

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 15, 2012

Advice Letter 3694

Rasha Prince, Director
Regulatory Affairs
Southern California Gas
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

Subject: 2006 Affiliate Transactions Compliance Plan

Dear Ms. Prince:

Advice Letter 3694 is effective December 21, 2006.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



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

December 21, 2006

Advice No. 3694
(U 904 G)

Public Utilities Commission of the State of California

Subject: 2006 Affiliate Transactions Compliance Plan

Purpose

Southern California Gas Company (SoCalGas) hereby submits its 2006 Affiliate Transactions Compliance Plan (Compliance Plan) in accordance with Ordering Paragraph (OP) 2 of the California Public Utilities Commission's (Commission) Decision (D.) 97-12-088. The attached Compliance Plan, Attachment B, presents the most current information for SoCalGas regarding its affiliate transaction compliance efforts. This Compliance Plan does not take into consideration the new requirements under the recently approved Holding Company OIR (R.) 05-10-030.

Discussion

The Commission's affiliate transaction rules (Rules) adopted by D.97-12-088 and modified by D.98-08-035, govern the relationship between California's natural gas local distribution companies and electric utilities and certain of their affiliates. For purposes of a gas utility, such as SoCalGas, the Commission's Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas, or the provision of services that relate to the use of gas, unless otherwise exempted from the Rules.

Both OP 2 and Section VI.A of Appendix A of D.97-12-088 required SoCalGas, as well as the other utilities who were respondents in the Affiliate Transaction OIR/OIL, to file by advice letter, no later than December 31, 1997, a Compliance Plan demonstrating that there are adequate procedures in place that will preclude the sharing of information as prohibited by the Rules. OP 2 also directed the respondent utilities to submit a revised Compliance Plan annually using the same advice letter process when there is a change to the utilities' existing Compliance Plans. Consequently, attached is SoCalGas' 2006 Compliance Plan. The significant changes to the Compliance Plan and the appendices thereto are described below.

Compliance Plan

The Plan was modified to reflect the following:

- 1) Update to the Introduction includes the Affiliate Compliance Department's additional personnel.
- 2) Update to Section V.C. includes a description of information technology security measures previously detailed in last year's Appendix 2. Therefore, this Appendix was removed in this year's Compliance Plan.
- 3) Update to Section V.E. includes an expanded description of the utility's Risk Management Department as well as the utility's Risk Management Committee's role and responsibilities.
- 4) Update to the Shared Services Tables (Rule V.E.) reflects organizational changes. Also, this year's Tables include those organizations/departments that actually provide shared services (in italic type) as well as all allowable shared services.
- 5) Update to Section V.G. indicates that the Corporate Secretary and CFO are the only officer positions shared between the utilities, parent, and affiliates.

Appendices were modified to reflect the following changes:

Appendix 2 – Shared Services Descriptions - Reflects the addition of new Corporate Center shared services resulting from a Corporate Center reorganization. Also reflects both the organizations/departments that actually provide shared services as well as all allowable shared services.

Appendix 3 – Corporate Oversight & Governance Meetings - Reflects personnel changes.

SoCalGas believes that all of the compliance actions set forth in the attached 2006 Compliance Plan are consistent with the Commission's Rules. SoCalGas is committed to upholding both the letter and spirit of the Rules, and respectfully requests that the Commission approve its 2006 Compliance Plan.

This filing will not result in an increase or decrease in any rate or charge, conflict with any schedules or rules, or cause the withdrawal of service.

Protest

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

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

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

Effective Date

Pursuant to Rule VI.A of Appendix A of D.97-12-088, this Advice Letter shall be in effect between the date filed and a Commission determination of the Advice Letter. Therefore, SoCalGas requests that its 2006 Compliance Plan become effective December 21, 2006, which is the date filed.

Notice

In accordance with Section III-G of General Order 96-A, a copy of this advice letter is being sent to the parties listed in Attachment A, which includes the interested parties in R.97-04-011/I.97-04-012. Copies of the Compliance Plan have been provided to the Commission Staff. Other parties may request a copy of the Compliance Plan by contacting (213) 244-3387.

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:

ELC GAS
 PLC HEAT WATER

Contact Person: Nena Maralit

Phone #: (213) 244-2822

E-mail: nmaralit@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3694

Subject of AL: 2006 Affiliate Transactions Compliance Plan

Keywords (choose from CPUC listing): Affiliates; Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D97-12-088

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: 12/21/06 No. of tariff sheets: 0

Estimated system annual revenue effect: (%): _____

Estimated system average rate effect (%): _____

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: _____

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: _____

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

Attention: Tariff Unit

505 Van Ness Avenue

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Southern California Gas Company

Attention: Sid Newsom

555 West Fifth Street, ML GT14D6

Los Angeles, CA 90013-4957

snewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3694

(See Attached Service Lists)

Aglet Consumer Alliance
James Weil
jweil@aglet.org

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

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

Ancillary Services Coalition
Jo Maxwell
jomaxwell@ascoalition.com

Ancillary Services Coalition
Terry Rich
TRich@ascoalition.com

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

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

Beta Consulting
John Burkholder
burkee@cts.com

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

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

CPUC
Pearlie Sabino
pzs@cpuc.ca.gov

CPUC - DRA
Galen Dunham
gsd@cpuc.ca.gov

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

CPUC - DRA
Jacqueline Greig
jnm@cpuc.ca.gov

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 Long Beach, Gas & Oil Dept.
Chris Garner
2400 East Spring Street
Long Beach, CA 90806

City of Los Angeles
City Attorney
200 North Main Street, 800
Los Angeles, CA 90012

City of Pasadena - Water and Power
Dept.
Robert Sherick
rsherick@cityofpasadena.net

City of Riverside
Joanne Snowden
jsnowden@riversideca.gov

City of Vernon
Daniel Garcia
dgarcia@ci.vernon.ca.us

Commerce Energy
Brian Patrick
BPatrick@commerceenergy.com

Commerce Energy
Gary Morrow
GMorrow@commerceenergy.com

Commerce Energy
Glenn Kinser
gkinser@commerceenergy.com

Commerce Energy
Lynelle Lund
llund@commerceenergy.com

Commerce Energy
Tony Cusati
TCusati@commerceenergy.com

Commerce Energy
Pat Darish
pdarish@commerceenergy.com

Commerce Energy
Chet Parker
CParker@commerceenergy.com

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

Crossborder Energy
Tom Beach
tomb@crossborderenergy.com

Culver City Utilities
Heustace Lewis
Heustace.Lewis@culvercity.org

DGS
Henry Nanjo
Henry.Nanjo@dgs.ca.gov

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

Douglass & Liddell
Dan Douglass
douglass@energyattorney.com

Douglass & Liddell
Donald C. Liddell
liddell@energyattorney.com

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

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

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

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

LS Power (took over Duke Energy)
A Hartmann
AHartmann@LSPower.com

Law Offices of Diane I. Fellman
Diane Fellman
diane_fellman@fpl.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

Manatt Phelps Phillips
Randy Keen
rkeen@manatt.com

Manatt, Phelps & Phillips, LLP
David Huard
dhuard@manatt.com

March Joint Powers Authority
Lori Stone
PO Box 7480,
Moreno Valley, CA 92552

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

PG&E Tariffs
Pacific Gas and Electric
PGETariffs@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

R. W. Beck, Inc.
Catherine Elder
celder@rwbeck.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., Rm 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.
Kevin Cini
Kevin.Cini@SCE.com

Southern California Edison Co.
John Quinlan
john.quinlan@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

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

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

INTERSTATE GAS SERVICES, INC.
 DAN BERGMANN
 DBergmann@IGService.com

LAW OFFICES OF WILLIAM H. BOOTH
 WILLIAM H. BOOTH
 wbooth@booth-law.com

CALIF PUBLIC UTILITIES COMMISSION
 Christopher J. Blunt
 cjb@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Carol A Brown
 cab@cpuc.ca.gov

RAY CZAHR
 rczahar@aol.com

NAVY RATE INTERVENTION OFFICE
 KAY DAVOODI
 khojasteh.davoodi@navy.mil

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

DOWNEY BRAND SEYMOUR &
 ROHWER LLP
 JAMES M. DAY JR.
 555 CAPITOL MALL 10TH FLOOR
 SACRAMENTO, CA 95814-4686

GOODIN MACBRIDE SQUERI RITCHIE
 & DAY LLP
 REGINA M. DEANGELIS
 505 SANSOME STREET, STE 900
 SAN FRANCISCO, CA 94111

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

CALIF PUBLIC UTILITIES COMMISSION
 Janet A. Econome
 jjj@cpuc.ca.gov

LE BOEUF LAMB GREENE & MACRAE,
 LLP
 ELIAS G. FARRAH
 1875 CONNECTICUT AVE., N.W. SUITE
 1200
 WASHINGTON, DC 20009

JOHN R FIELDER
 john.fielder@sce.com

THE UTILITY REFORM NETWORK
 BOB FINKLESTEIN
 bfinkelstein@turn.org

DEPARTMENT OF THE NAVY
 NORMAN J. FURUTA
 norman.furuta@navy.mil

CALIF PUBLIC UTILITIES COMMISSION
 Faline Fua
 fua@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Jack Fulcher
 jef@cpuc.ca.gov

DUKE ENERGY NORTH AMERICA
 MELANIE GILLETTE
 mlgillette@duke-energy.com

SEMPRA ENERGY
 DAVID J. GILMORE
 dgilmore@sempra.com

CITY OF SAN DIEGO
 STEVEN GOLD
 1200 THIRD AVENUE
 SAN DIEGO, CA 92101-4181

GOODIN MACBRIDE SQUERI RITCHIE
 & DAY LLP
 JEFFREY P. GRAY
 jsqueri@gmssr.com

CITY OF SAN DIEGO
 CASEY GWINN
 casey@cityatty.sannet.gove

ELLISON, SCHNEIDER & HARRIS, LLP
 LYNN HAUG
 lmh@eslawfirm.com

THE UTILITY REFORM NETWORK
 MARCEL HAWIGER
 marcel@turn.org

CITY OF PASADENA
 RUFUS HIGHTOWER
 150 SOUTH LOS ROBLES ST., SUITE
 200
 PASADENA, CA 91101

Sierra Pacific Power
 CHRISTOPHER HILEN
 chilen@sppc.com

Stoel Rives
 SETH HILTON
 shilton@stoel.com

CALIF PUBLIC UTILITIES COMMISSION
 Maxine Harrison
 omh@cpuc.ca.gov

ALCANTAR & KAHL, LLP
 EVELYN KAHL
 ek@a-klaw.com

ENERGY MANAGEMENT SERVICES
 CAROLYN M. KEHREIN
 cmkehrein@ems-ca.com

ADVOCATES FOR THE PUBLIC
 INTEREST (API)
 RON KNECHT
 ronknecht@aol.com

LARKIN & ASSOCIATES, INC.
 HUGH LARKIN
 15728 FARMINGTON ROAD
 LIVONIA, MI 48154

PHCC OF CALIFORNIA
 STEVEN LEHTONEN
 4153 NORTHGATE BLVD. 6
 SACRAMENTO, CA 95834-1218

LUCE, FORWARD, HAMILTON &
 SCRIPPS, LLP
 JOHN W. LESLIE
 jleslie@luce.com

CALIF PUBLIC UTILITIES COMMISSION
 Scott Logan
 sjl@cpuc.ca.gov

JBS ENERGY, INC.
 WILLIAM B. MARCUS
 bill@jbsenergy.com.

EDISON MISSION ENERGY
 JOHN MATHIS
 555 12TH STREET NW, STE 640
 WASHINGTON, DC 20004

LAW OFFICES OF BARRY F.
 MCCARTHY
 BARRY F. MCCARTHY
 office@mccarthylaw.com

SUTHERLAND, ASBILL & BRENNAN
 KEITH MCCREA
 keith.mccrea@sablaw.com

AGLAND ENERGY SERVICES, INC.
 PATRICK MCDONNELL
 aglandenergy@earthlink.net

IMPERIAL IRRIGATION DISTRICT
 JAMES F. MORDAH
 333 EAST BARIONI BLVD.
 IMPERIAL, CA 92251

SARA STECK MYERS
 ssmyers@att.net

CALIF PUBLIC UTILITIES COMMISSION
 Maurice Monson
 mdm@cpuc.ca.gov

EDWARD O'NEILL
 ONE EMBARCADERO CENTER, SUITE
 600
 SAN FRANCISCO, CA 94111-3834

CITY OF GLENDALE
 BERNARD PALK
 slins@ci.glendale.ca.us

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

PATRICK J. POWER
 pjpowerlaw@aol.com

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

SENATE ENERGY UTILITIES &
 COMMUNICATIONS
 JOHN ROZSA
 STATE CAPITOL
 SACRAMENTO, CA 95814

UTILITY CONSUMERS' ACTION
 NETWORK
 MICHAEL SHAMES
 mshames@ucan.org

COMPLETE ENERGY SERVICES, INC.
 JUNE M. SKILLMAN
 jskillman@prodigy.net

ONSITE ENERGY CORPORATION
 RICHARD SPERBERG
 rsperberg@onsitenergy.com

ANN L. TROWBRIDGE
 atrowbridge@daycartermurphy.com

SOUTHERN CALIFORNIA EDISON
 COMPANY
 DAVID E. VAN IDERSTINE
 david.vaniderstine@sce.com

MRW & ASSOCIATES, INC.
 ROBERT B. WEISENMILLER, PH.D.
 mrw@mrwassoc.com

PACIFICORP
 MATTHEW WRIGHT
 matthew.wright@Pacifcorp.com

KIRKWOOD GAS AND ELECTRIC
 COMPANY
 ANDY WUELLINER
 PO BOX 1
 KIRKWOOD, CA 95646

CALIF PUBLIC UTILITIES COMMISSION
 Natalie Walsh
 nfw@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Sean Wilson
 smw@cpuc.ca.gov

BARKOVICH AND YAP
CATHERINE E. YAP
ceyap@earthlink.net

SOUTHERN CALIFORNIA WATER
COMPANY
JOE F. YOUNG
630 EAST FOOTHILL BLVD.
SAN DIMAS, CA 91773

MIRANT CANADA ENERGY
MARKETING LTD.
300, 440 SECOND AVE., SW
CALGARY, AB T2P 5E9

ATTACHMENT B

Advice No. 3694

2006 AFFILIATE TRANSACTIONS COMPLIANCE PLAN

**SOUTHERN CALIFORNIA GAS COMPANY'S (SOCALGAS)
2006 AFFILIATE TRANSACTIONS COMPLIANCE PLAN
IMPLEMENTING D.97-12-088 AND D.98-08-035
GOVERNING TRANSACTIONS BETWEEN
SOCALGAS AND ITS COVERED AFFILIATES**

12/21/2006

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
A. AFFILIATE COMPLIANCE FUNCTION	2
B. AFFILIATE COMPLIANCE TRAINING	4
C. AFFILIATE COMPLIANCE GUIDELINES.....	4
I. DEFINITIONS	5
II. APPLICABILITY OF RULES	8
III. NONDISCRIMINATION STANDARDS	11
<i>III.A. No Preferential Treatment Regarding Services Provided By The Utility.....</i>	<i>12</i>
<i>III.B. Affiliate Transactions.....</i>	<i>12</i>
<i>III.B.1. Provision of Supply, Capacity, Services or Information</i>	<i>15</i>
<i>III.B.2. Offering of Discounts</i>	<i>15</i>
<i>III.B.3. Tariff Discretion</i>	<i>16</i>
<i>III.B.4. No Tariff Discretion.....</i>	<i>16</i>
<i>III.B.5. Processing Requests for Services Provided by the Utility</i>	<i>16</i>
<i>III.C. Tying of Services Provided by a Utility Prohibited</i>	<i>17</i>
<i>III.D. No Assignments Of Customers.....</i>	<i>17</i>
<i>III.E. Business Development and Customer Relations.....</i>	<i>18</i>
<i>III.F. Affiliate Discount Reports.....</i>	<i>19</i>
IV. DISCLOSURE AND INFORMATION	20
<i>IV.A. Customer Information.....</i>	<i>20</i>
<i>IV.B. Non-Customer Specific Non-Public Information.....</i>	<i>21</i>
<i>IV.C. Service Provider Information</i>	<i>23</i>
<i>IV.D. Supplier Information.....</i>	<i>24</i>
<i>IV.E. Affiliate-Related Advice Or Assistance.....</i>	<i>25</i>
<i>IV.F. Record Keeping.....</i>	<i>25</i>
<i>IV.G. Maintenance of Affiliate Contracts and Related Bids</i>	<i>26</i>

IV.H. <i>FERC Reporting Requirements</i>	26
V. SEPARATION	27
V.A. <i>Corporate Entities</i>	27
V.B. <i>Books and Records</i>	27
V.C. <i>Sharing of Plant, Facilities, Equipment or Costs</i>	27
V.D. <i>Joint Purchases</i>	30
V.E. <i>Corporate Support</i>	30
V.F. <i>Corporate Identification and Advertising</i>	37
V.G. <i>Employees</i>	42
V.H. <i>Transfer of Goods and Services</i>	49
VI. REGULATORY OVERSIGHT	50
VI.A. <i>Compliance Plans</i>	50
VI.B. <i>New Affiliate Compliance Plans</i>	50
VI.C. <i>Affiliate Audit</i>	51
VI.D. <i>Witness Availability</i>	52
VII UTILITY PRODUCTS AND SERVICES	52
VII.A. <i>General Rule</i>	52
VII.B. <i>Definitions</i>	52
VII.C. <i>Utility Products and Services</i>	53
VII.D. <i>Conditions Precedent to Offering New Products and Services</i>	54
VII.E. <i>Requirement to File an Advice Letter</i>	55
VII.F. <i>Existing Offerings</i>	57
VII.G. <i>Section 851 Application</i>	58
VII.H. <i>Periodic Reporting of Nontariffed Products and Services</i>	58
VII.I. <i>Offering of Nontariffed Products and Services to Affiliates</i>	59
VIII. COMPLAINT PROCEDURES AND REMEDIES	60
VIII.A. <i>The Commission Shall Strictly Enforce These Rules</i>	60

Appendices:

1. SoCalGas and Sempra Energy Officer Verifications
2. Shared Services Descriptions
3. Corporate Oversight and Governance Meetings

**SOUTHERN CALIFORNIA GAS COMPANY'S (SOCALGAS)
2006 AFFILIATE TRANSACTIONS COMPLIANCE PLAN
IMPLEMENTING D.97-12-088 AND D.98-08-035 GOVERNING TRANSACTIONS
BETWEEN SOCALGAS AND ITS COVERED AFFILIATES**

INTRODUCTION

In accordance with Rule VI.A. of the California Public Utilities Commission's ("CPUC") Affiliate Transaction Rules ("Rules") adopted in D.97-12-088, as amended by subsequent CPUC decisions and orders,¹ and in conformance with Resolution G-3238, Southern California Gas Company ("SoCalGas") hereby submits a Compliance Plan apprising the CPUC of the current status of its compliance efforts and programs. This 2006 Compliance Plan ("Plan") is effective as of December 21, 2006 and supersedes SoCalGas' previous December 29, 2005 filing (Advice Letter No. 3571 / U 904 G)².

Filing this Plan and implementing the procedures and mechanisms delineated herein is not meant to constitute a waiver of any legal rights that SoCalGas might have to file for rehearing or judicial review of any CPUC decision promulgating, interpreting, or applying the Rules. While the Rules are at times ambiguous and susceptible to multiple interpretations, this Plan brings SoCalGas into compliance with reasonable interpretations wherever such vagueness or ambiguity prevails.

