreement, the applicable Utility Tariff Schedules, as each may be amended from time-to-time by the California Public Utilities Commission ("CPUC").

5. Throughout the term of this Agreement, Recipient shall have the right to use the firm capacity that is the subject of the Trade for the periods set forth herein.

6. As of the first Trading Day and throughout the period subject to the Trade, all Capacity Holder's obligations with regard to the traded capacity, including use-or-pay obligations, shall become Recipient's sole responsibility. Capacity Holder's firm capacity and use-or-pay obligation will decrease and Recipient's firm capacity and use-or-pay obligation will increase by the quantities set forth herein.

7. This Agreement shall be governed by and construed in accordance with Utility's Tariff Schedules, the rules, regulations, decisions, and/or orders of the CPUC, and the laws of the State of California without giving effect to the principles of conflicts of laws.

(a) Any dispute that cannot be resolved between representatives of the Parties shall be referred for resolution to Utility officer or his/her delegate and, as applicable, an officer of Capacity Holder and/or an officer of Recipient. If the Parties cannot reach an agreement within a reasonable period of time after such referral, a Party hereto shall have the right to pursue relief before the CPUC and the Parties agree to submit to the exclusive jurisdiction of the CPUC.

(b) If either Party files any action or brings any proceeding against the other arising from or related to this Agreement, the prevailing Party shall be entitled to recover from the other Party as an element of its costs of suit and not as damages, all costs, expenses (including expert testimony), and reasonable attorneys' fees (including in-house and outside counsel) incurred therein by the prevailing Party in the action or proceeding, including any appeal thereof. The "prevailing Party" within the meaning of this section shall be the Party to the action or proceeding who is entitled to recover its costs of suit for the proceeding, whether or not the same proceeds to final judgment. A Party not entitled to recover its costs shall not recover attorneys' fees.

<u>CONSTRAINED AREA</u> FIRM CAPACITY TRADING AGREEMENT

8. All notices to be given under this Agreement shall be in writing and either sent by a nationally recognized overnight courier service, in which case notice shall be deemed delivered as of the date shown on the courier's delivery receipt; or sent by telecopy during business hours of the recipient, with a copy of the notice also deposited in the United States mail (postage prepaid), in which case notice shall be deemed delivered on transmittal by telecopier provided that a transmission report is generated reflecting the accurate transmission of the notices; or sent by United States mail, in which case notice shall be deemed delivered as of two business days after deposit in the mail, addressed as follows:

| Capacity Holder | Recipient |
|-------------------|-------------------|
| Customer Name: | Customer Name: |
| Address: | Address: |
| | |
| Account No. | |
| Customer Contact: | Customer Contact: |
| Name: | Name: |
| Phone # () | Phone # () |
| Fax # () | Fax # () |
| Email Address: | Email Address: |
| Utility | |
| Address: | |
| | |
| Utility Contact: | |
| Name: | |
| Phone # () | |
| Fax # () | |

Email Address: _____

9. The failure of any Party to insist upon or enforce, in any instance, strict performance by any other Party of any of the terms of this Agreement or to exercise any rights herein conferred shall not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon any such terms or rights on any future occasion.

10. Where the context permits, the obligations imposed on Capacity Holder and Recipient pursuant to this Agreement shall survive the termination of this Agreement.

11. No modification of any provisions of this Agreement shall be valid unless in writing and signed by authorized representatives of the Party against whom such modification is ought to be enforced.

<u>CONSTRAINED AREA</u> <u>FIRM CAPACITY TRADING AGREEMENT</u>

12. The captions in this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

13. This Agreement may be executed in counterparts which, taken together, shall constitute a single instrument.

14. Each individual executing this Agreement represents and warrants that they are duly authorized to execute and deliver this Agreement on behalf of said Party and that this Agreement is binding upon said Party in accordance with its terms.

IN WITNESS WHEREOF, the Parties have executed this Agreement intending to be legally bound as of the date on which Utility executes below.

| Capacity Holder | Recipient |
|---------------------------------|---------------|
| Company Name: | Company Name: |
| Signature: | Signature: |
| Name: | Name: |
| Title: | Title: |
| Accepted and Agreed to as of, 2 | 20 |
| Southern California Gas Company | |
| Signature: | |
| Name: | |
| Title: | |

<u>CONSTRAINED AREA</u> FIRM CAPACITY TRADING AGREEMENT

EXHIBIT 1

Hourly Scheduled Quantities

| Hourly Scheduled Qu | uantities R | ange # | | | | | |
|---------------------|-------------|-----------|---------------------|------|---|-----|----------|
| Operating | Days M | T | _ W | Th | F | Sa | Su |
| Date Rang | e: |] | onth Day | | | Day | |
| Hour Rang | e: | | 'ear — | | | | am pm |
| Bid Amoun | nt Therms j | per Hour: | | | | | |
| Hourly Scheduled Q | uantities R | ange # | | | | | |
| • | | T | | Th | F | Sa | Su |
| Date Rang | e: |] | onth Day | | | Day | |
| Hour Rang | e: | | 'ear — | | | | am pm |
| Bid Amour | nt Therms j | per Hour: | | | | | |
| Hourly Scheduled Q | iantities R | ange # | | | | | |
| Operating | Days M | T | _ W | _ Th | F | Sa | _ Su |
| Date Rang | e: |] | onth Day 'ear | | | Day | |
| Hour Rang | e: | | | am | | | am |
| Bid Amou | nt Therms 1 | per Hour: | | pm | | | pm |

Times are stated in Pacific Standard Time. Date ranges are specified using the first and last day of the applicable period (the last day is inclusive). Date Ranges are applicable for each operating day during the applicable period. Starting and ending times are specified in whole hours (the last hour specified is included). The sum of all hourly quantities in any month must be equal to the monthly amount set forth herein.

(Use Additional Pages if Necessary)

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