Sections A through C of the Introduction to this Plan summarize the compliance mechanisms and guidelines that are central to SoCalGas' affiliate compliance effort. Thereafter, the Plan presents a rule-by-rule listing and discussion of the procedures and mechanisms that SoCalGas has developed to ensure compliance with the Rules. Finally, attached as Appendices 1-3 are

¹ D.97-12-088 was amended in D.98-08-035 where the affiliate transaction rules were modified. D.98-11-027 clarified Rule V.F.1's disclaimer requirement. D.98-12-075 added enforcement provisions to the Affiliate Transaction Rules. D.99-04-069 granted limited exemption from the disclaimer requirements of Rule V.F.1. D.99-09-033 adopts a revised disclaimer for SDG&E and SoCalGas.

² Advice Letter No. 3571 was approved, effective December 29, 2005.

SoCalGas': (1) Officer Verifications; (2) Shared Services Descriptions; and (3) Corporate Oversight & Governance Meetings Descriptions.

A. AFFILIATE COMPLIANCE FUNCTION

To execute diligent, thorough, and systematic implementation of the Rules throughout Sempra Energy, the affiliate compliance function is executed by personnel at all three Sempra Energy business units: Corporate Center; the non-utility businesses; and the utilities - SoCalGas and San Diego Gas & Electric Company ("SDG&E").

Corporate Center

Sempra Energy's Vice President & Chief Compliance Officer oversees Sempra Energy's key compliance resources and activities, including business conduct, regulatory, legal, and compliance training programs.

Sempra Energy's management participates in various corporate oversight and governance meetings to ensure sufficient oversight of the entire enterprise (refer to Appendix 3 for a listing of all Corporate Oversight & Governance Meetings). In particular, the Corporate Compliance Committee ensures corporate compliance with legal and regulatory requirements and monitors overall corporate compliance and ethics issues. The State and Federal Affiliate Compliance Council makes determinations as to critical compliance matters relating to the CPUC's Rules, the Merger Decision and Remedial Measures as well as the Federal Energy Regulatory Commission ("FERC") Codes of Conduct and FERC Order 2004 Standards of Conduct.

Sempra Energy's Corporate Compliance Department maintains an intranet web page, where employees at all three business units can access information related to the Rules, including a verbatim copy of the Rules, CPUC decisions, SoCalGas' Plan, and compliance-related procedures, forms, and training materials.

Non-Utility Businesses

A Federal Regulatory Affairs Director and an Affiliate Compliance Policy Manager are responsible for managing and coordinating affiliate compliance efforts for the non-utility businesses, specifically with SoCalGas' energy-related affiliates.

SDG&E / SoCalGas

The utilities' Affiliate Compliance Department ("ACD") is responsible for managing the utilities' compliance with the Rules. The ACD provides education, direction, and oversight of all matters pertaining to training and implementation of the Rules. Additionally, the ACD is responsible for timely documentation and reporting of affiliate transactions.

The ACD resolves policy issues and directs the utilities' compliance efforts on a day-to-day basis. Critical compliance matters are brought to the State and Federal Affiliate Compliance Council for final determination.

The ACD utilizes a hotline, e-mail, internal publications, intranet and Internet web sites to facilitate compliance efforts. Utility and Corporate Center employees can access a variety of information on the ACD's intranet web page related the Rules, including a verbatim copy of the Rules, CPUC decisions, SoCalGas' Plan, a listing of compliance coordinators, and compliance-related procedures, forms, and training materials. The Advice Letter containing SoCalGas' Plan is also posted on SoCalGas' public Web site.

To facilitate affiliate compliance at the division or department level, the ACD established an administrative process, whereby "affiliate compliance coordinators" act as the first point of contact for compliance efforts within their division or department. These coordinators serve as liaisons by relaying ACD guidance to their groups and raising/resolving compliance issues with the ACD concerning their division or department. At least twice a year, coordinators representing Corporate Center, the non-utility businesses, SDG&E and SoCalGas meet together with ACD staff to discuss areas of concern, share best practices, and gain further knowledge of compliance matters.

ACD personnel currently consist of: an Affiliate Compliance Manager; a Senior Affiliate Compliance Advisor; five Affiliate Compliance Advisors; and an Affiliate Compliance Specialist. The ACD reports to the Director of Compliance, who in turn, reports to the Vice President & Controller. The Vice President & Controller serves as the Affiliate Compliance Officer for SDG&E and SoCalGas.

B. AFFILIATE COMPLIANCE TRAINING

An ongoing, comprehensive education and training program is one of the primary means for ensuring compliance with the Rules.

Affiliate Compliance Training (“Training”) is administered annually to all non-union personnel, and recommended annually for all union personnel. SoCalGas also goes beyond what the Rules require by providing Training to all Sempra Energy Corporate Center employees as well as all affiliate employees engaged in energy-related transactions in the California market. Training is distributed using a web-based format that automatically tracks and records Training records in a database.

Newly hired union and non-union SoCalGas employees learn about the affiliate companies during orientation. There, employees receive instruction on the Rules and are also advised of the requirement to complete Training. Non-union employees receive a New Employee Orientation Participant Guide that explains how to access Training through the intranet, where electronic database tracking is maintained. All new employees are also provided Sempra Energy’s Business Conduct Guidelines, which include a statement about compliance with the Rules.

Additionally, and also not required by the Rules, newly hired employees of the Corporate Center and non-utility businesses also receive information about Training during the new hire orientation process. These employees also access Training through the intranet, where electronic database tracking is maintained.

C. AFFILIATE COMPLIANCE GUIDELINES

The Affiliate Compliance Guidelines (“ACG”) are compiled in an internal manual that sets forth detailed procedures for compliance with the CPUC and FERC Rules governing affiliate transactions. The ACG are updated periodically and are available on the ACD’s intranet web site. SoCalGas employees may also request a printed copy from the ACD by calling the “Affiliate Compliance Hotline” or by e-mailing <AffiliateCompliance@SempraUtilities.com>. The ACG are filed annually with the CPUC as part of SoCalGas’ Affiliate Transactions Report per Ordering Paragraph 2 of CPUC Rulemaking 92-08-008 and Appendix A of D.93-02-019.

I.

DEFINITIONS³

Unless the context otherwise requires, the following definitions govern the construction of these Rules:

I.A. *"Affiliate" means any person, corporation, utility, partnership, or other entity 5 percent or more of whose outstanding securities are owned, controlled, or held with power to vote, directly or indirectly, either by a utility or any of its subsidiaries, or by that utility's controlling corporation and/or any of its subsidiaries as well as any company in which the utility, its controlling corporation, or any of the utility's affiliates exert substantial control over the operation of the company and/or indirectly have substantial financial interests in the company exercised through means other than ownership. For purposes of these Rules, "substantial control" includes, but is not limited to, the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct or cause the direction of the management or policies of a company. A direct or indirect voting interest of 5% or more by the utility in an entity's company creates a rebuttable presumption of control.*

For purposes of this Rule, “affiliate” shall include the utility’s parent or holding company, or any company which directly or indirectly owns, controls, or holds the power to vote 10% or more of the outstanding voting securities of a utility (holding company), to the extent the holding company is engaged in the provision of products or services as

³ The Commission’s Rules, which are italicized for ease of reference, are followed by SoCalGas’ Procedures and Mechanisms for Ensuring Compliance, which are not italicized.

set out in Rule II B. However, in its compliance plan filed pursuant to Rule VI, the utility shall demonstrate both the specific mechanism and procedures that the utility and holding company have in place to assure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules. Examples include but are not limited to specific mechanisms and procedures to assure the Commission that the utility will not use the holding company or another utility affiliate not covered by these Rules as a vehicle to (1) disseminate information transferred to them by the utility to an affiliate covered by these Rules in contravention of these Rules, (2) provide services to its affiliates covered by these Rules in contravention of these Rules or (3) to transfer employees to its affiliates covered by these Rules in contravention of these Rules. In the compliance plan, a corporate officer from the utility and holding company shall verify the adequacy of the specific mechanisms and procedures to ensure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules.

Regulated subsidiaries of a utility, defined as subsidiaries of a utility, the revenues and expenses of which are subject to regulation by the Commission and are included by the Commission in establishing rates for the utility, are not included within the definition of affiliate. However, these Rules apply to all interactions any regulated subsidiary has with other affiliated entities covered by these rules.

- I.B. "Commission" means the California Public Utilities Commission or its succeeding state regulatory body.*
- I.C. "Customer" means any person or corporation, as defined in Sections 204, 205 and 206 of the California Public Utilities Code, that is the ultimate consumer of goods and services.*
- I.D. "Customer Information" means non-public information and data specific to a utility customer which the utility acquired or developed in the course of its provision of utility services.*

I.E. “FERC” means the Federal Energy Regulatory Commission.

I.F. “Fully Loaded Cost” means the direct cost of good or service plus all applicable indirect charges and overheads.

I.G. “Utility” means any public utility named as a respondent to Rulemaking 97-04-011/Investigation 97-04-012, and any other public utility subject to the jurisdiction of the Commission as an Electric Corporation or Gas Corporation, as defined in California Public Utilities Code Sections 218 and 222, which the Commission by subsequent decision or order requires to comply with these Rules.

Procedures and Mechanisms for Ensuring Compliance

Sempra Energy, the holding company for SoCalGas does not provide products and services as defined in Rule II.B, and is therefore not an “affiliate” within the meaning of Rule I.A. The Sempra Energy Corporate Center provides much of the corporate governance and some oversight shared between the utility and affiliates pursuant to Rule V.E.

All Sempra Energy officers and employees as well as SoCalGas employees that perform shared services have received training on anti-conduit procedures to prevent circumvention or direct or indirect violation of the Rules. As such, these employees are responsible for safeguarding nonpublic information in their possession and must not inappropriately share or transfer any information that is subject to the restrictions imposed by the anti-conduit requirements and the Rules. As such, these employees must not: (1) provide a means for the transfer of confidential information from the utility to an affiliate, or vice versa; (2) create the opportunity for preferential treatment or competitive advantage; (3) cause customer confusion; or (4) create significant opportunities for cross-subsidization of affiliates. Employees must affirm their understanding of the Rules and anti-conduit procedures as part of Training.

II. APPLICABILITY OF RULES

- II.A. These Rules shall apply to California public utility gas corporations and California public utility electrical corporations identified in Rule I.G.*
- II.B. For purposes of a combined gas and electric utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity, unless specifically exempted below. For purposes of an electric utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses electricity or the provision of services that relate to the use of electricity. For purposes of a gas utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or the provision of services that relate to the use of gas.*
- II.C. These Rules apply to transactions between a Commission-regulated utility and another affiliated utility, unless specifically modified by the Commission in addressing a separate application to merge or otherwise conduct joint ventures related to regulated services.*

Procedures and Mechanisms for Ensuring Compliance

The PE/Enova Merger Decision (D.98-03-073, *mimeo* at 107) largely exempted transactions between SoCalGas and SDG&E from the Rules in order to preserve the merger synergies. The CPUC held that affiliate issues with respect to utility-to-utility transactions are to be governed by the rules set forth in the Merger Decision.

These Rules apply to transactions between SoCalGas and its **“covered” affiliates**. **Therefore, any reference to an “affiliate” in this Plan is intended to mean a “covered affiliate,” unless otherwise stated.**

SoCalGas classifies “covered” affiliates as those that engage in the market in the provision of natural gas and/or electricity as follows: trading natural gas and/or electricity; offering products

that use natural gas or electricity; or offering a service that relates to the use of natural gas and/or electricity. Further, SoCalGas classifies “covered” affiliates that actively broker commodities (natural gas and/or electricity) on a competitive basis as “energy marketing” affiliates. These affiliates presently buy **and** sell natural gas and/or electricity competitively in the open market. Energy marketing affiliates include companies that have market based authority granted by FERC. Energy marketing affiliates do not include companies in the formation stage that have not yet engaged in buying **and** selling of the commodity.

Affiliates that do not meet these criteria are classified as “non-covered” affiliates. Non-covered affiliates include, but are not limited to: holding companies, companies that offer temporary employment services, employee recruitment services, financial or consulting type services, and janitorial services regardless of whether these affiliates offer their services to companies in the natural gas or electric industry.

A current listing of all affiliate companies is maintained on SoCalGas’ Internet web site at www.socalgas.com. The listing provides the affiliate’s name, a brief description of the affiliate’s business, and indicates whether the affiliate is “covered” or “not covered” under the Rules as well as whether it is an “energy marketing affiliate.” On an annual basis, the ACD compares its affiliate listing to the Sempra Energy Corporate Secretary’s database of companies to ensure consistency and accurate reporting.

II.D. These rules do not apply to the exchange of operating information, including the disclosure of customer information to its FERC-regulated affiliate to the extent such information is required by the affiliate to schedule and confirm nominations for the interstate transportation of natural gas, between a utility and its FERC-regulated affiliate, to the extent that the affiliate operates an interstate natural gas pipeline.

Procedures and Mechanisms for Ensuring Compliance

Rule II.D. is currently inapplicable to SoCalGas. Of the FERC-regulated affiliates (covered by these Rules), none interconnect with the SoCalGas system.

In D.04-09-022, the CPUC authorized the establishment of Otay Mesa as a common SoCalGas/SDG&E receipt point from Transportadora de Gas Natural de Baja California, S. de R.L. de C.V. (“TGN”), an affiliate in Mexico. Although TGN is not regulated by the FERC, when it delivers natural gas to the SDG&E/SoCalGas system there will be a need to exchange operating information in the same manner as would be done with any upstream interconnecting pipeline. Therefore, the Gas Operations group will exchange such information with TGN in accordance with this Rule and established SDG&E/SoCalGas protocols.

II.E. Existing Rules: Existing Commission rules for each utility and its parent holding company shall continue to apply except to the extent they conflict with these Rules. In such cases, these Rules shall supersede prior rules and guidelines, provided that nothing herein shall preclude (1) the Commission from adopting other utility-specific guidelines; or (2) a utility or its parent holding company from adopting other utility-specific guidelines, with advance Commission approval.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas continues to comply with existing Commission rules that have not been superseded, such as the annual affiliate transactions reporting requirements pursuant to D.93-02-019. If rules are modified or superseded, SoCalGas will update its Training and internal guidelines appropriately.

II.F. Civil Relief: These Rules shall not preclude or stay any form of civil relief, or rights or defenses thereto, that may be available under state or federal law.

II.G. Exemption (Advice Letter): A Commission-jurisdictional utility may be exempted from these Rules if it files an advice letter with the Commission requesting exemption. The utility shall file the advice letter within 30 days after the effective date of this decision adopting these Rules and shall serve it on all parties to this proceeding. In the advice letter filing, the utility shall:

II.G.1. Attest that no affiliate of the utility provides services as defined by Rule II B above; and

II.G.2. Attest that if an affiliate is subsequently created which provides services as defined by Rule II B above, then the utility shall:

II.G.2.a Notify the Commission, at least 30 days before the affiliate begins to provide services as defined by Rule II B above, that such an affiliate has been created; notification shall be accomplished by means of a letter to the Executive Director, served on all parties to this proceeding; and

II.G.2.b. Agree in this notice to comply with the Rules in their entirety.

II.H. Limited Exemption (Application): A California utility which is also a multi-state utility and subject to the jurisdiction of other state regulatory commissions, may file an application, served on all parties to this proceeding, requesting a limited exemption from these Rules or a part thereof, for transactions between the utility solely in its capacity serving its jurisdictional areas wholly outside of California, and its affiliates. The applicant has the burden of proof.

II.I. These Rules should be interpreted broadly, to effectuate our stated objectives of fostering competition and protecting consumer interests. If any provision of these Rules, or the application thereof to any person, company, or circumstance, is held invalid, the remainder of Rules, or the application of such provision to other persons, companies, or circumstances, shall not be affected thereby.

Procedures and Mechanisms for Ensuring Compliance

Rules II.F., G., H., and I. require no compliance action.

III.

NONDISCRIMINATION STANDARDS

III.A. No Preferential Treatment Regarding Services Provided By The Utility

Unless otherwise authorized by the Commission or the FERC, or permitted by these Rules, A Utility shall not:

III.A.1. represent that as a result of the affiliation with the utility, its affiliates or customers of its affiliates will receive any different treatment by the utility than the treatment the utility provides to other, unaffiliated companies or their customers; or

III.A.2. provide its affiliates, or customers of its affiliates, any preference (including but not limited to terms and conditions, pricing, or timing) over non-affiliated suppliers or their customers in the provision of services provided by the utility.

Procedures and Mechanisms for Ensuring Compliance

The Sempra Energy and SoCalGas internal control environment, which includes a comprehensive training program, has been employed to reinforce the nondiscrimination and non-preferential treatment standards required by the Rules.

III.B. Affiliate Transactions

Transactions between a utility and its affiliates shall be limited to tariffed products and services, the sale or purchase of goods, property, products or services made generally available by the utility or affiliate to all market participants through an open, competitive bidding process, or as provided for in Sections V. D. and V. E. (joint purchases and corporate support) and Section VII (new products and services) below, provided the transactions provided for in Section VII comply with all of the other adopted Rules.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas limits its transactions with affiliates to those listed in this Rule:

1. Tariffed products and services – SoCalGas implements its tariffs in a nondiscriminatory fashion. Tariffed discretions are addressed in Rule III.B.3.

2. Open competitive bidding process – SoCalGas makes the opportunity and process available to all market participants.
3. Shared services – as described under Rules V.D., V.E. and Appendix 2.
4. Non-tariffed products and services – see Rule VII and existing offerings in VII.F.

SoCalGas' highly-competitive natural gas purchasing practices are compliant with the CPUC's Rules and ensure that SoCalGas' core ratepayers are not denied the opportunity to obtain the least costly natural gas supplies available in the marketplace.

The objectives of the SoCalGas Gas Acquisition Department in order of priority are to:

1. Provide reliable natural gas supplies to core customers.
2. Provide these supplies at the lowest possible cost using the assets allocated to the core.
3. Provide ratepayer and shareholder benefits under the Gas Cost Incentive Mechanism (GCIM).

The Gas Acquisition Department follows standard industry practices in its natural gas trading procedures. Gas Acquisition uses the normal tools available to any entity (marketer, producer or utility) engaged in trading activity. These tools include physical trading, derivative trading, hub transactions, and interstate capacity transactions. Gas Acquisition traders are authorized to enter into transactions in accordance with the Utilities' Approval and Commitment Policy and Special Delegation of Authority. The results of these transactions are measured against the GCIM benchmark to determine the extent of any shareholder reward or penalty, if any.

Each month, Gas Acquisition submits a GCIM report to the CPUC that computes in detail the GCIM results for that month. This report provides details of all transactions, including supplier names and deal terms. An annual GCIM report and application are filed, and responses are provided to the CPUC in reply to detailed data requests.

Gas Acquisition purchases about 1 Bcf of natural gas per day for the core market. Gas Acquisition buys most of its natural gas on a long-term or monthly basis in the San Juan Basin, Permian Basin, Rocky Mountains, and California border points. Natural gas is also purchased for storage injection primarily during the summer months to provide peak day reliability in the winter.

Gas Acquisition and SoCalGas policy expressly forbids preferential treatment to any supplier. Employee incentives are based in part on GCIM performance to ensure that the staff is focused on low cost supplies regardless of supplier.

Gas Acquisition's traders are provided incentives to uncover the most favorable transactions available in the market place for each and every transaction. Gas Acquisition applies the same or a higher level of scrutiny and price comparison to affiliate transactions than other transactions in establishing that a competitive price has been obtained.

Natural gas transactions with affiliates can be categorized as follows:

1. "Arm's length" deals through matching by brokers. SoCalGas and an affiliate can be matched by a broker. In this case, neither SoCalGas nor the affiliate knows the other party's identity until the deal is done. Payment is made between SoCalGas and the affiliate and the broker bills each party separately. The paper trail specifically identifies the transaction as a brokered deal. All brokers have been sent a letter stating that no preference is to be given to SoCalGas' affiliates.
2. Hub Transactions. Hub transactions with affiliates are posted on the Electronic Bulletin Board (EBB), defined in Rule 1 as SoCalGas' Envoy System, within one hour of doing the deal in accordance with the Remedial Measures adopted by the CPUC in the PE-Enova merger proceeding (D.98-03-073). This provides other similarly situated customers additional information in time to request a deal with the same terms.
3. All deals, daily or monthly, affiliated and unaffiliated alike are date stamped, which will allow any affiliate transactions to be compared with prior and subsequent transactions with unaffiliated parties. SoCalGas will respond immediately to any Division of Ratepayer Advocates (DRA) requests for further information about any transaction.

III.B.1. Provision of Supply, Capacity, Services or Information

Except as provided for in Sections V. D., V. E, and VII, provided the transactions provided for in Section VII comply with all of the other adopted Rules, a utility shall provide access to utility information, services, and unused capacity or supply on the same terms for all similarly situated market participants. If a utility provides supply, capacity, services, or information to its affiliate(s), it shall contemporaneously make the offering available to all similarly situated market participants, which include all competitors serving the same market as the utility's affiliates.

III.B.2. Offering of Discounts

Except when made generally available by the utility through an open, competitive bidding process, if a utility offers a discount or waives all or any part of any other charge or fee to its affiliates, or offers a discount or waiver for a transaction in which its affiliates are involved, the utility shall contemporaneously make such discount or waiver available to similarly situated market participants. The utilities should not use the "similarly situated" qualification to create such a unique discount arrangement with their affiliates such that no competitor could be considered similarly situated. All competitors serving the same market, as the utility's affiliates should be offered the same discount as the discount received by the affiliates. A utility shall document the cost differential underlying the discount to its affiliates in the affiliate discount report described in Rule III F 7 below.

Procedures and Mechanisms for Ensuring Compliance

When SoCalGas provides supply, capacity, discounts, information, or services (outlined above) to its affiliates, it makes the information or services available to all similarly situated market participants (excepting shared services, non-tariffed products and services, competitive bids, and tariffed products and services). SoCalGas interprets "contemporaneously" to mean within one hour.

This information is posted within one hour of the transaction on Envoy, SoCalGas' electronic bulletin board ("EBB"), and then automatically appears on SoCalGas' Affiliate Transactions Internet web site. Procedures are in place specifying the form and content of the information to be posted. Authorized employees post this information to the Affiliate Transactions category on the EBB.

Interested parties will find the posted information by going to SoCalGas' Internet home page at <www.socalgas.com>. From the home page, the information is accessed by clicking on "Regulatory," then "Affiliate Transactions," where the "Discounts, Rebates, Tariff Deviations, or Fee Waivers" or the "Supply, Capacity, Services, or Information" categories are found.

Uniform discounts given to all competitors are not considered to be reportable discounts. Vendor discounts given by suppliers to all market participants that are passed through to affiliates are also not subject to the disclosure rules.

III.B.3. Tariff Discretion

If a tariff provision allows for discretion in its application, a utility shall apply that tariff provision in the same manner to its affiliates and other market participants and their respective customers.

III.B.4. No Tariff Discretion

If a utility has no discretion in the application of a tariff provision, the utility shall strictly enforce that tariff provision.

III.B.5. Processing Requests for Services Provided by the Utility

A utility shall process requests for similar services provided by the utility in the same manner and within the same time for its affiliates and for all other market participants and their respective customers.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas understands that the Rules are intended to ensure that SoCalGas implements its tariffs in a nondiscriminatory fashion. If a tariff provision allows for discretion in its application, then

SoCalGas will apply that tariff provision in the same manner to its affiliates as it does to all other market participants and their respective customers. SoCalGas will strictly enforce tariff provisions when discretion is not permitted.

Any tariff deviation given to an affiliate is posted on the EBB within one hour of the transaction and then automatically appears on SoCalGas' Affiliate Transactions Internet website.

Procedures are in place specifying the form and content of the information to be posted on the web site. Authorized employees post this information to the Affiliate Transactions category on the EBB.

Interested parties will find the posted information by going to SoCalGas' Internet home page at <www.socalgas.com>. From the home page, the information is accessed by clicking on **“Regulatory,”** then **“Affiliate Transactions,”** where the **“Discounts, Rebates, Tariff Deviations, or Fee Waivers”** category is found.

III.C. Tying of Services Provided by a Utility Prohibited

A utility shall not condition or otherwise tie the provision of any services provided by the utility, nor the availability of discounts of rates or other charges or fees, rebates, or waivers of terms and conditions of any services provided by the utility, to the taking of any goods or services from its affiliates.

Procedures and Mechanisms for Ensuring Compliance

The requirement that SoCalGas shall not condition or otherwise tie the provision of any service provided by the utility or the availability of any discount, charge, fee, rebate, or waiver to the taking of any affiliate goods or services is specifically addressed in the Training.

III.D. No Assignments Of Customers

A utility shall not assign customers to which it currently provides services to any of its affiliates, whether by default, direct assignment, option or by any other means, unless that means is equally available to all competitors.

Procedures and Mechanisms for Ensuring Compliance

The requirement that the utilities must not refer or assign customers to affiliates is specifically addressed in the Training.

III.E. Business Development and Customer Relations

Except as otherwise provided by these Rules, a utility shall not:

- (1) provide leads to its affiliates;*
- (2) solicit business on behalf of its affiliates;*
- (3) acquire information on behalf of or to provide to its affiliates;*
- (4) share market analysis reports or any other types of proprietary or non-publicly available reports, including but not limited to market, forecast, planning or strategic reports, with its affiliates;*
- (5) request authorization from its customers to pass on customer information exclusively to its affiliates;*
- (6) give any appearance that the utility speaks on behalf of its affiliates or that the customer will receive preferential treatment as a consequence of conducting business with the affiliates; or*
- (7) give any appearance that the affiliate speaks on behalf of the utility.*

Procedures and Mechanisms for Ensuring Compliance

Training specifically addresses that:

- Customer leads are not to be provided to affiliates;
- Business is not to be solicited on affiliates' behalf;
- No business information is to be acquired on behalf of affiliates; and
- No market analysis reports or other proprietary information is to be shared with affiliates, except as otherwise permitted by these Rules.

Furthermore, corporate policy prohibits release of customer information to any entity without the customer's explicit written consent or as otherwise permissible or required by law (for example, in circumstances pursuant to subpoena or as part of a regulatory program). Employees are also trained not to give any indication that they represent or speak on behalf of any company other than SoCalGas, or that an affiliate represents the utility.

III.F. Affiliate Discount Reports

If a utility provides its affiliates a discount, rebate, or other waiver of any charge or fee associated with services provided by the utility, the utility shall, within 24 hours of the time at which the service provided by the utility is so provided, post a notice on its electronic bulletin board providing the following information:

- 1. the name of the affiliate involved in the transaction;*
- 2. the rate charged;*
- 3. the maximum rate;*
- 4. the time period for which the discount or waiver applies;*
- 5. the quantities involved in the transaction;*
- 6. the delivery points involved in the transaction;*
- 7. any conditions or requirements applicable to the discount or waiver; and a documentation of the cost differential underlying the discount as required in Rule III B 2 above; and*
- 8. procedures by which a nonaffiliated entity may request a comparable offer.*

A utility that provides an affiliate a discounted rate, rebate, or other waiver of a charge or fee associated with services provided by the utility shall maintain, for each billing period, the following information:

- 9. the name of the entity being provided services provided by the utility in the transaction;*
- 10. the affiliate's role in the transaction (i.e., shipper, marketer, supplier, seller);*
- 11. the duration of the discount or waiver;*
- 12. the maximum rate;*
- 13. the rate or fee actually charged during the billing period; and*
- 14. the quantity of products or services scheduled at the discounted rate during the billing period for each delivery point.*

All records maintained pursuant to this provision shall also conform to FERC rules where applicable.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas will comply with requirements 1-14 of this Rule. If SoCalGas offers a discount, rebate, waives all or any part of a fee, or grants a tariff deviation for its affiliates, it maintains the records required by these Rules and posts this offering within one hour of the transaction on the EBB. The information will then automatically appear on SoCalGas' Affiliate Transactions Internet website.

Procedures are in place specifying the form and content of the information to be posted on the web site. Authorized employees post this information to the Affiliate Transactions category on the EBB.

Interested parties will find the posted information by going to SoCalGas' Internet home page at <www.socalgas.com>. From the home page, the information is accessed by clicking on **“Regulatory,”** then **“Affiliate Transactions,”** where the **“Discounts, Rebates, Tariff Deviations, or Fee Waivers”** category is found.

IV.

DISCLOSURE AND INFORMATION

IV.A. Customer Information

A utility shall provide customer information to its affiliates and unaffiliated entities on a strictly nondiscriminatory basis, and only with prior affirmative customer written consent.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas obtains written customer consent for the release of all customer information. In order to make this information available on a nondiscriminatory basis, notice is posted when SoCalGas provides this information to its affiliate. This notice includes the name of the affiliate to receive the information, the type of data shared, the time period covered by the data, the date that the data was provided, the contact person at SoCalGas, and a general description of the type of data released. For confidentiality reasons, this notice does not include the name of the customer or

the specific data released. This information is posted on SoCalGas' Internet web site no later than the time of the transaction.

Procedures are in place specifying the form and content of the information to be posted on the web site. The form used to post this information is available to authorized employees ("posters") on SoCalGas' Affiliate Compliance intranet site. Posters have authorization to access the system. Once the data is entered, the information is immediately posted to the appropriate category on SoCalGas' Internet web site.

Interested parties will find the posted information by going to SoCalGas' Internet home page at <www.socalgas.com>. From the home page, the information is accessed by clicking on **"Regulatory,"** then **"Affiliate Transactions,"** where the category **"Customer Information Provided to Affiliate(s)"** is found.

IV.B. Non-Customer Specific Non-Public Information

A utility shall make non-customer specific non-public information, including but not limited to information about a utility's natural gas or electricity purchases, sales, or operations or about the utility's gas-related goods or services, electricity-related goods or services, available to the utility's affiliates only if the utility makes that information contemporaneously available to all other service providers on the same terms and conditions, and keeps the information open to public inspection. Unless otherwise provided by these Rules, a utility continues to be bound by all Commission-adopted pricing and reporting guidelines for such transactions. Utilities are also permitted to exchange proprietary information on an exclusive basis with their affiliates, provided the utility follows all Commission-adopted pricing and reporting guidelines for such transactions, and it is necessary to exchange this information in the provision of the corporate support services permitted by Rule V.E. below. The affiliate's use of such proprietary information is limited to use in conjunction with the permitted corporate support services, and is not permitted for any other use. Nothing in this Rule precludes the exchange of information pursuant to D.97-10-031.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas interprets this rule as permitting the exchange of public information between SoCalGas and its affiliates without incurring an obligation to post such information.

Non-customer specific, non-public utility information may be shared with affiliates, subject to their obligation to not act as a conduit to other affiliates, if the information is: (1) necessary to perform shared corporate support or corporate oversight or governance and where such information is only used for that purpose; and (2) does not create an opportunity for an unfair competitive advantage.

The ACD, in consultation with Sempra Energy's Chief Compliance Officer, provides guidance in the application of these limited exceptions to the general restriction on sharing non-public utility information. Any non-public utility information, required in connection with shared corporate oversight and governance, that does not fall into either of the above two classifications may not be shared with a covered affiliate unless such information is contemporaneously posted.

Sempra Energy corporate officers responsible for shared corporate oversight and governance may receive all information from the utility and affiliates that is used for the purpose of providing such oversight and governance. Such information may be used only for that purpose and is subject to established anti-conduit measures.

When SoCalGas provides non-customer specific, non-public information (excluding information exchanged in order to provide Rule III.B. allowable services, tariffed, non-tariffed products and services, competitive bidding, shared corporate services and oversight and governance as limited above) to its affiliates, it will post this information on the SoCalGas Internet web site. This site will offer the information under the same terms and conditions as described in the preceding Rule.

Procedures are in place specifying the form and content of the information to be posted on the web site. The form used to post this information is available to authorized posters on SoCalGas' Affiliate Compliance intranet site. Posters have authorization to access the system. Once the data is entered, the information is immediately posted to the appropriate category on SoCalGas' Internet web site.

Interested parties will find the posted information by going to SoCalGas' Internet home page at <www.socalgas.com>. From the home page, the information is accessed by clicking on **“Regulatory,”** then **“Affiliate Transactions,”** where the **“Non-Customer Specific, Non-Public Information”** category is found.

IV.C. Service Provider Information

IV.C.1. Except upon request by a customer or as otherwise authorized by the Commission, or approved by another governmental body, a utility shall not provide its customers with any list of service providers, which includes or identifies the utility's affiliates, regardless of whether such list also includes or identifies the names of unaffiliated entities. A utility shall submit lists approved by other governmental bodies in the first semi-annual advice letter filing referenced in Rule IV.C.2 following such approval, but may provide customers with such lists pending action on the advice letter.

IV.C.2. If a customer requests information about any affiliated service provider, the utility shall provide a list of all providers of gas-related, electricity-related, or other utility-related goods and services operating in its service territory, including its affiliates. The Commission shall authorize, by semi-annual utility advice letter filing, and either the utility, the Commission, or a Commission-authorized third party provider shall maintain on file with the Commission a copy of the most updated lists of service providers which have been created to disseminate to a customer upon a customer's request. Any service provider may request that it be included on such list, and, barring Commission direction, the utility shall honor such request. Where maintenance of such list would be unduly burdensome due to the number of service providers, subject to Commission approval by advice letter filing, the utility shall direct the customer to a generally available listing of service providers (e.g., the Yellow Pages). In such cases, no list shall be provided. If there is no Commission-authorized list available, utilities may refer customers to a

*generally available listing of service providers (e.g., the Yellow Pages.)
The list of service providers should make clear that the Commission does not guarantee the financial stability or service quality of the service providers listed by the act of approving this list.*

Procedures and Mechanisms for Ensuring Compliance

SoCalGas will continue to file Advice Letters according to the specifications noted in Rule IV.C. SoCalGas intends to update the filing of these lists semi-annually, in accordance with Rule IV.C.2. SoCalGas uses a non-discriminatory process for suppliers to be included on the Service Provider list.

IV.D. Supplier Information

A utility may provide non-public information and data which has been received from unaffiliated suppliers to its affiliates or non-affiliated entities only if the utility first obtains written affirmative authorization to do so from the supplier. A utility shall not actively solicit the release of such information exclusively to its own affiliate in an effort to keep such information from other unaffiliated entities.

Procedures and Mechanisms for Ensuring Compliance

The requirement that the utilities must obtain written authorization from suppliers before providing non-public information and data to affiliates or non-affiliated entities is specifically addressed in Training. Affiliate requests for supplier information are centrally processed through the shared services Supply Management Department at the utility through use of Supplier Disclosure Forms. Supplier Disclosure Forms are not required to disclose contract data for allowable shared goods and services.

Supply Management maintains a log of all instances in which it provides supplier information to an affiliate for *non*-shared goods and services. The log lists the affiliate name, the supplier, the date that the form is received, and indicates that the required written affirmative authorization was obtained from the supplier.

IV.E. Affiliate-Related Advice Or Assistance

Except as otherwise provided in these Rules, a utility shall not offer or provide customers advice or assistance with regard to its affiliates or other service providers.

Procedures and Mechanisms for Ensuring Compliance

Training directs SoCalGas employees to refrain from providing advice or assistance regarding any service provider (including its affiliates), or any proposal of a service provider.

SoCalGas' primary interest is in meeting the needs of its customers. Resolution G-3238 recognizes SoCalGas' right to provide general technical advice not related to a specific service provider or proposal. SoCalGas will offer customers general technical advice that is not linked to a specific service provider or proposal and will, under Rule V.F.4.a, meet with customers when requested to "discuss technical and operational subjects regarding the utility's provision of transportation service to the customer."

IV.F. Record Keeping

A utility shall maintain contemporaneous records documenting all tariffed and nontariffed transactions with its affiliates, including but not limited to, all waivers of tariff or contract provisions and all discounts. A utility shall maintain such records for a minimum of three years and longer if this Commission or another government agency so requires. The utility shall make such records available for third party review upon 72 hours notice, or at a time mutually agreeable to the utility and third party.

If D.97-06-110 is applicable to the information the utility seeks to protect, the utility should follow the procedure set forth in D.97-06-110, except that the utility should serve the third party making the request in a manner that the third party receives the utility's D.97-096-110 requests for confidentiality within 24 hours of service.

Procedures and Mechanisms for Ensuring Compliance

Records are maintained so that they can be released within three business days from the receipt of the request. Records are kept for at least three years as required by the Rule, or longer, if subject to a litigation hold order.

It should be noted that the billing records referred to above are processed in aggregate, on a monthly billing cycle. SoCalGas' current accounting system does not process billings to affiliates on a real-time basis.

All requests from third parties for affiliate transaction information must be made to the Affiliate Compliance Manager, who will arrange for retrieval and presentation of the information within the time required. All requests pursuant to this Rule should be submitted in writing to:

Norma G. Jasso
Affiliate Compliance Manager
San Diego Gas & Electric Co.
8315 Century Park Court, ML-CP21R
San Diego, CA 92123-1548

IV.G. Maintenance of Affiliate Contracts and Related Bids

A utility shall maintain a record of all contracts and related bids for the provision of work, products or services to and from the utility to its affiliates for no less than a period of three years, and longer if this Commission or another government agency so requires.

Procedures and Mechanisms for Ensuring Compliance

Relevant records will be kept for at least three years by the department involved with the transaction.

IV.H. FERC Reporting Requirements

To the extent that reporting rules imposed by the FERC require more detailed information or more expeditious reporting, nothing in these Rules shall be construed as modifying the FERC rules.

Procedures and Mechanisms for Ensuring Compliance

No additional compliance action is required.

V.

SEPARATION

V.A. Corporate Entities

A utility and its affiliates shall be separate corporate entities.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas and its affiliates are separate entities.

V.B. Books and Records

A utility and its affiliates shall keep separate books and records.

V.B.1. Utility books and records shall be kept in accordance with the applicable Uniform System of Accounts (“USOA”) and Generally Accepted Accounting Procedures (“GAAP”).

V.B.2. The books and records of affiliates shall be open for examination by the Commission and its staff consistent with the provisions of Public Utilities Code Section 314.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas and its affiliates maintain separate accounting books and records. SoCalGas follows and will continue to follow USOA and GAAP standards. The accounting books and records of SoCalGas and its affiliates are open for examination by the CPUC pursuant to Public Utilities Code Section 314(b).

V.C. Sharing of Plant, Facilities, Equipment or Costs

A utility shall not share office space, office equipment, services, and systems with its affiliates, nor shall a utility access the computer or information systems of its affiliates or allow its affiliates to access its computer or information systems, except to the extent appropriate to perform shared corporate support functions permitted under Section V.E. of these Rules. Physical separation required by this rule shall be accomplished preferably by having office

space in a separate building, or, in the alternative, through the use of separate elevator banks and/or security-controlled access. This provision does not preclude a utility from offering a joint service provided this service is authorized by the Commission and is available to all non-affiliated service providers on the same terms and conditions (e.g., joint billing services pursuant to D.97-05-039).

Procedures and Mechanisms for Ensuring Compliance

Facilities Separation:

SoCalGas' headquarters are located at the Gas Company Tower in downtown Los Angeles. Access to the entire Gas Company Tower is card-key controlled. At the present time, one affiliate subleases office space in the Gas Company Tower from SoCalGas – Sempra Energy Solutions (SES). Employees of this affiliate have access only to their offices and computer room on the 2nd floor and the common (non-SoCalGas) floors. Office space at the Gas Company Tower includes secondary offices for SDG&E shared service employees.

Office space at SDG&E's headquarters, located at the Century Park facility in San Diego, has been designated for use by SoCalGas shared service employees. Joint officers, who are primarily based out of the Gas Company Tower, have secondary offices at Century Park to facilitate integrated management of the two utilities. No affiliate personnel share the Century Park facilities.

Information Technology:

Effective April 2002, Sempra Energy transferred ownership of the data center and hardware assets in Rancho Bernardo to SDG&E. The SDG&E Data Center is located 30 miles from Sempra Energy's Headquarters Building and houses the majority of Information Technology ("IT") production processing operations. Consolidation of the SoCalGas and SDG&E systems is a "utility-to-utility" transaction that was approved and priced in the Merger Decision (D.98-03-073).

The SDG&E Data Center is a stand-alone facility, specifically constructed and maintained to house computer technology services and related activities in a high security environment. The utility-operated facility provides computer technology services for the utilities and Corporate

Center. The SDG&E Data Center provides support for permissible shared services (under Rule V.E.), such as employee timekeeping, payroll, materials management, and accounting functions.

To ensure compliance with the Rules for utility and affiliate separation, the Utility/Corporate Center information systems adhere to the following measures:

Office Space:

Affiliate personnel are not allowed physical access to the SDG&E Data Center without escort.

SDG&E's affiliate, Sempra Global (holding company of the non-utility businesses), operates its own independent IT organization and data center for affiliate information systems. The Sempra Global Data Center is located at Sempra Energy's Headquarters building. Utility employees cannot access the Sempra Global Data Center without escort.

Shared Services:

The Utility/Corporate Center network maintains physical and logical security controls to ensure that affiliates can only view, input and export information related to permissible shared services.

Utility employees do not have access to the Sempra Global network.

Systems:

The Utility/Corporate Center network is separated from affiliates by security controls designed to physically and logically isolate each affiliate's systems and information.

The utilities and affiliates each maintain their own systems separately, including separate contracts and licenses, directories, server hardware and software, and desktop hardware and software. Communications systems, such as e-mail, directories, collaboration tools, and telecommunications are also separated.

Limited connectivity between the Utility/Corporate Center network and the Sempra Global network for access to shared services is managed by internal policies, standards, processes and procedures approved by representatives of SDG&E IT, Global IT and Affiliate Compliance and reviewed by Internal Audit.

V.D. Joint Purchases

To the extent not precluded by any other Rule, the utilities and their affiliates may make joint purchases of goods and services, but not those associated with the traditional utility merchant function. For purpose of these Rules, to the extent that a utility is engaged in the marketing of the commodity of electricity or natural gas to customers, as opposed to the marketing of transmission and distribution services, it is engaging in merchant functions. Examples of permissible joint purchases include joint purchases of office supplies and telephone services. Examples of joint purchases not permitted include gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, systems operations, and marketing. The utility must insure that all joint purchases are priced, reported, and conducted in a manner that permits clear identification of the utility and affiliate portions of such purchases, and in accordance with applicable Commission allocation and reporting rules.

Procedures and Mechanisms for Ensuring Compliance

The utilities' Supply Management Department procures products and services, other than energy commodities and related products and services, as a Rule V.E. shared service to SoCalGas, SDG&E, and affiliates. Resolution G-3238 stated that Rule V.D. forbids the joint purchase of "pipe and equipment" by utilities and affiliates because it is "more closely associated with the 'traditional utility merchant function'" (*mimeo* at 31). The Supply Management Department does not purchase "pipe and equipment" for affiliates.

V.E. Corporate Support

As a general principle, a utility, its parent holding company, or a separate affiliate created solely to perform corporate support services may share with its affiliates joint corporate oversight, governance, support systems and personnel. Any shared support shall be priced,

reported and conducted in accordance with the Separation and Information Standards set forth herein, as well as other applicable Commission pricing and reporting requirements.

As a general principle, such joint utilization shall not allow or provide a means for the transfer of confidential information from the utility to the affiliate, create the opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create significant opportunities for cross-subsidization of affiliates. In the compliance plan, a corporate officer from the utility and holding company shall verify the adequacy of the specific mechanisms and procedures in place to ensure the utility follows the mandates of this paragraph, and to ensure the utility is not utilizing joint corporate support services as a conduit to circumvent these Rules.

Examples of services that may be shared include: payroll, taxes, shareholder services, insurance, financial reporting, financial planning and analysis, corporate accounting, corporate security, human resources (compensation, benefits, employment policies), employee records, regulatory affairs, lobbying, legal, and pension management.

Examples of services that may not be shared include: employee recruiting, engineering, hedging and financial derivatives and arbitrage services, gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, system operations, and marketing.

Procedures and Mechanisms for Ensuring Compliance

Officer Verifications for SoCalGas and Sempra Energy are found in Appendix 1. These verifications attest to the adequacy of the mechanisms and procedures in place to ensure that SoCalGas follows the Rules, and that SoCalGas is not utilizing joint corporate support services as a conduit to circumvent the Rules.

Allowable Rule V.E. shared services are listed below and described in detail in Appendix 2. Shared services that are *currently* shared with affiliates are indicated in *italic type*. These shared services are charged to affiliates via an allocation at month-end. Allowable shared services that are not currently shared will be direct-charged to affiliates on an as-needed basis.

Most of the shared services described in Appendix 2 have been recognized by the CPUC as a permissible under Rule V.E., and all of these services meet Rule V.E.'s standards. The CPUC acknowledged in D.98-08-035 that the list of permissible shared services presented in Rule V.E. was not exhaustive -- the CPUC now expressly recognizes communications and public affairs as permissible shared services as long as these services do not become conduits to circumvent the Rules. Sempra Energy has established anti-conduit procedures to ensure that delivery of Rule V.E. shared services does not become a means to circumvent the Rules.

SoCalGas understands Rule V.E.'s prohibition on shared "hedging and financial derivatives and arbitrage services," to apply to hedging electric and natural gas commodities and not to the use of hedging and financial derivatives in support of SoCalGas' long term financings. The Sempra Energy Treasurer and Finance shared service departments listed below may assist SoCalGas with planning and arranging hedging and financial derivative use in support of SoCalGas' long-term financing plan.

In response to NorthStar Consulting Group's 2004 Affiliate Transactions Audit recommendation that energy risk management should not be performed as a shared corporate service, SoCalGas has established a Risk Management Department that oversees SoCalGas' energy risk activities. This Department performs all utility energy risk management related functions that were previously provided by Sempra Energy's Energy Risk Management group.

Additionally, SoCalGas formed a separate Risk Management Committee to oversee the risk management activities at each utility. Risk Management Committee members provide oversight and review of all current and proposed utility procurement strategies and activities. While these members have a legitimate oversight and governance purpose to view market and credit transactional detail of the utility's procurement activities, standard Risk Management Committee reports are and will continue to be aggregated in portfolio format and transactional data will only be viewed upon request or as required when reviewing potential limit exceedances.

Rule V.E. explicitly recognizes that oversight and governance are permissible shared services. In this Plan, SoCalGas presents considerable detail about how this function is being implemented consistent with the Rules and the anti-conduit measures set forth in Rule V.E.

There need not be any conflict between oversight and governance responsibilities of officers and directors, on the one hand, and compliance with the Rules on the other. The board of directors and officers of SoCalGas and its holding company, Sempra Energy, must be confident that they have effective oversight and governance procedures and practices in place to enable the directors to discharge their legal obligations and fiduciary responsibilities as the representatives of the shareholders. Directors have a duty to make informed judgments, question officers, and avail themselves of all material information reasonably available. Gathering of material information is regularly delegated to officers, who also must observe a high duty of care in discharging their delegated responsibilities.

The procedures put forth in this Plan are designed to harmonize these objectives without compromising compliance with the Rules. The primary oversight and governance function is described in Appendix 3, wherein the governance committees' duties are explained.

Properly structuring the shared services to ensure separation between the utilities and energy affiliates is a significant step in ensuring compliance with the Rules, but the utilities do not rely upon structure alone. The ACD has developed and disseminated a set of anti-conduit principles that each shared services employee must affirm as part of Training. Taken together, these actions demonstrate full compliance with the requirements of Rule V.E.

**CORPORATE CENTER
SHARED SERVICE DEPARTMENTS**

*Shared Services *currently* shared with affiliates are indicated in *italic type*.

Area	Departments
HUMAN RESOURCES	<i>HR Business Partner My Info Services Corporate Diversity Affairs Compensation Services Executive Compensation & Benefits Executive & Organizational Development Corporate Security/Emergency Preparedness</i>
FINANCE	<i>Audit Services Treasurer</i> <ul style="list-style-type: none"> • <i>Cash Management</i> • <i>Finance</i> • <i>Risk Management**</i> • <i>Pension and Trust Investments</i> <i>Controller & Corporate Taxes</i> <ul style="list-style-type: none"> • <i>Corporate Tax</i> • <i>Corporate Financial Accounting</i> • <i>Financial Reporting</i> • <i>Corporate Planning</i> <i>Investor Relations</i> **Note: This department does not perform the Energy Risk Management function.
CORPORATE COMPLIANCE	<i>Environmental & Safety Compliance Business Conduct</i>
CORPORATE DEVELOPMENT	<i>Corporate Development</i> <ul style="list-style-type: none"> • <i>Mergers & Acquisitions</i> • <i>Corporate Economic Analysis/Policy</i>
EXECUTIVE PROJECTS	<i>Executive Projects</i>
CORPORATE OVERSIGHT & GOVERNANCE	<i>Corporate Center Officers</i>
LEGAL	<i>Corporate Secretary Litigation Law Regulatory Law Environmental Law ERISA/Labor/Employment Law Corporate Law Commercial Law</i>

Area	Departments
EXTERNAL AFFAIRS	<p><i>Communications & External Partnerships</i></p> <ul style="list-style-type: none"> • <i>Internal Communications</i> • <i>Advertising & Research</i> • <i>Public Relations</i> • <i>Corporate Community Partnerships</i> <p><i>Federal & State Affairs</i></p> <ul style="list-style-type: none"> • <i>Federal Governmental Affairs</i> • <i>State Governmental Affairs</i> • <i>National Governmental Affairs – U.S.</i> • <i>National Legislative Analysis</i> • <i>FERC Relations</i> • <i>Corporate Legislative Policy</i> • <i>Local Governmental Affairs</i> <p><i>Regulatory Affairs</i></p> <ul style="list-style-type: none"> • <i>Corporate Regulatory Policy</i> • <i>Research and Analysis</i> <p><i>International Affairs</i></p>

**UTILITY
SHARED SERVICE DEPARTMENTS**

*Shared Services *currently* shared with affiliates are indicated in *italic type*.

Area	Departments
SUPPLY MANAGEMENT & FLEET SERVICES	<i>Supply Management</i> <i>Diverse Business Enterprises</i> <i>Fleet Services</i>
ENVIRONMENTAL, SAFETY & FACILITIES	<i>Real Estate & Facilities</i> Environmental Services Safety & Emergency Services Business Planning & Budgets
INFORMATION TECHNOLOGY	<i>Network Engineering & Operations</i> <i>Infrastructure Engineering & Operations</i> <i>Shared Software Development Services</i>
REGULATORY	Regulatory Affairs (CA and FERC) <ul style="list-style-type: none"> • California Regulatory Affairs • FERC & CAISO Regulatory Affairs • Regulatory Affairs (SF) • Tariffs & Regulatory Accounts • General Rate Case
EXTERNAL RELATIONS	Customer Communications & Research Media & Employee Communications Regional Public Affairs Public Affairs, Policies & Analysis
FINANCE	Controller <ul style="list-style-type: none"> • <i>Accounting Operations</i> • <i>Claims Management</i> • SEU Compliance • Utility Accounting Finance & Treasurer <ul style="list-style-type: none"> • Financial Systems • Financial Planning • Budgets
HUMAN RESOURCES	<i>HR Services</i> <i>Organizational Effectiveness</i> <i>People Research</i> Special Projects Labor Relations Business Partners Staffing

V.F. Corporate Identification and Advertising

V.F.1. A utility shall not trade upon, promote, or advertise its affiliate's affiliation with the utility, nor allow the utility name or logo to be used by the affiliate or in any material circulated by the affiliate, unless it discloses in plain legible or audible language, on the first page or at the first point where the utility name or logo appears that:

V.F.1.a. the affiliate “is not the same company as [i.e. PG&E, Edison, the Gas Company, etc.], the utility”;

V.F.1.b. the affiliate is not regulated by the California Public Utilities Commission; and

V.F.1.c. “you do not have to buy [the affiliate’s] products in order to continue to receive quality regulated services from the utility.”

The application of the name/logo disclaimer is limited to the use of the name or logo in California.

Procedures and Mechanisms for Ensuring Compliance

If SoCalGas mentions the name of an affiliate in its materials, SoCalGas will disclose the required language disclaimer as prescribed by the Rules.

Affiliates that mention SoCalGas in their materials or covered affiliates whose name includes the word “Sempra” are required to use the following disclaimer on materials circulated in California:

Affiliates will use...

[The affiliate] is not the same company as the utility, SoCalGas, and [the affiliate] is not regulated by the California Public Utilities Commission.

Energy marketing affiliates will use...

[The affiliate] is not the same company as the utility, SoCalGas, and the California Public Utilities Commission does not regulate the terms of [the affiliate's] products and services.

Disclaimer exceptions:

The disclaimer requirement does not apply in certain limited instances as follows:

1. Communications with governmental bodies, where the parties involved either know, or should have reason to know, the legal status and interrelationship of the utility and affiliates, and the communications are not related to product sales. This is interpreted to include: (i) communications with governmental entities in legal or regulatory proceedings, written communications with governmental bodies regarding actual or proposed legislation, and written communications to federal, state or municipal agencies which relate to an agency requirement or power (other than the power of the agency to buy products and services); (ii) legal documents, such as contracts and real property instruments; and (iii) communications with security holders and other members of the investment community, where, in each of the foregoing instances, the parties involved either know, or should have reason to know, the legal status and interrelationship of the utility and affiliates;
2. Annual reports to shareholders;
3. Internal written communications between the holding company, the utilities, and any of the affiliates, provided that the internal communications are not also sent to third parties outside of the company;
4. Building signage;
5. Company vehicles;
6. Employee uniforms; and
7. Installed equipment on customer premises.

Disclaimer position and size:

When the disclaimer is required, it will appear either on the first page of the communication, or at the first point that the utility name or logo appears. The disclaimer will be sized and displayed commensurate with the “signature” (i.e., the logo or name identification), so that the disclaimer is no smaller than the larger of: (a) ½ the size of the type which first displays the name or logo, or (b) 6-point type, and is positioned so that the reader will naturally focus on the disclaimer as easily as the “signature.”

Press Releases:

Sempra Energy, SoCalGas, and its affiliates include the appropriate disclaimer on press releases whenever the requirement is triggered by one of the following: (1) mention of an affiliate whose name includes the word “Sempra;” or (2) mention of SoCalGas and an affiliate within the same press release. The removal of such disclaimer by the press at publication is not considered a violation.

Internet:

The appropriate disclaimer appears at the bottom of the home pages of the Sempra.com and applicable Sempra Global web sites just below the page “frame.” It is understood that the disclaimer’s placement on the home page of each site indicates that the disclaimer covers the entire site. Additionally, documents posted on these web sites that mention the utility and an affiliate will include the disclaimer.

Business Cards:

Due to the length of the disclaimer, business cards will include the full disclaimer on the back, and a summary disclaimer on the front. The summary reads: “The California Public Utilities Commission does not regulate this company (see back).”

Promotional Items:

When an item’s small size or irregular shape (e.g., golf balls, golf tees, caps) does not facilitate printing an appropriately sized disclaimer on its face, the disclaimer will be printed either on a label on the item or on the packaging materials, and positioned so that the statement is visible to the prospective customer before or at the same time the name or logo becomes visible.

Email:

All utility employees utilize the e-mail domain name @SempraUtilities.com. Additionally, directors and above, who represent both SDG&E and SoCalGas externally, may use a Utility Integration logo treatment. This treatment jointly displays the SDG&E and SoCalGas logos. “Sempra Energy utilities” is considered part of the logo treatment. Employees below director level may use the Utility Integration logo treatment subject to their director’s approval.

V.F.2. A utility, through action or words, shall not represent that, as a result of the affiliate's affiliation with the utility, its affiliates will receive any different treatment than other service providers.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas will neither claim to represent an affiliate, nor provide preferential treatment to its affiliates or its affiliates' customers.

V.F.3. A utility shall not offer or provide to its affiliates advertising space in utility billing envelopes or any other form of utility customer written communication unless it provides access to all other unaffiliated service providers on the same terms and conditions.

Procedures and Mechanisms for Ensuring Compliance

Billing envelope space or advertising space in other written communications, if offered to affiliates, will be made available to all competitors on a nondiscriminatory basis.

V.F.4. A utility shall not participate in joint advertising or joint marketing with its affiliates. This prohibition means that utilities may not engage in activities which include, but are not limited to the following:

V.F.4.a. A utility shall not participate with its affiliates in joint sales calls, through joint call centers or otherwise, or joint proposals (including responses to requests for proposals ("RFPs")) to existing or potential customers. At a customer's unsolicited request, a utility may participate, on a nondiscriminatory basis, in non-sales meetings with its affiliates or any other market participant to discuss technical or operational subjects regarding the utility's provision of transportation service to the customer;

Procedures and Mechanisms for Ensuring Compliance

Training emphasizes that utility employees must not raise marketing issues in any customer technical meetings conducted in conjunction with any affiliate. Should marketing issues be raised at any such meeting, employees must excuse themselves from the meeting. SoCalGas employees will not participate in the marketing aspect of any such meeting.

SoCalGas selectively uses its phone or customer service center to provide solicitation and marketing services, but does not provide these services to affiliates. Should this service be extended to affiliates, it will also be extended to similarly situated competitors on a nondiscriminatory basis in compliance with the terms and conditions of Rule III.B.1.

V.F.4.b. Except as otherwise provided for by these Rules, a utility shall not participate in any joint activity with its affiliates. The term “joint activities” includes, but is not limited to, advertising, sales, marketing, communications and correspondence with any existing or potential customer;

Procedures and Mechanisms for Ensuring Compliance

SoCalGas interprets this Rule as permitting separately purchased advertisements and communications by the utility and affiliates in a publication or at a facility where communications are also solicited and accepted from non-affiliated parties. For instance, advertising may be separately purchased by SoCalGas and an affiliate in the same magazine or broadcast program as long as SoCalGas and the affiliate are not the only advertisers in that magazine or broadcast program.

Separate utility and affiliate sponsorship at a community/charitable event or industry conference is interpreted to be in compliance with the Rules if additional sponsors are also represented. These types of events are not considered marketing in nature. Frequently, the events entail the presence of employees, customers and elected officials. These sponsorships involve the opportunity for signage, listing in the event program, recognition from the podium, table recognition, etc. Separation between utility and affiliate employees is maintained.

V.F.4.c. A utility shall not participate with its affiliates in trade shows, conferences, or other information or marketing events held in California.

Procedures and Mechanisms for Ensuring Compliance

Trade show exhibits at the same event are understood to be permissible as long as a booth, table, exhibit or advertisement sponsored by SoCalGas will not be contiguous with any such exhibits sponsored by an affiliate. In no case will the affiliate's affiliation with SoCalGas be promoted. SoCalGas promotional events within California that are open to all competitors on a nondiscriminatory basis will also be open to affiliates.

Participation in community/charitable events or non-industry conferences is interpreted to be in compliance with the Rules. These types of events are not considered marketing in nature. Separation between utility and affiliate employees is maintained.

V.F.5. A utility shall not share or subsidize costs, fees, or payments with its affiliates associated with research and development activities or investment in advanced technology research.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas does not share R&D activities with its affiliates, or subsidize costs, fees or payments with affiliates for such activities or investment. This does not apply to affiliates that are formed as part of CPUC-funded utility R&D program activities.

V.G. Employees

Except as permitted in Section V E (corporate support), a utility and its affiliates shall not jointly employ the same employees. This Rule prohibiting joint employees also applies to Board Directors and corporate officers, except for the following circumstances: In instances when this Rule is applicable to holding companies, any board member or corporate officer may serve on the holding company and with either the utility or affiliate (but not both). Where the utility is a multi-state utility, is not a member of a holding company structure, and assumes the corporate governance functions for the affiliates, the

prohibition against any board member or corporate officer of the utility also serving as a board member or corporate officer of an affiliate shall only apply to affiliates that operate within California. In the case of shared directors and officers, a corporate officer from the utility and holding company shall verify in the utility's compliance plan the adequacy of the specific mechanisms and procedures in place to ensure that the utility is not utilizing shared officers and directors as a conduit to circumvent any of these Rules. In its compliance plan required in Rule VI, the utility shall list all shared directors and officers between the utility and affiliates. No later than 30 days following a change to this list, the utility shall notify the Commission's Energy Division and the parties on the service list of R.97-04-011/I.97-04-012 of any change to this list.

Procedures and Mechanisms for Ensuring Compliance

Consistent with the exemptions permitted for shared officers, the positions of General Counsel, Secretary, CFO, Controller, and Treasurer may be shared among Sempra Energy, SoCalGas, and affiliates.

At present, the Secretary and CFO are the only shared officers among Sempra Energy, SoCalGas, and affiliates. Catherine C. Lee is the Corporate Secretary of Sempra Energy. She is Assistant Secretary of SDG&E and SoCalGas as well as Secretary or Assistant Secretary of several other affiliates. This year, Mark Snell became a member of the SoCalGas Board of Directors. In addition, Mr. Snell is also Executive VP and CFO of Sempra Energy as well as a shared officer or director of several affiliates.

SoCalGas has developed anti-conduit procedures to implement this Rule to ensure that these officers and board members are not used as a conduit to circumvent these Rules. SoCalGas will notify the CPUC's Energy Division and the parties on the service list of R.97-04-011/I.97-04-012 no later than 30 days following any change to directors and officers shared between SoCalGas and affiliates.

Sempra Energy's senior management continues to conduct meetings to maintain adequate oversight of the entire enterprise, while preserving business unit autonomy and accountability. Employees refrain from discussing matters that would be inconsistent with

the Rules, such as operational matters and customer-specific information. Examples of these types of meetings are included in Appendix 3.

Periodically, meetings such as the "Leadership Group" are held with upper management (director level and above employees) from all of Sempra Energy's business units. The Affiliate Compliance Officer reminds participants of the Rules at the start of the meeting, and the agenda items are reviewed by the ACD prior to the meeting. These meetings permit high-level corporate culture discussions as long as the topics steer clear of operational issues. Non-public information is not exchanged unless it is made available to other third parties (i.e., posted).

SoCalGas interprets Rule V.G. to apply to employees of SoCalGas, and not to employees of a temporary third-party agency. Temporary agency employees are contracted and assigned to either the utility or the affiliates, never both simultaneously. As an added measure, SoCalGas includes an anti-conduit provision in all purchasing templates to address the issue of temporary agency personnel who perform work for both utility and affiliates.

V.G.2. All employee movement between a utility and its affiliates shall be consistent with the following provisions:

V.G.2.a. A utility shall track and report to the Commission all employee movement between the utility and affiliates. The utility shall report this information annually pursuant to our Affiliate Transaction Reporting Decision, D93-02-016, 48 CPUC 2d 163, 171-172 and 180 (Appendix A, Section I and Section II H.).

V.G.2.b. Once an employee of a utility becomes an employee of an affiliate, the employee may not return to the utility for a period of one year. This Rule is inapplicable if the affiliate to which the employee transfers goes out of business during the one-year period. In the event that such employee returns to the utility, such employee cannot be retransferred, reassigned, or otherwise

employed by the affiliate for a period of two years. Employees transferring from the utility to the affiliate are expressly prohibited from using information gained from the utility in a discriminatory or exclusive fashion, to the benefit of the affiliate or to the detriment of other unaffiliated service providers.

Procedures and Mechanisms for Ensuring Compliance

Monthly reports are generated for all employees who transfer between SoCalGas and all other affiliate companies. These reports are reviewed to assess that the required transfer fees have been paid by the affiliate companies to SoCalGas. SoCalGas understands that when an affiliate “goes out of business” under Rule V.G.2.b, this includes job losses resulting from reorganizations and downsizing.

V.G.2.c. When an employee of a utility is transferred, assigned, or otherwise employed by the affiliate, the affiliate shall make a one-time payment to the utility in an amount equivalent to 25% of the employee's base annual compensation, unless the utility can demonstrate that some lesser percentage (equal to at least 15%) is appropriate for the class of employee included. In the limited case where a rank-and-file (non-executive) employee's position is eliminated as a result of electric industry restructuring, a utility may demonstrate that no fee or a lesser percentage than 15% is appropriate. The Board of Directors must vote to classify these employees as “impacted” by electric restructuring- and these employees must be transferred no later than December 31, 1998, except for the transfer of employees working at divested plants. In that instance, the Board of Directors must vote to classify these employees as “impacted” by the electric restructuring and these employees must be transferred no later than within 60 days after the end of the O&M contract with the new plant owners. All such fees paid to the utility shall be accounted for in a separate memorandum account to track them for future

ratemaking treatment (i.e. credited to the Electric Revenue Adjustment Account or the Core and Non-core Gas Fixed Cost Accounts, or other ratemaking treatment, as appropriate), on an annual basis, or as otherwise necessary to ensure that the utility's ratepayers receive the fees. This transfer payment provision will not apply to clerical workers. Nor will it apply to the initial transfer of employees to the utility's holding company to perform corporate support functions or to a separate affiliate performing corporate support functions, provided that the transfer is made during the initial implementation period of these rules or pursuant to a §851 application or other Commission proceeding. However, the rule will apply to any subsequent transfers or assignments between a utility and its affiliates of all covered employees at a later time.

V.G.2.d. Any utility employee hired by an affiliate shall not remove or otherwise provide information to the affiliate which the affiliate would otherwise be precluded from having pursuant to these Rules.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas will continue to track employee movement between the utility and its affiliates and report this movement in its annual Affiliate Transactions Report. A distinct account has been established for recording all transfer fees pursuant to Rule V.G.2.c. These fees are calculated and billed through the Affiliate Billing & Costing Department. In the first quarter of each year, Sempra Energy's Human Resource Department provides the ACD with a summary of all utility employees hired by affiliates as well as all affiliate employees hired by the utility during the previous calendar year. SoCalGas has established policies and procedures to ensure consistent compliance with this Rule.

SoCalGas conducts exit interviews with employees transferring from SoCalGas to an affiliate. Exit interviews are one-on-one sessions between the transferring employee and

her/his supervisor. In addition to conducting the exit interview, the employee's supervisor conducts an "asset inventory" to review material that the employee requests to take to the affiliate. Material that may not be transferred pursuant to the Rules is retained by SoCalGas, and material that may be taken by the employee to the affiliate is priced pursuant to the Rules. At the end of the exit interview, employees must sign a statement acknowledging that they will not use certain information gained at the utility to benefit the affiliate.

The SoCalGas Human Resources Department is responsible for ensuring that exit interviews and related asset inventories take place and are documented. The ACD provides employee transfer procedures and rules to the SoCalGas Human Resources Department on an annual basis to promote further understanding and clarification of these rules. Transferring employees are provided a copy of these documents and a verbatim copy of Rule V.G. A description of this process is included in the Affiliate Compliance Guidelines.

V.G.2.e. A utility shall not make temporary or intermittent assignments, or rotations to its energy marketing affiliates. Utility employees not involved in marketing may be used on a temporary basis (less than 30% of an employee's chargeable time in any calendar year) by affiliates not engaged in energy marketing only if:

V.G.2.e.i. All such use is documented, priced and reported in accordance with these Rules and existing Commission reporting requirements, except that when the affiliate obtains the services of a non-executive employee, compensation to the utility should be priced at a minimum of the greater of fully loaded cost plus 10% of direct labor cost, or fair market values. When the affiliate obtains the services of an executive employee, compensation to the utility should be priced at a minimum of the greater of fully loaded cost plus 15% of direct labor cost, or fair market value.

V.G.2.e.ii. Utility needs for utility employees always take priority over any affiliate requests;

V.G.2.e.iii. No more than 5% of full time equivalent utility employees may be on loan at a given time;

V.G.2.e.iv. Utility employees agree, in writing, that they will abide by these Affiliate Transaction Rules; and

V.G.2.e.v. Affiliate use of utility employees must be conducted pursuant to a written agreement approved by appropriate utility and affiliate officers.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas provides a list of its “energy marketing affiliates” on its Internet website at www.socalgas.com. A current listing of SoCalGas’ energy marketing affiliates is also included on its intranet website. SoCalGas defines “marketing employees” as any utility employee in a marketing, customer service or account management section, who is actively engaged in marketing functions. This includes employees selling (approaching, presenting, or closing sales), developing marketing programs and services, non-technical consultative services regarding new utility products & services, market research, prospecting for new customers, or growing business with existing customers.

The SoCalGas Human Resources Department will make a preliminary assessment as to what constitutes a marketing employee in accordance with this definition, with final approval from the Vice President of Customer Services – Mass Markets, and/or Vice President of Customer Services – Major Markets, if necessary. The ACD provides loaned labor procedures and rules to the SoCalGas Human Resources Department on an annual basis to promote further understanding and clarification of these rules.

V. H. Transfer of Goods and Services

To the extent that these Rules do not prohibit transfers of goods and services between a utility and its affiliates, and except for as provided by Rule V.G.2.e., all such transfers shall be subject to the following pricing provisions:

- 1. Transfers from the utility to its affiliates of goods and services produced, purchased or developed for sale on the open market by the utility will be priced at fair market value.*
- 2. Transfers from an affiliate to the utility of goods and services produced, purchased or developed for sale on the open market by the affiliate shall be priced at no more than fair market value.*
- 3. For goods or services for which the price is regulated by a state or federal agency, that price shall be deemed to be the fair market value, except that in cases where more than one state commission regulated the price of goods or services, this Commission's pricing provisions govern.*
- 4. Goods and services produced, purchased or developed for sale on the open market by the utility will be provided to its affiliates and unaffiliated companies on a nondiscriminatory basis, except as otherwise required or permitted by these Rules or applicable law.*
- 5. Transfers from the utility to its affiliates of goods and services not produced, purchased or developed for sale by the utility will be priced at fully loaded cost plus 5% of direct labor cost.*
- 6. Transfers from an affiliate to the utility of goods and services not produced, purchased or developed for sale by the affiliate will be priced at the lower of fully loaded cost or fair market value.*

Procedures and Mechanisms for Ensuring Compliance

When the transfer of services involves the temporary loaning of utility employees (Rule V.G.2.e.i), SoCalGas understands Rule V.H.5. as follows:

- Transfers from SoCalGas to affiliates will be priced at fully-loaded cost plus 10% (non-executives) or 15% (executives) of direct labor costs;

- Transfers from SoCalGas to the parent company and non-covered affiliates will be priced at fully loaded cost plus 5% of direct labor costs.

VI. REGULATORY OVERSIGHT

VI.A. Compliance Plans

No later than December 31, 1997, each utility shall file a compliance plan demonstrating to the Commission that there are adequate procedures in place that will preclude the sharing of information with its affiliates that is prohibited by these Rules. The utility should file its compliance plan as an advice letter with the Commission's Energy Division and serve it on the parties to this proceeding. The utilities compliance plan shall be in effect between the filing and a Commission determination of the advice letter. A utility shall file a compliance plan annually thereafter by advice letter served on all parties to this proceeding where there is some change in the compliance plan (i.e., when a new affiliate has been created, or the utility has changed the compliance plan for any other reason).

Procedures and Mechanisms for Ensuring Compliance

This Plan represents SoCalGas' compliance with this Rule.

VI.B. New Affiliate Compliance Plans

Upon the creation of a new affiliate which is addressed by these Rules, the utility shall immediately notify the Commission of the creation of the new affiliate, as well as posting notice on its electronic bulletin board. No later than 60 days after the creation of this affiliate, the utility shall file an advice letter with the Energy Division of the Commission, served on the parties to this proceeding. The advice letter shall demonstrate how the utility will implement these Rules with respect to the new affiliate.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas will comply with this Rule as new affiliates covered by these Rules are created. SoCalGas will notify the CPUC immediately of: (1) any newly formed U.S. domestic affiliate; (2) the confirmation of registration with foreign governmental authorities for affiliates located outside the U.S.; and then (3) post this information on its Internet website.

SoCalGas will file an advice letter with the Energy Division within 60 days of the creation of: (1) any new U.S. domestic affiliate; or (2) the confirmation of registration with foreign governmental authorities for affiliates located outside the U.S. This advice letter will provide detailed information regarding new affiliates as well as any resulting changes to this Plan.

The ACD will conduct an annual review of all affiliate business descriptions to assess each affiliate's designation as "non-covered," "covered," and/or "energy marketing." Under this process, the ACD will provide each affiliate's business description to designated affiliate contact personnel to confirm whether the business description remains applicable or whether it has changed. Based upon these responses, the ACD will evaluate whether an affiliate should be reclassified, and then notify the CPUC in accordance with this Rule.

The list of affiliate companies is located on SoCalGas' Internet home page at www.socalgas.com. It is accessed by clicking "**Regulatory**" then selecting the "**Affiliate Transactions**" link, where the "**List of SoCalGas' Affiliates**" category is found.

VI.C. Affiliate Audit

No later than December 31, 1998, and every year thereafter, the utility shall have audits performed by independent auditors that cover the calendar year which ends on December 31, and that verify that the utility is in compliance with the Rules set forth herein. The utilities shall file the independent auditor's report with the Commission's Energy Division beginning no later than May 1, 1999, and serve it on all parties to this proceeding. The audits shall be at shareholder expense.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas will continue to arrange annual audits with independent auditors and file the audits as described in this Rule. The cost of the audits has been and will continue to be charged to shareholders. The last audit conducted, covering the calendar year 2005, was completed and filed with the CPUC in accordance with this Rule. The pending audit for the calendar year 2003, contracted by the CPUC, was completed in the beginning of 2006.

VI.D. Witness Availability

Affiliate officers and employees shall be made available to testify before the Commission as necessary or required, without subpoena, consistent with the provisions of Public Utilities Code Section 314.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas and its affiliates will comply with Code Section 314.

VII

UTILITY PRODUCTS AND SERVICES

VII.A. General Rule

Except as provided for in these Rules, new products and services shall be offered through affiliates.

VII.B. Definitions

The following definitions apply for the purposes of this section (Section VII) of these Rules:

VII.B.1. “Category” refers to a factually similar group of products and services that use the same type of utility assets or capacity. For example, “leases of land under utility transmission lines” or “use of a utility repair shop for third party equipment repair” would each constitute a separate product or service category.

VII.B.2. *“Existing” products and services are those which a utility is offering on the effective date of these Rules.*

VII.B.3. *“Products” include use of property, both real and intellectual, other than those uses authorized under General Order 69-C.*

VII.B.4. *“Tariff” or “tariffed” refers to rates, terms and conditions of services as approved by this Commission or the Federal Energy Regulatory Commission (FERC), whether by traditional tariff, approved contract or other such approval process as the Commission or the FERC may deem appropriate.*

Procedures and Mechanisms for Ensuring Compliance

SoCalGas’ nontariffed products and services meet the criteria set forth in Rules VII.A and B.

VII.C. Utility Products and Services

Except as provided in these Rules, a utility shall not offer nontariffed products and services. In no event shall a utility offer natural gas or electricity commodity service on a nontariffed basis. A utility may only offer for sale the following products and services:

VII.C.1 *Existing products and services offered by the utility pursuant to tariff;*

VII.C.2 *Unbundled versions of existing utility products and services, with the unbundled versions being offered on a tariffed basis;*

VII.C.3 *New products and services that are offered on a tariffed basis; and*

VII.C.4 *Products and services which are offered on a nontariffed basis and which meet the following conditions:*

- VII.C.4.a. the nontariffed product or service utilizes a portion of a utility asset or capacity;*
- VII.C.4.b. such asset or capacity has been acquired for the purpose of and is necessary and useful in providing tariffed utility services;*
- VII.C.4.c. the involved portion of such asset or capacity may be used to offer the product or service on a nontariffed basis without adversely affecting the cost, quality or reliability of tariffed utility products and services;*
- VII.C.4.d. the products and services can be marketed with minimal or no incremental ratepayer capital, minimal or no new forms of liability or business risk being incurred by utility ratepayers, and no undue diversion of utility management attention; and*
- VII.C.4.e. the utility's offering of such nontariffed product or service does not violate any law, regulation, or Commission policy regarding anticompetitive practices.*

Procedures and Mechanisms for Ensuring Compliance

Nontariffed products and services offered by SoCalGas meet the criteria set forth in Rule VII.C.

VII.D. Conditions Precedent to Offering New Products and Services

This Rule does not represent an endorsement by the Commission of any particular nontariffed utility product or service. A utility may offer new nontariffed products and services only if the Commission has adopted and the utility has established:

- VII.D.1. A mechanism or accounting standard for allocating costs to each new product or service to prevent cross-subsidization between services a utility would continue to provide on a tariffed basis and those it would provide on a nontariffed basis;*

VII.D.2. A reasonable mechanism for treatment of benefits and revenues derived from offering such products and services, except that in the event the Commission has already approved a performance-based ratemaking mechanism for the utility and the utility seeks a different sharing mechanism, the utility should petition to modify the performance-based ratemaking decision if it wishes to alter the sharing mechanism, or clearly justify why this procedure is inappropriate, rather than doing so by application or other vehicle.

VII.D.3. Periodic reporting requirements regarding pertinent information related to nontariffed products and services; and

VII.D.4. Periodic auditing of the costs allocated to and the revenues derived from nontariffed products and services.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas has accounting procedures and standards in place that track costs and revenues of each product and service and prevent cross-subsidization between tariffed and nontariffed services. A report of nontariffed products and services, covering the prior year, is filed annually with the CPUC no later than June. An internal audit of the reported year, for the costs allocated to, and revenues derived from, nontariffed products and services, takes place every other year after the annual report is filed with the CPUC.

VII.E. Requirement to File an Advice Letter

Prior to offering a new category of nontariffed products or services as set forth in Section VII.C above, a utility shall file an advice letter in compliance with the following provisions of this paragraph.

VII.E.1. The advice letter shall:

VII.E.1.a. demonstrate compliance with these rules;

VII.E.1.b. address the amount of utility assets dedicated to the non-utility venture, in order to ensure that a given product or service does not threaten the provision of utility service, and show that the new product or service will not result in a degradation of cost, quality, or reliability of tariffed goods and services;

VII.E.1.c. demonstrate that the utility has not received competition transition charge (CTC) recovery in the Transition Cost Proceeding, A.96-08-001, or other related CTC Commission proceeding, for the portion of the utility asset dedicated to the non-utility venture; and

VII.E.1.d. address the potential impact of the new product or service on competition in the relevant market, including but not limited to the degree in which the relevant market is already competitive in nature and the degree to which the new category of products or services is projected to affect that market.

VII.E.1.e. be served on the service list of Rulemaking 97-04-011/Investigation 97-04-012, as well as on any other party appropriately designated by the rules governing the Commission's advice letter process.

VII.E.2. For categories of nontariffed products or services targeted and offered to less than 1% of the number of customers in the utility's customer base, in the absence of a protest alleging non-compliance with these Rules or any law, regulation, decision, or Commission policy, or allegations of harm, the utility may commence offering the product or service 30 days after submission of the advice letter. For categories of nontariffed products or services targeted and offered to 1% or more of the number of customers in the utility's customer base, the utility may commence offering the product

or service after the Commission approves the advice letter through the normal advice letter process.

VII.E.3. A protest of an advice letter filed in accordance with this paragraph shall include:

VII.E.3.a. An explanation of the specific Rules, or any law, regulation, decision, or Commission policy the utility will allegedly violate by offering the proposed product or service, with reasonable factual detail; or

VII.E.3.b. An explanation of the specific harm the protestant will allegedly suffer.

VII.E.4. If such a protest is filed, the utility may file a motion to dismiss the protest within 5 working days if it believes the protestant has failed to provide the minimum grounds for protest required above. The protestant has 5 working days to respond to the motion.

VII.E.5. The intention of the Commission is to make its best reasonable efforts to rule on such a motion to dismiss promptly. Absent a ruling granting a motion to dismiss, the utility shall begin offering that category of products and services only after Commission approval through the normal advice letter process.

Procedures and Mechanisms for Ensuring Compliance

If SoCalGas considers a new category of nontariffed product and service, it will file an advice letter with the provision described in Rule VII.E.

VII.F. Existing Offerings

Unless and until further Commission order to the contrary as a result of the advice letter filing or otherwise, a utility that is offering tariffed or nontariffed products and services, as

of the effective date of this decision, may continue to offer such products and services, provided that the utility complies with the cost allocation and reporting requirements in this rule. No later than January 30, 1998, each utility shall submit an advice letter describing the existing products and services (both tariffed and nontariffed) currently being offered by the utility and the number of the Commission decision or advice letter approving this offering, if any, and requesting authorization or continuing authorization for the utility's continued provision of this product or service in compliance with the criteria set forth in Rule VII. This requirement applies to both existing products and services explicitly approved and not explicitly approved by the Commission.

Procedures and Mechanisms for Ensuring Compliance

As required by Rule VII.F., SoCalGas submitted Advice Letter No. 2669 describing the existing products and services as of January 30, 1998.

VII.G. Section 851 Application

A utility must continue to comply fully with the provisions of Public Utilities Code Section 851 when necessary or useful utility property is sold, leased, assigned, mortgaged, disposed of, or otherwise encumbered as part of a nontariffed product or service offering by the utility. If an application pursuant to Section 851 is submitted, the utility need not file a separate advice letter, but shall include in the application those items which would otherwise appear in the advice letter as required in this Rule.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas will continue to file Public Utilities Code Section 851 applications as required under that statute.

VII.H. Periodic Reporting of Nontariffed Products and Services

Any utility offering nontariffed products and services shall file periodic reports with the Commission's Energy Division twice annually for the first two years following the effective date of these Rules, then annually thereafter unless otherwise directed by the Commission. The utility shall serve periodic reports on the service list of this proceeding. The periodic reports shall contain the following information:

- VII.H.1. A description of each existing or new category of nontariffed products and services and the authority under which it is offered;*
- VII.H.2. A description of the types and quantities of products and services contained within each category (so that, for example, “leases for agricultural nurseries at 15 sites” might be listed under the category “leases of land under utility transmission lines,” although the utility would not be required to provide the details regarding each individual lease);*
- VII.H.3. The costs allocated to and revenues derived from each category; and*
- VII.H.4. Current information on the proportion of relevant utility assets used to offer each category of product and service.*

Procedures and Mechanisms for Ensuring Compliance

SoCalGas will file its annual report no later than June of the year following the report year.

VII.I. Offering of Nontariffed Products and Services to Affiliates

Nontariffed products and services which are allowed by this Rule may be offered to utility affiliates only in compliance with all other provisions of these Affiliate Rules. Similarly, this Rule does not prohibit affiliate transactions which are otherwise allowed by all other provisions of these Affiliate Rules.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas makes nontariffed products and services available to affiliates on the same terms and conditions as offered to others.

VIII.

COMPLAINT PROCEDURES AND REMEDIES

VIII.A. The Commission Shall Strictly Enforce These Rules

Each act or failure to act by a utility in violation of these rules may be considered a separate occurrence.

VIII.B.1. Any person or corporation as defined in Sections 204, 205, and 206 of the California Public Utilities Code may complain to the Commission or to a utility in writing, setting forth any act or thing done or omitted to be done by any utility or affiliate in violation or claimed violation of any rule set forth in this document.

VIII.B.2. “Whistleblower complaints” will be accepted and the confidentiality of complainant will be maintained until conclusion of an investigation or indefinitely, if so requested by the whistleblower. When a whistleblower requests anonymity, the Commission will continue to pursue the complaint only where it has elected to convert it into a Commission-initiated investigation. Regardless of the complainant’s status, the defendant shall file a timely answer to the complaint.

VIII.C.1. All complaints shall be filed as formal complaints with the Commission and complainants shall provide a copy to the utility’s designated officer (as described below) on the same day that the complaint is filed.

Procedures and Mechanisms for Ensuring Compliance

No specific compliance action is required under Rules VIII.A through VIII.C.1.

VIII.C.2. Each utility shall designate an Affiliate Compliance Manager who is responsible for compliance with these affiliate rules and the utility’s compliance plan adopted pursuant to these rules. Such officer shall also

be responsible for receiving, investigating, and attempting to resolve complaints. The Affiliate Compliance Manager may, however, delegate responsibilities to other officers and employees.

VIII.C.2.a. The utility shall investigate and attempt to resolve the complaint. The resolution process shall include a meet-and-confer session with the complainant. A Commission staff member may, upon request by the utility or the complainant, participate in such meet-and-confer sessions and shall participate in the case of a whistleblower complaint.

A party filing a complaint may seek a temporary restraining order at the time the formal complaint is filed. The defendant utility and other interested parties may file responses to a request for a temporary restraining order within 10 days of the filing of the request. An assigned commissioner or administrative law judge may shorten the period for responses, where appropriate. An assigned commissioner or administrative law judge, or the Commission shall act on the request for a temporary restraining order within 30 days. The request may be granted when: (1) the moving party is reasonably likely to prevail on the merits, and (2) a temporary restraining order relief is necessary to avoid irreparable injury, will not substantially harm other parties, and is consistent with the public interest.

A notice of temporary restraining order issued by an assigned commissioner or administrative law judge will only stay in effect until the end of the day of the next regularly-scheduled Commission meeting at which the Commission can issue a temporary restraining order or a preliminary injunction. If the Commission declines to issue a temporary restraining

order or a preliminary injunction, the notice of temporary restraining order will be immediately lifted. Whether or not a temporary restraining order or a preliminary injunction is issued, the underlying complaint may still move forward.

VIII.C.2.b. The utility shall prepare and preserve a report on each complaint, all relevant dates, companies, customers and employees involved, and if applicable, the resolution reached, the date of the resolution and any actions taken to prevent further violations from occurring. The report shall be provided to the Commission and all parties within four weeks of the date the complaint was filed. In addition, to providing hard copies, the utility shall also provide electronic copies to the Commission and to any party providing an e-mail address.

VIII.C.2.c. Each utility shall file annually with the Commission a report detailing the nature and status of all complaints.

VIII.C.2.d. The Commission may, notwithstanding any resolution reached by the utility and the complainant, convert a complaint to an investigation and determine whether the utility violated these rules, and impose any appropriate penalties under Section VIII.D or any other remedies provided by the Commission's rules or the Public Utilities Code.

VIII.C.3. The utility will inform the Commission's Energy Division and Consumer Services Division of the results of this dispute resolution process. If the dispute is resolved, the utility shall inform the Commission staff of the actions taken to resolve the complaint and the date the complaint was resolved.

VIII.C.4. If the utility and the complainant cannot reach a resolution of the complaint, the utility will so inform the Commission's Energy Division. It will also file an answer to the complaint within 30 days of the issuance by the Commission's Docket Office of instructions to answer the original complaint. Within 10 business days of notice of failure to resolve the complaint, Energy Division staff will meet and confer with the utility and the complainant and propose actions to resolve the complaint. Under the circumstances where the complainant and the utility cannot resolve the complaint, the Commission shall strive to resolve the complaint within 180 days of the date the instructions to answer are served on the utility.

Procedures and Mechanisms for Ensuring Compliance

The Affiliate Compliance Department is responsible for monitoring compliance with the Rules and SoCalGas' Plan. The Affiliate Compliance Manager is responsible for receiving, investigating, and attempting to resolve complaints. SoCalGas will follow the procedures delineated in Rule VIII.C.a through VIII.C.4 when a complaint is received and processed for resolution.

VIII.C.5. The Commission shall maintain on its web page a public log of all new, pending and resolved complaints. The Commission shall update the log at least once every week. The log shall specify, at a minimum, the date the complaint was received, the specific allegations contained in the complaint, the date the complaint was resolved and the manner in which it was resolved, and a description of any similar complaints, including the resolution of such similar complaints.

Procedures and Mechanisms for Ensuring Compliance

No additional compliance action required.

VIII.C.6.a. Prior to filing a formal complaint, a potential complainant may contact the responsible utility officer and/or the Energy Division to inform them of the possible violation of

the affiliate rules. If the potential complainant seeks an informal meeting with the utility to discuss the complaint, the utility shall make reasonable efforts to arrange such a meeting. Upon mutual agreement, Energy Division staff and interested parties may attend any such meeting.

VIII.C.6.b. If a potential complainant makes an informal contact with a utility regarding an alleged violation of the affiliate transaction rules, the utility officer in charge of affiliate compliance shall respond in writing to the potential complainant within 15 business days. The response would state whether or not the issues raised by the potential complainant require further investigation. (The potential complainant does not have to rely on the responses in deciding whether to file a formal complaint.)

Procedures and Mechanisms for Ensuring Compliance

If a potential complainant seeks an informal meeting to discuss the complaint, SoCalGas will make reasonable efforts to arrange such meeting. If informal contact with SoCalGas is made by a potential complainant, SoCalGas will respond in writing within fifteen days.

VIII.D.1. When enforcing these rules or any order of the Commission regarding these rules, the Commission may do any or all of the following:

VIII.D.1.a. Order a utility to stop doing something that violates these rules;

VIII.D.1.b. Prospectively limit or restrict the amount, percentage, or value of transactions entered into between the utility and its affiliate(s);

VIII.D.1.c. Assess fines or other penalties;

VIII.D.1.d. Prohibit the utility from allowing its affiliate(s) to utilize the name and logo of the utility, either on a temporary or a permanent basis;

VIII.D.1.e. Apply any other remedy available to the Commission.

VIII.D.2. Any public utility which violates a provision of these rules is subject to a fine of not less than five hundred dollars (\$500), nor more than \$20,000 for each offense. The remainder of this subsection distills the principles that the Commission has historically relied upon in assessing fines and restates them in a manner that will form the analytical foundation for future decisions in which fines are assessed. Before discussing those principles, reparations are distinguished.

VIII.D.2.a. Reparations are not fines and conceptually should not be included in setting the amount of a fine. Reparations are refunds of excessive or discriminatory amounts collected by a public utility. PU Code §734. The purpose is to return funds to the victim which were unlawfully collected by the public utility. Accordingly, the statute requires that all reparation amounts are paid to the victims. Unclaimed reparations generally escheat to the state, Code of Civil Procedure §1519.5, unless equitable or other authority directs otherwise, e.g., Public Utilities Code §394.9.

VIII.D.2.b. The purpose of a fine is to go beyond restitution to the victim and to effectively deter further violations by this perpetrator or others. For this reason, fines are paid to the State of California, rather than to victims. Effective deterrence creates an incentive for public utilities to avoid violations. Deterrence is particularly important against violations which could result in public harm, and

particularly against those where severe consequences could result. To capture these ideas, the two general factors used by the Commission in setting fines are: (1) severity of the offense and (2) conduct of the utility. These help guide the Commission in setting fines which are proportionate to the violation.

VIII.D.2.b.i. The severity of the offense includes several considerations. Economic harm reflects the amount of expense which was imposed upon the victims, as well as any unlawful benefits gained by the public utility. Generally, the greater of these two amounts will be used in establishing the fine. In comparison, violations which caused actual physical harm to people or property are generally considered the most severe, with violations that threatened such harm closely following.

The fact that the economic harm may be difficult to quantify does not itself diminish the severity or the need for sanctions. For example, the Commission has recognized that deprivation of choice of service providers, while not necessarily imposing quantifiable economic harm, diminishes the competitive marketplace such that some form of sanction is warranted.

Many potential penalty cases before the Commission do not involve any harm to consumers but are instead violations of reporting or compliance requirements. In these cases, the harm may not be to consumers but rather to the integrity of the regulatory processes.

For example, compliance with Commission directives is required of all California Public Utilities:

“Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the Commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility, and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees.” Public Utilities Code §702.

Such compliance is absolutely necessary to the proper functioning of the regulatory process. For this reason, disregarding a statutory or Commission directive, regardless of the effects on the public, will be accorded a high level of severity.

The number of the violations is a factor in determining the severity. A series of temporally distinct violations can suggest an on-going compliance deficiency which the public utility should have addressed after the first instance. Similarly, a widespread violation which affects a large number of consumers is a more severe offense than one which is limited in scope. For a “continuing offense,” PU Code §2108 counts each day as a separate offense.

Procedures and Mechanisms for Ensuring Compliance

No specific compliance action required for Rules VIII.D.1 through VIII.D.2.b.i.

VIII.D.2.b.ii. This factor recognizes the important role of the public utility's conduct in (1) preventing the violation, (2) detecting the violation, and (3) disclosing and rectifying the violation. The public utility is responsible for the acts of all its officers, agents, and employees: "In construing and enforcing the provisions of this part relating to penalties, the act, omission, or failure of any officer, agent or employee of any public utility, acting within the scope of his [or her] official duties or employment, shall in every case be the act, omission, or failure of such public utility." Public Utilities Code §2109.

VIII.D.2.b.ii.(1) Prior to a violation occurring, prudent practice requires that all public utilities take reasonable steps to ensure compliance with Commission directives. This includes becoming familiar with applicable laws and regulations, and most critically, the utility regularly reviewing its own operations to ensure full compliance. In evaluating the utility's advance efforts to ensure compliance, the Commission will consider the utility's past record of compliance with Commission directives.

VIII.D.2.b.ii.(2) The Commission expects public utilities to monitor diligently their activities. Where utilities have for whatever reason failed to meet this standard, the Commission will continue to hold the utility responsible for its actions. Deliberate as opposed to inadvertent wrong-doing will be considered an aggravating factor. The Commission will also look at the management's conduct during the period in

which the violation occurred to ascertain particularly the level and extent of involvement in or tolerance of the offense by management personnel. The Commission will closely scrutinize any attempts by management to attribute wrong-doing to rogue employees. Managers will be considered, absent clear evidence to the contrary, to have condoned day-to-day actions by employees and agents under their supervision.

VIII.D.2.b.ii.(3) When a public utility is aware that a violation has occurred, the Commission expects the public utility to promptly bring it to the attention of the Commission. The precise timetable that constitutes “prompt” will vary based on the nature of the violation. Violations which physically endanger the public must be immediately corrected and thereafter reported to the Commission staff. Reporting violations should be remedied at the earliest administratively feasible time.

Prompt reporting of violations furthers the public interest by allowing for expeditious correction. For this reason, steps taken by a public utility to promptly and cooperatively report and correct violations may be considered in assessing any penalty.

Procedures and Mechanisms for Ensuring Compliance

SoCalGas takes regulatory compliance very seriously. Some of the measures taken to ensure that employees are knowledgeable of the Rules include: Training, the Plan, and the ACG, which are all available to employees through SoCalGas' intranet.

Employees of Sempra Energy, SoCalGas, and its affiliates are directed to immediately notify the Affiliate Compliance Department of any potential violation(s) of applicable CPUC regulations or provisions, or applicable federal, state and local laws. Training instructs employees to notify the Affiliate Compliance Department by calling or e-mailing the Affiliate Compliance Hotline to report potential violations or weaknesses in internal controls.

Upon notification of an alleged violation, the Affiliate Compliance Manager, or any employee designated by the Affiliate Compliance Manager, will immediately begin an investigation into the alleged violation and notify the Affiliate Compliance Officer of the investigation. The Affiliate Compliance Officer will be kept apprised of the investigation until a resolution is reached. The investigation shall consist of gathering all relevant facts and data concerning the event(s) in question and reviewing those facts and data to determine whether, and to what extent, a violation has occurred. Corrective action will be taken and steps to prevent further violations will be implemented.

Facts gathered in conjunction with the investigation will be maintained by the Affiliate Compliance Department. SoCalGas will evaluate the nature of the violation and will notify the CPUC either through written communication or by notifying the external auditors, during the course of the audit, depending on the timing and severity of the offense as outlined in the Rules.

VIII.D.2.b.iii. Effective deterrence also requires that the Commission recognize the financial resources of the public utility in setting a fine which balances the need for deterrence with the constitutional limitations on excessive fines. Some California utilities are among the largest corporations in the United States and

others are extremely modes, one-person operations. What is accounting rounding error to one company is annual revenue to another. The Commission intends to adjust fine levels to achieve the objective of deterrence, without becoming excessive, based on each utility's financial resources.

VIII.D.2.b.iv. Setting a fine at a level which effectively deters further unlawful conduct by the subject utility and others requires that the Commission specifically tailor the package of sanctions, including any fine, to the unique facts of the case. The Commission will review facts which tend to mitigate the degree of wrongdoing as well as any facts which exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.

VIII.D.2.b.v. The Commission adjudicates a wide range of cases which involve sanctions, many of which are cases of first impression. As such, the outcomes of cases are not usually directly comparable. In future decisions which impose sanctions the parties and, in turn, the Commission will be expected to explicitly address those previously issued decisions which involve the most reasonably comparable factual circumstances and explain any substantial differences in outcome.

Procedures and Mechanisms for Ensuring Compliance

No specific compliance action required for Rules VIII.D.1 through VIII.D.2.b.i.

Appendix 1

Officer Verifications

OFFICER VERIFICATION

In order to comply with the requirements set forth in D.97-12-088, I make the following verifications:

1. Pursuant to Rule 1.A., I verify that the mechanisms and procedures described in SoCalGas' revised Affiliate Compliance Plan are adequate to ensure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules.
2. Pursuant to Rule V.E., I verify that the mechanisms and procedures described in SoCalGas' revised Affiliate Compliance Plan, specifically the mechanisms and procedures for Rule V.E. and the measures set forth by the Anti-Conduit procedures, are adequate to ensure that SoCalGas follows the mandate of Rule V.E. and to ensure that SoCalGas is not utilizing joint corporate support services as a conduit to circumvent these Rules.
3. Pursuant to Rule V.G.1., I verify that the mechanisms and procedures described in SoCalGas' revised Compliance Plan, specifically the mechanisms and procedures for Rules V.E. and V.G. and the measures set forth by the Anti-Conduit procedures, are adequate to ensure that SoCalGas is not utilizing shared officers and directors as a conduit to circumvent any of these Rules.

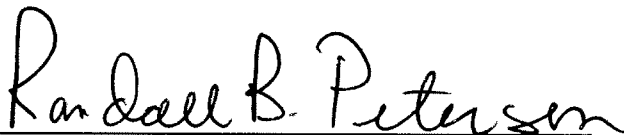


Robert M. Schlax
Affiliate Compliance Officer, SoCalGas

OFFICER VERIFICATION

In order to comply with the requirements set forth in D.97-12-088, I make the following verifications on behalf of Sempra Energy:

1. Pursuant to Rule 1.A., I verify that the mechanisms and procedures described in SoCalGas' revised Affiliate Compliance Plan are adequate to ensure that the holding company or any of its affiliates not covered by these Rules do not serve as conduits to circumvent any of these Rules.
2. Pursuant to Rule V.E., I verify that the mechanisms and procedures described in SoCalGas' revised Affiliate Compliance Plan, specifically the mechanisms and procedures for Rule V.E. and the measures set forth by the Anti-Conduit procedures, are adequate to ensure that joint corporate support services or corporate oversight or governance at the corporate center do not serve as conduits to circumvent these Rules.
3. Pursuant to Rule V.G.1., I verify that the mechanisms and procedures described in SoCalGas' revised Compliance Plan, specifically the mechanisms and procedures for Rules V.E. and V.G. and the measures set forth in the Anti-Conduit procedures, are adequate to ensure that shared officers and directors at the corporate center do not serve as conduits to circumvent any of these Rules.



Randall B. Peterson
Chief Compliance Officer, Sempra Energy

Appendix 2

Shared Services Descriptions

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Human Resources (HR)
Departments:	HR Business Partner My Info Services Corporate Diversity Affairs Compensation Services Executive Compensation & Benefits Executive & Organizational Development Corporate Security/Emergency Preparedness
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	<p>Sempra Energy Human Resources develops and communicates policies and procedures for management of people resources and provides the following key shared corporate services:</p> <ul style="list-style-type: none"> • Provides staffing policies to meet competitive labor market conditions. • Analyzes current compensation and benefit market conditions and trends through surveys and other analytical work. • Provides incentive plan review and design to ensure market competitive compensation. • Conducts pay equity audits for regulatory compliance. • Designs and administers benefit plans (pension, 401k, medical, dental, life insurance, etc.) consistent with business unit direction and union agreements. • Manages benefits and other employee-related regulatory and compliance issues with State and Federal agencies such as the DOL, IRS, EEOC, OFCCP, DFEH, etc. • Prepares EEO and Affirmative Action Plans. Provides counseling and intervention in employee relations issues. Manages diversity awareness, anti-discrimination and anti-harassment programs. • Houses Chief Ethics Office role, as well as Chief HIPPA Compliance Officer. • Coordinates all HR-related audits with the Company's external auditors. • Manages the budgeting, tracking and invoice processing for all the benefit plans. • Provides succession planning and staffing recommendations for key leadership positions. • Provides development solutions for officers, directors and other key personnel. • Provides training and organizational development solutions for employees and managers within Corporate Center and Global Enterprises. Provides finance and industry-related training on a corporate-wide basis. • Designs, develops and administers compliance training on a corporate-wide basis. • Manages the Educational Reimbursement Plan. • Manages the HR/Payroll Information Systems (My Info Services). • Develops and maintains HR and Payroll-related IT systems.

CORPORATE CENTER SHARED SERVICES

	<ul style="list-style-type: none"> • Manages programs that enhance employee safety and security. • Coordinates the development of the Corporate Crisis Management Plan and provides ongoing plan evaluation and compliance oversight. • Manages Corporate Center’s emergency response, crisis management and business resumption plans. • Provides payroll management and support to ensure the accurate and timely issuance of employee earnings, the factual recording of expenses and liabilities in the Company’s general ledger, and the prompt and proper reporting and payment of amounts due to all governmental agencies and other third parties.
<p>Anti-Conduit Measures:</p>	<p>Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. To ensure compliance with the Rules, confidential information and documents are maintained in secured files with access restricted to authorized personnel. Professional standards are followed to preserve the confidential nature of personnel and pay records. Personnel records for non-regulated affiliates are physically separated from utility company records. Within the payroll function, employee duties are segregated by entity and division in order to maintain record integrity and ensure that information is not improperly transferred. Data security practices have been implemented, including multi-level passwords, “firewalls” and logical separation, to prevent inadvertent access to or transmission of confidential information.</p>
<p>Reason for Including:</p>	<p>The Commission has recognized Human Resources as a permissible shared service under Rule V.E., with the exception of employee recruiting.</p>

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Finance
Department:	Audit Services
Location(s):	HQ San Diego Gas Company Tower, Los Angeles
Services Provided:	The Audit Services Department performs financial, operational, and information technology audits for all Sempra Energy companies. Additionally, the Department renders assessments of business controls, performs risk evaluations, and executes various compliance audits, including affiliate compliance audits.
Anti-Conduit Measures:	<p>Audit Services reports to the Audit Committee of the Sempra Energy Board of Directors, which approves the Annual Audit Plan. Audit Services has access to management, organizational activities, records, property or personnel.</p> <p>Audit Services conducts audits in accordance with the Institute of Internal Auditors (IIA) <i>Standards for the Professional Practice of Internal Auditing</i>. Department employees are educated on maintaining the confidentiality of client-sensitive information and sign a Confidentiality Agreement acknowledging compliance with the IIA <i>Code of Ethics</i>, Sempra’s Business Conduct Guidelines and the CPUC’s Affiliate Transactions Rules. Access to audit information is password protected and restricted to authorized users.</p>
Reason for Including:	Sempra Energy’s Audit Services performs audit functions on behalf of Sempra Energy, as recognized by Rule V.E. By centralizing audit activities, Audit Services performs more efficiently, effectively, and in a consistent manner.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Finance
Department:	Treasurer <ul style="list-style-type: none"> • Cash Management
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	The Cash Management Department is responsible for planning, implementing, and administering short-term debt as well as managing Sempra Energy’s short-term investments. The Department aims to provide for safety of principal and adequate liquidity, while attaining the highest reasonable return on investment. The Department discharges these responsibilities by engaging in short-term investing and borrowing electric funds transfers, bank negotiations, and bank balance reporting.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Funds, investments, and borrowing activities are segregated by entity and division to ensure that funds are not commingled or improperly transferred.
Reason for Including:	The Commission has recognized Financial Planning and Analysis as permissible shared services under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Finance
Department:	Treasurer <ul style="list-style-type: none"> • Finance
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	The Finance Department provides support for long-term financing requirements to all Sempra Energy entities.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Financial Planning and Analysis as permissible shared services under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Finance
Department:	Treasurer <ul style="list-style-type: none"> • Risk Management
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	Risk Management is responsible for designing, procuring, and administering insurance programs to manage the adverse consequences of large, accidental losses. This Department does not perform the energy risk management function.
Anti-Conduit Measures:	Risk Management is physically separated from SDG&E, SoCalGas, and affiliates. Premium expense is charged to each subsidiary using established allocation methodologies. Although large insurance programs are negotiated at the Corporate Center level, any specialized insurance coverage procurement for the subsidiaries is handled on an individual and confidential basis. Department employees have completed comprehensive affiliate compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Department's primary function is insurance procurement. The Commission has recognized Insurance as a permissible shared service under Rule V.E. Sharing insurance among subsidiaries is a common business practice and allocation of premium expenses eliminates the possibility of cross-subsidization.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Finance
Department:	Treasurer <ul style="list-style-type: none"> • Pension & Trust Investments
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	Pension & Trust Investments provides investment management services for long-term corporate, taxable and tax-exempt assets including, pensions, employee 401k savings, post-retirement medical benefits, other non-qualified retirement plans and nuclear plant decommissioning trusts.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures. The Department follows professional standards to preserve the confidential nature of personnel records.
Reason for Including:	The Department performs financial planning and analysis in conjunction with compensation and benefits functions. The Commission has recognized Financial Planning and Analysis as permissible shared services under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Finance
Department:	Controller & Corporate Taxes <ul style="list-style-type: none"> • Corporate Tax
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	Corporate Tax provides enterprise-wide comprehensive tax services, including tax accounting, planning, research, and tax audit management.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. The utilities and affiliates are physically separated in accordance with anti-conduit measures. Employee duties are segregated by entity and division, unless the employee has oversight of multiple entities or direct responsibilities. The Department shares physical and electronic access to all tax data because it provides all tax services for the Corporation and its subsidiaries. Confidential data is maintained and stored in accordance with anti-conduit measures.
Reason for Including:	The Commission has recognized Corporate Accounting as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Finance
Departments:	Controller & Corporate Taxes <ul style="list-style-type: none"> • Corporate Financial Accounting • Financial Reporting
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	Corporate Financial Accounting and Corporate Financial Reporting provide enterprise-wide accounting services and financial information to meet internal and external accounting and reporting requirements.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Separate meetings are held with regulated and non-regulated business units to identify operational issues impacting accounting or needed disclosures.
Reason for Including:	The Commission has recognized Corporate Accounting as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Finance
Department:	Controller & Corporate Taxes <ul style="list-style-type: none"> • Corporate Planning
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	Corporate Planning (CP) coordinates the overall budgeting, planning, and reporting activities for all Sempra Energy companies, the Corporate Center, Sempra Management, and the Sempra Board of Directors. CP consolidates income statement, cash flow, and balance sheet estimates from business unit five-year plans and performs financial planning on the consolidated results. CP also administers Hyperion HFM, the Sempra Energy financial consolidation application.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Budget planning meetings are held in three segments: (1) open discussion for all participants; (2) regulated business unit discussion; and (3) non-regulated business unit discussion. Documents containing budget information are segregated by business unit. The utilities and affiliates are physically separated in accordance with anti-conduit measures. The Hyperion HFM financial consolidation application has role security and entity access security.
Reason for Including:	The Commission has recognized Financial Planning and Analysis as permissible shared services under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Finance
Department:	Investor Relations
Location(s):	HQ San Diego
Services Provided:	The Investor Relations Department maintains the fair value of Sempra Energy’s publicly traded securities by communicating Sempra Energy’s goals and strategies, and identifying trends or events that may affect the value of the securities. The Department holds meetings with shareholders, security analysts and others to establish and maintain the credibility of the Company’s senior management.
Anti-Conduit Measures:	Investor Relations has access to shareholder data, addresses, and holdings, but does not distribute this data, except to individual shareholders. The Department’s system is password protected and utilized only by employees responsible for answering shareholder inquiries. Employees will only release information to shareholders after verifying their Social Security Number. All other information provided by Investor Relations is public. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures.
Reason for Including:	The Commission has recognized Shareholder Services as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Corporate Compliance
Department:	Environmental & Safety Compliance Business Conduct
Location(s):	HQ, San Diego GCT, Los Angeles
Services Provided:	The Corporate Compliance Division, located at the Corporate Center, is headed by the Chief Compliance Officer of Sempra Energy reporting to the Executive Vice President and Executive Council and to the audit committee of the board of directors. The Division provides oversight and monitoring of company-wide compliance plans to ensure execution of Sempra Energy’s compliance standards and the execution and management of Environmental and Safety audits. The Division came into existence in 2004.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Corporate Oversight, Governance and Support Systems as permissible shared services under Rule V.E. The Division supports corporate oversight by providing the framework for assessing compliance risk and assuring that all business units meet compliance standards.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Corporate Development
Department:	Corporate Development <ul style="list-style-type: none"> • Mergers & Acquisitions • Corporate Economic Analysis/Policy
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	Corporate Development identifies and analyzes potential new business opportunities, provides analytical support to assist management in making investment decisions, and provides merger and acquisition transaction analysis and execution for Sempra Energy companies. The division recommends viable business opportunities to the senior management team and Sempra Energy Board of Directors. Adopted projects are implemented within an appropriate business unit.
Anti-Conduit Measures:	The Department strengthens compliance with affiliate guidelines and promotes efficient corporate governance and administration by coordinating centralized research, analysis and financial evaluation of developing business opportunities. Department employees have submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Corporate Oversight, Governance and Support Systems as permissible shared services under Rule V.E. Corporate Development supports the corporate governance function by providing corporate oversight and exercising its fiduciary responsibility for all Sempra Energy companies (utility and non-utility).

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Executive Projects
Department:	Executive Projects
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	Executive Projects provides a centralized coordination point for research, analysis, and evaluation of projects of interest to senior management.
Anti-Conduit Measures:	The Department strengthens compliance with affiliate guidelines and promotes efficient corporate governance and administration by coordinating centralized research, analysis and evaluation of executive projects. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Corporate Oversight, Governance and Support Systems as permissible shared services under Rule V.E. Executive Projects supports the corporate governance by providing corporate oversight and exercising its fiduciary responsibility for all Sempra Energy companies (utility and non-utility).

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Corporate Oversight & Governance
Department:	Corporate Center Officers
Location(s):	Various, including, but not limited to: <ul style="list-style-type: none"> • Sempra Energy - HQ, San Diego • Century Park, San Diego
Services Provided:	Corporate Governance is responsible for ensuring that the Sempra Energy Board of Director’s fiduciary responsibilities are properly discharged. As a shared service under Rule V.E., Corporate Governance provides oversight and governance to ensure consistent and coordinated leadership of the enterprise-wide organization. The principal functions include: directing corporate resources to meet regulatory and market needs; setting Sempra Energy’s overall strategic direction; reporting to the Board of Directors; and ensuring efficiency and effectiveness of shared corporate support services.
Anti-Conduit Measures:	Corporate Center Officers have received comprehensive compliance training on non-discrimination requirements, information and disclosure requirements, and the required separation of regulated and unregulated subsidiaries. These Officers have also been trained on the potential risks of transferring non-public information while participating in corporate governance and oversight activities. The officers have submitted certifications attesting to full compliance with the Affiliate Transaction Rules and the Anti-Conduit Provisions.
Reason for Including:	The Rules recognize Corporate Governance and Oversight as a shared service under Rule V.E., and require these functions to be conducted in a manner not to circumvent the Rules. Sempra Energy corporate management must exercise proper governance and fiduciary responsibility over every Sempra Energy utility and non-utility company.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Legal
Department:	Corporate Secretary
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	The Corporate Secretary coordinates notice and distribution of all packages and material for board meetings, committee meetings, drafts board and committee meeting minutes, arranges for review and approval of the minutes and coordinates the annual meeting of shareholders. For Sempra Energy, SoCalGas and SDG&E, the Corporate Secretary maintains an annual calendar of scheduled board meetings, an annual calendar of recurring board meeting events, and coordinates development of the board meeting agendas. Other duties include review of corporate governance issues, certification of documents and regulatory filings and acting as the agent for service of legal process.
Anti-Conduit Measures:	Department guidelines have been developed on the use of password protected electronic files, locking desks and file cabinets, and use of sealed confidential envelopes for all non-public sensitive information. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Legal Services as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	Legal
Division or Department:	Litigation Law Regulatory Law Environmental Law ERISA/Labor/Employment Law Corporate Law Commercial Law
Location(s):	HQ, San Diego Gas Company Tower, Los Angeles Sacramento
Services Provided:	<p>The Law Department provides all legal support for the Sempra Energy Companies and represents them in legal matters. The Law Department is responsible for the delivery, quality and cost of all legal services to all Sempra Energy Companies as well as development of regulatory policies. The Law Department, in consultation with internal clients, selects, retains and supervises outside counsel. The Law Department is also responsible for developing and coordinating policy positions, in compliance with all applicable Affiliate Transaction Rules, for regulatory and external affairs issues.</p> <p>The Law Department is headed by a General Counsel, who is ultimately responsible for legal services provided to Sempra Energy and all of its affiliates.</p>
Anti-Conduit Measures:	<p>Department guidelines have been developed on the use of password protected electronic files, locking desks and file cabinets, and use of sealed confidential envelopes for all non-public sensitive information. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. All Policy discussions are conducted in full compliance with all applicable Affiliate Transaction Rules and in a manner that ensures that no non-public market and/or customer information is transferred directly or indirectly in violation of the Affiliate Transaction Rules.</p>
Reason for Including:	The Commission has recognized Legal Services as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Communications & External Partnerships <ul style="list-style-type: none"> • Internal Communications
Location(s):	Sempra Energy - HQ, San Diego Century Park, San Diego
Services Provided:	Internal Communications provides oversight on internal employee communication across the Corporation. This includes publications, audio visual presentations, on-line communications, and the corporate intranet site. Corporate event functions include managing and coordinating meetings and events for the Sempra companies, such as the Annual Meeting of Shareholders as well as various department meetings, employee meetings, conferences, and offsite meetings.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Corporate Communications as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Communications & External Partnerships <ul style="list-style-type: none"> • Advertising & Research
Location(s):	Sempra Energy - HQ, San Diego Century Park, San Diego
Services Provided:	Advertising & Research is responsible for corporate-wide advertising, research, web and reputation/branding. The Department develops policies, procedures and guidelines for the Company. In addition, the Department produces collateral, advertising materials, web and e-communications and qualitative and quantitative research services.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Corporate Communications as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Communications & External Partnerships <ul style="list-style-type: none"> • Public Relations
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	The Public Relations Department builds and maintains a positive relationship for Sempra Energy and its business units in the media. Public Relations employees are responsible for educating and communicating with key external audiences about issues of importance to the Company and its customers by developing and implementing effective media and financial communications programs. Public Relations also provides communications support during emergencies.
Anti-Conduit Measures:	Public Relations employees are trained to prevent customer or media confusion about which Sempra Energy family of companies is the subject of the media focus. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Corporate Communications and Public Affairs as a permissible shared services under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Communications & External Partnerships <ul style="list-style-type: none"> • Corporate Community Partnerships
Location(s):	HQ, San Diego Gas Tower, Los Angeles
Services Provided:	Corporate Community Partnerships coordinates community relations by involving Sempra Energy companies and employees in matters important to the well-being of customers and neighborhoods. Community Relations' functions include: management of the corporate charitable contributions budget; employee volunteerism and employee giving programs; development of contribution policies and community outreach plans; and the determination of sponsorship for programs, project and events in communities where Sempra Energy operates.
Anti-Conduit Measures:	Department employees have completed the comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures.
Reason for Including:	The Commission has recognized Public Affairs as a permissible Rule V.E. shared service.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Federal & State Affairs <ul style="list-style-type: none"> • Federal Governmental Affairs
Location(s):	Sempra Energy - Washington D.C.
Services Provided:	Federal Governmental Affairs serves as the point of contact and articulates Sempra Energy's positions related to federal employment, taxes, the environment, etc. that come before and/or require assistance from the House of Representatives, Senate, Executive Branch, or other federal agencies.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Lobbying as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Federal & State Affairs <ul style="list-style-type: none"> • State Governmental Affairs
Location(s):	Sempra Energy – Sacramento
Services Provided:	State Governmental Affairs maintains communications with California state elected officials, legislators, and key state agencies and departments. The Department focuses on legislation and regulations that will impact the company and works with collateral organizations to build alliances that benefit Sempra Energy.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Lobbying as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Federal & State Affairs <ul style="list-style-type: none"> • National Governmental Affairs – U.S.
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	In support of Sempra Global projects in North America, National Governmental Affairs – U.S. supports Sempra Global businesses in state and local legislative, political and electoral processes. The Department manages political relationships with administration officials, legislators and key staff at state and local levels, assesses political feasibility and risk for new potential projects, and provides guidance and recommendations on political giving in those states.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Lobbying as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Federal & State Affairs <ul style="list-style-type: none"> • National Legislative Analysis
Location(s):	Sempra Energy – HQ, San Diego
Services Provided:	National Legislative Analysis works in concert with the legislative offices in Washington D.C., Sacramento, and elsewhere to identify, analyze, and report on key political and legislative issues in states where Sempra companies have business interests. The Department also manages political contributions and lobbying reports for the Company.
Anti-Conduit Measures:	Department employees have completed the comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Regulatory and Public Affairs, including legislative activities, as permissible shared services under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Federal & State Affairs <ul style="list-style-type: none"> • Federal Energy Regulatory Commission (FERC) Relations
Location(s):	Sempra Energy – Washington, D.C.
Services Provided:	The FERC Relations Department, located in Washington, D.C., maintains communications with the FERC and key federal agencies and departments. The Washington, D.C. office focuses on regulatory issues that will impact the Company and works with collateral organizations to build alliances that benefit Sempra Energy.
Anti-Conduit Measures:	Department employees have completed the comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Lobbying as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Federal & State Affairs <ul style="list-style-type: none"> • Corporate Legislative Policy
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	Corporate Legislative Policy is responsible for developing and coordinating national and state legislative policy positions for issues in which Sempra Energy has business interests.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Regulatory and Public Affairs as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Federal & State Affairs <ul style="list-style-type: none"> • Local Governmental Affairs
Location(s):	Sempra Energy - HQ, San Diego Century Park – San Diego Gas Company Tower - Los Angeles
Services Provided:	These areas advocate the Company’s position to the City of San Diego and City of Los Angeles municipalities and government agencies. The department provides policy guidance on governmental issues and monitors the legislative process.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Lobbying as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Regulatory Affairs <ul style="list-style-type: none"> • Corporate Regulatory Policy
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	The Corporate Regulatory Policy department identifies, analyzes and reports on key state and federal regulatory policy issues. The Department is also responsible for developing policy positions for regulatory issues in which Sempra Energy has business interests.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Regulatory Affairs as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	Regulatory Affairs <ul style="list-style-type: none"> • Research and Analysis
Location(s):	Sempra Energy - HQ, San Diego
Services Provided:	This department provides research and analysis services to support the development and implementation of corporate regulatory positions related to state and federal laws, rules, and regulations. The Department also houses the budget and administrative support for the External Affairs division.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Regulatory Affairs as a permissible shared service under Rule V.E.

CORPORATE CENTER SHARED SERVICES

	Description
Function:	External Affairs
Department:	International Affairs <ul style="list-style-type: none"> • VP International Affairs
Location(s):	HQ, San Diego
Services Provided:	The Vice President of International Affairs provides international regulatory, governmental and public relations support to the Sempra Energy business units to ensure consistent international governmental regulation of corporate-wide matters.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Corporate Communications and Public Affairs as a permissible shared services under Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	Supply Management & Fleet Services
Department:	Supply Management
Location(s):	Century Park, San Diego Gas Company Tower, Los Angeles
Services Provided:	The Supply Management Department provides supply management strategy, policy, processes, technology and services to support the Corporation in procuring goods and services.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures. Each business unit is ratably charged for usage and directly billed for specifically identified costs. Written supplier authorizations are obtained and entered into a log when an affiliate requests supplier information.
Reason for Including:	A centralized procurement function for non-commodity products and services qualifies as a support service under Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	Supply Management & Fleet Services
Department:	Diverse Business Enterprises
Location(s):	Century Park, San Diego Gas Company Tower, Los Angeles
Services Provided:	Diverse Business Enterprises (DBE) secures contractual relationships with women, minority, and service disabled veteran business enterprises (WMDVBE). This is in compliance with the CPUC General Order 156. The Order states that the Commission will establish a procedure for gas, electric, and telephone utilities to submit annual detailed and verifiable plans for increasing (WMDVBE) procurement in all categories.
Anti-Conduit Measures:	Department employees have completed the comprehensive compliance training and have submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures.
Reason for Including:	A centralized DBE function for non-commodity products and services qualifies as a support service under Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	Supply Management & Fleet Services
Department:	Fleet Services
Location(s):	Miramar, San Diego Monterey Park, Los Angeles
Services Provided:	The Fleet Services Department consists of vehicle design, acquisition, maintenance, servicing, dispatch, financial and physical management, registration, and disposition services for a fleet of over 7000 units. A small number of vehicles have been assigned to the Corporate Center.
Anti-Conduit Measures:	The Fleet Services Department reports to the Supply Management & Fleet Services Organization. All non-administrative personnel are represented union employees who do not have access to confidential utility information. All supervisory and management personnel have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Non-regulated company employees are <i>not</i> allowed to use vehicles with the utility logo.
Reason for Including:	A centralized fleet function qualifies as a support service under Rule V.E. Providing Fleet Services as a shared service is the most cost-effective approach to meeting Sempra Energy's transportation needs.

UTILITY SHARED SERVICES

	Description
Function:	Environmental, Safety & Facilities
Department:	Real Estate & Facilities
Location(s):	Scripps Ranch and Century Park, San Diego Gas Company Tower, Los Angeles Numerous bases and other sites across the company
Services Provided:	The Real Estate and Facilities Department manages business unit real estate and facility assets, including buildings, real properties, land rights, lease interests and common plant capital for facilities-related improvements and projects. The Department has six primary functions: Strategic Planning (capital planning and employee space management); Corporate Real Estate (property acquisition and lease administration); Capital Programs (capital project planning, budgeting, and employee moves, additions and changes); Facility Operations (building repairs, general maintenance, janitorial and trash services, and special projects); Land Right of Way (acquisition and management of SCG property rights); and Land Services (acquisition and management of SDG&E property rights, land records management, and survey and mapping services).
Anti-Conduit Measures:	Department employees that work with confidential utility or affiliate information are responsible for maintaining such confidentiality. In general, this information is locked in office drawers or overhead locking cabinets within the employee's office space. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Real Estate and Facilities function for Sempra Energy, once part of the Corporate Center, is now managed by the utility and administered as a shared service. The Department provides oversight and support services as well as financial planning and analysis, in accordance with Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	Environmental, Safety & Facilities
Department:	Environmental Services
Location(s):	HQ San Diego Miramar, San Diego Gas Company Tower, Los Angeles Various field locations
Services Provided:	Environmental Services provides policy direction and operational guidance to support compliance with environmental laws and regulations. Services provided by Environmental Services include: guidance and permitting support for air quality, water quality, natural resources, hazardous waste licensing and permitting, and the preparation and delivery of related compliance training material. In addition, Environmental Services provides site assessment and mitigation services for the clean up of contaminated company facilities. It also renders legislative and regulatory analysis related to environmental issues.
Anti-Conduit Measures:	Various environmental databases are used to help ensure compliance with laws and regulations. Except for project specific information, most of this information is public. All confidential utility or affiliate information is maintained in a secure environment not accessible by affiliate personnel or utility personnel outside of Environmental Services. Department guidelines have been developed on the use of password protected electronic files, locking desks and file cabinets, and use of sealed confidential envelopes for all non-public sensitive information. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Environmental Services Department provides the framework for consistent day-to-day environmental compliance administered by numerous environmental regulatory agencies. This environmental compliance function is managed by the utility and administered as a shared services function.

UTILITY SHARED SERVICES

	Description
Function:	Environmental, Safety & Facilities
Department:	Safety & Emergency Services
Location(s):	Century Park, San Diego Gas Company Tower, Los Angeles
Services Provided:	Promoting compliance with safe and healthy work practices; communicating with employees on safety and health issues; identifying and evaluating work hazards; investigating occupational injuries and illnesses; recommending corrective actions to abate unsafe or unhealthy conditions, work practices, and procedures; providing safety training, programs, and policies; and maintaining OSHA records for the company. Also monitors EMF research studies and provides customer EMF measurements. Provide emergency response and recovery evaluation services, including plan and procedural consultation, emergency plan and procedural audits. Provide emergency exercise design, implementation and follow-up report writing services. Provide compliance comparisons and audit services.
Anti-Conduit Measures:	The Department does not publish marketing or customer sensitive information. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Safety & Emergency Services Department provides safety, health, and emergency services-related needs. This safety and emergency services function is managed by the utility and administered as a shared services function.

UTILITY SHARED SERVICES

	Description
Function:	Environmental, Safety & Facilities
Department:	Business Planning & Budgets
Location(s):	Century Park, San Diego Playa Del Rey
Services Provided:	Provides business planning and budgeting services to Environmental, Safety & Facilities Department and coordination with utility business planning. Although involvement with affiliates is limited, Business Planning may provide support to environmental, safety and facilities departments for assistance in service agreements with unregulated affiliates or evaluation of specific service initiatives.
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized that Financial Planning and Analysis is a permissible shared service under Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	Information Technology
Departments:	Network Engineering & Operations Infrastructure Engineering & Operations Shared Software Development Services
Location(s):	Sempra Energy HQ, San Diego 110 Plaza, San Diego SDG&E, San Diego; SoCalGas, Los Angeles Rancho Bernardo; Monterey Park Telecommunications Control Center (TCC), San Diego
Services Provided:	<p>Information Technology provides flexible, scaleable, and cost effective network, telecommunications, and infrastructure-related services, and software development for allowable shared services.</p> <p>The Network / Telecommunications Engineering & Operations Department provides the following services: routers, servers, hubs, microwave equipment, connectors, wire and fiber optic cables. The Department provides centralized monitoring, problem resolution and operational control for Voice, Data, Microwave, Fiber, Voice Radio, Data Radio Systems, and Carrier Services.</p> <p>The Infrastructure Engineering and Operations Department provides the following services: infrastructure and related services, such as 7x24x365 data center operations located at Rancho Bernardo, storage management, server management, security, and middleware.</p> <p>The Shared Software Development Services Department provides business application software development, enhancement, maintenance and system support for business processes, such as financial accounting, accounts payable, purchasing, supply management, and other corporate shared service functions.</p>
Anti-Conduit Measures:	Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. Performing network, telecommunications, infrastructure and software development functions as corporate support does not allow affiliates to gain access to utility systems or information or assistance with application development.
Reason for Including:	By performing information technology activities as corporate support, permissible under Rules V.C. and V.E., the Corporation improves efficiency by establishing common technology strategies and compatible solutions. This standard environment also enables scope economies.

UTILITY SHARED SERVICES

	Description
Function:	Regulatory
Division or Department:	Regulatory Affairs (CA and FERC) <ul style="list-style-type: none"> • California Regulatory Affairs • FERC & CAISO Regulatory Affairs • Regulatory Affairs (SF) • Tariffs & Regulatory Accounts • General Rate Case
Location(s):	Century Park, San Diego Gas Company Tower, Los Angeles San Francisco
Services Provided:	Regulatory Affairs division provides case management, advocacy, regulatory compliance, and regulatory accounts services. Regulatory Affairs manages regulatory cases, administers tariffs, establishes policy and provides training, support, and monitoring of affiliate transaction issues and requirements, manages regulatory accounts, and manages the relationship between the company and its energy regulators.
Anti-Conduit Measures:	Corporate guidelines have been developed on the use of password protected electronic files, locking desks and file cabinets, and use of sealed confidential envelopes for all non-public sensitive information. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	The Commission has recognized Regulatory Affairs as a permissible shared service under Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	External Relations
Department:	Customer Communications & Research
Location(s):	Gas Tower, Los Angeles Century Park, San Diego
Services Provided:	The Department supports San Diego Gas & Electric and Southern California Gas Company in providing integrated customer communications and research services. These services are designed to ensure that customers are effectively informed about product and service offerings as well as issues or topics of interest. Department functional areas include: Customer Communications, Creative Services, Internet/Intranet, Brand Identity Management and Research. Customer Communications consists of developing and implementing direct mail, collateral, customer newsletters, bill enclosures, and major media communications such as television, radio, newspaper, magazine, and out-of-home. The research area provides qualitative and quantitative research services, including customer satisfaction measurement, general opinion measurement, advertising effectiveness studies, focus groups and online secondary research, etc. The Internet and Intranet (Web) area includes development and maintenance of each utility's internet site, internal corporate intranet sites and various internal department intranet sites. Responsibilities for the Web area include: development of web strategies, the management of the "look and feel" and overall functionality of the various sites as well as tactics such as electronic newsletters and e-mails. Creative Services provides graphic and printing services. Brand Identity Management includes the stewardship and implementation of the Design Architecture Guidelines/Standards to ensure that appropriate colors, fonts and logos are used in the various communications materials.
Anti-Conduit Measures:	Rigorous guidelines and measures have been put in place for each functional area. All personnel are physically housed at utility facilities. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules.
Reason for Including:	Providing customer communications and research as a shared service ensures efficient technical support and ensures that customer feedback is incorporated into the creation of all forms of communication.

UTILITY SHARED SERVICES

	Description
Function:	External Relations
Department:	Media & Employee Communications
Location(s):	Century Park, San Diego Gas Tower, Los Angeles
Services Provided:	The Media & Employee Communications Department provides tactical support to San Diego Gas and Electric (SDG&E) and Southern California Gas Company (SoCalGas) through coordinated external and internal communications issues management, to ensure that the utilities' messages on a broad variety of topics are consistent to internal and all external audiences alike, primarily to the news and utility employees.
Anti-Conduit Measures:	The Department does not publish marketing or customer-sensitive information. Press materials for the affiliates are created separately from the work done on behalf of the utilities. Department personnel are trained to avoid customer or media confusion about which part of the Sempra Energy family of companies is the subject of media focus. All department employees have completed affiliate compliance training and are required to acknowledge their understanding of the Rules and Anti-Conduit Procedures.
Reason for Including:	The Commission has recognized Corporate Communications as a permissible shared service under Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	External Relations
Department:	Regional Public Affairs
Location(s):	SDG&E, San Diego Gas Company Tower, Los Angeles Anaheim
Services Provided:	The mission is to provide effective communication to regional and local elective officials, governmental officials, and civic leaders regarding energy issues impacting the customers and governmental entities throughout the region served by SDG&E and SoCalGas. The Department representatives provide timely information to county supervisors, city council members, government officials, air quality regulatory agencies, staff members for local legislators and civic leaders. They also develop and implement strategies to respond to air quality initiatives and proposed regulations.
Anti-Conduit Measures:	Neither area has access to customer-specific data, marketing plans, or proprietary information. Comprehensive compliance training of all employees, which includes an anti-conduit acknowledgement and physical separation from the utilities and the affiliates, are the primary anti-conduit tools used to ensure direct and indirect compliance with the Rules.
Reason for Including:	The Commission has recognized Public Affairs as a permissible shared service under Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	External Relations
Department:	Public Affairs, Policies & Analysis
Location(s):	Gas Company Tower, Los Angeles SDG&E, San Diego
Services Provided:	Public Affairs, Policies & Analysis identifies key public affairs issues that could affect the utilities and their customers and develops and manages strategies and action plans to respond appropriately. The Department develops communication materials and provides support so that Regional Public Affairs can achieve its objectives. Also, the Department provides support and guidance to Regional Public Affairs on franchise tax and fees issues involving local municipalities and participates in negotiation of franchise renewals.
Anti-Conduit Measures:	Comprehensive compliance training of all employees, which includes an anti-conduit acknowledgement and physical separation from the utilities and the affiliates are the primary anti-conduit tools used to ensure direct and indirect compliance with the Rules.
Reason for Including:	The Commission has recognized Public Affairs as a permissible shared service under Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	Finance
Departments:	Controller <ul style="list-style-type: none"> • Accounting Operations
Location(s):	Gas Tower Building, Los Angeles Century Park, San Diego
Services Provided:	The Accounting Operations Department, through its Affiliate Billing & Costing group, performs cost accounting studies that support the allocation of overheads to internal costs and costs billed for services rendered to Sempra Energy - Corporate Center and affiliates.
Anti-Conduit Measures:	Segregation of employee duties by entity and division ensures that record integrity is maintained and prevents improper transfer of information. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures.
Reason for Including:	The Commission has recognized Accounting as a permissible shared service under Rule V.E.

UTILITY SHARED SERVICES

Description	
Function:	Finance
Departments:	Controller <ul style="list-style-type: none"> • Claims Management
Location(s):	Scripps Ranch, San Diego Gas Tower Building, Los Angeles
Services Provided:	The Claims Management Department administers all Sempra Energy casualty and property damage claims.
Anti-Conduit Measures:	Segregation of employee duties by entity and division ensures that record integrity is maintained and prevents improper transfer of information. Department employees have completed comprehensive compliance training and submitted a certification that they will comply with the Anti-Conduit Provisions of the Affiliate Transaction Rules. In addition, the utilities and the affiliates are physically separated in accordance with anti-conduit measures.
Reason for Including:	The Commission has recognized Accounting and Financial Planning and Analysis as permissible shared services under Rule V.E.

UTILITY SHARED SERVICES

Description	
Function:	Finance
Departments:	Controller <ul style="list-style-type: none"> • SEU Compliance
Location(s):	Century Park, San Diego Gas Tower Building, Los Angeles Scripps Ranch, San Diego
Services Provided:	SEU Compliance provides the Accounts Payable process for the utilities and Sempra Energy Corporate Center. Affiliate Compliance is responsible for facilitating compliance with state and federal affiliate transaction-type rules, such as the CPUC's Affiliate Transaction Rules and the FERC Codes of Conduct.
Anti-Conduit Measures:	Compliance training of employees, which includes an anti-conduit acknowledgement and physical separation from utilities and affiliates are used by the accounting areas to ensure compliance with the Affiliate Transaction Rules. Segregation of employee duties by entity and division ensures that record integrity is maintained and that no improper transfer of information occurs.
Reason for Including:	The Commission has recognized Accounting and Regulatory Affairs as permissible shared services under Rule V.E.



UTILITY SHARED SERVICES

	Description
Function:	Finance
Departments:	Controller <ul style="list-style-type: none"> • Utility Accounting
Location(s):	110 West A Street Building, San Diego
Services Provided:	Utility Accounting provides financial and regulatory information to meet internal and external reporting requirements of the utilities.
Anti-Conduit Measures:	Compliance training of employees, which includes an anti-conduit acknowledgement, is used by the accounting areas to ensure compliance with the Affiliate Transaction Rules. Segregation of employee duties by entity and division ensures that record integrity is maintained and that no improper transfer of information occurs.
Reason for Including:	The Commission has recognized Accounting as permissible shared services under Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	Finance
Departments:	Finance & Treasurer <ul style="list-style-type: none"> • Financial Systems • Financial Planning • Budgets
Location(s):	Century Park, San Diego Gas Tower Building, Los Angeles
Services Provided:	The Finance and Treasurer organization provides assistance to users of the Accounting and Budgeting Systems to get information into and out of these systems, assists in the maintenance of these systems and coordinates the enterprise-wide system side of the monthly closing process so that the required financial information is obtained efficiently and effectively. Additionally, this organization provides project management services when the utilities pursue large business or system process changes related to either capturing or reporting financial data. Develops the one-year and five-year operational and financial plans for the utilities, provides financial analysis and support for all regulatory filings and provides guidance, control and validation for all groups within the utilities that prepare financial analysis and business cases, ensuring the use of consistent methods and assumptions.
Anti-Conduit Measures:	Compliance training of employees, which includes an anti-conduit acknowledgement, and physical separation from utilities and affiliates are used by the Accounting and Finance areas to ensure compliance with the Affiliate Rules. Segregation of employee duties by entity and division ensures that record integrity is maintained, and that no improper transfer of information occurs.
Reason for Including:	The Commission has recognized Accounting and Financial Planning and Analysis as permissible shared services under Rule V.E.

UTILITY SHARED SERVICES

	Description
Function:	Human Resources
Department(s):	HR Services Organizational Effectiveness People Research Special Projects Labor Relations Business Partners Staffing
Location(s):	Sempra Energy Headquarters, San Diego Century Park, San Diego Gas Company Tower, Los Angeles Numerous locations throughout southern California
Services Provided:	The Human Resources Department (HR) develops and communicates corporate-wide policies and procedures for broad and strategic management of people resources. HR provides governance and compliance guidance, analysis of current compensation market conditions and trends, development of employee competency profiles, and general learning resources. HR is responsible for reviewing employee transfers and temporary assignments in accordance with the Affiliate Transaction Rules. At the operational level, the respective Utility Human Resources VP directs strategic and tactical business, solely for the utilities. HR provides educational resources, external recruiting, internal staffing, employee relations, and management guidance within the utility structure.
Anti-Conduit Measures:	Comprehensive compliance training of all employees, including an anti-conduit acknowledgement, and the physical separation of utilities and affiliates are the primary anti-conduit tools used to ensure compliance with the Rules. Confidential information and documents are maintained in secured files with access restricted to authorized personnel. Professional standards are followed to preserve the confidential nature of personnel records. The records for non-regulated affiliates are physically separated from utility company records. Data security practices have been implemented, including multi-level passwords, “firewalls,” and logical separation, to prevent inadvertent access to or transmission of confidential information.
Reason for Including:	The Commission has recognized Human Resources as a permissible shared service, with the exception of employee recruiting.

Appendix 3

Corporate Oversight & Governance Meetings

Sempra Energy Corporate Oversight & Governance Meetings

Sempra Energy’s Management participates in various recurring Corporate Oversight & Governance meetings to ensure sufficient oversight of the entire enterprise, while preserving business unit autonomy accountability. These meetings are all conducted consistent with applicable state and federal affiliate transaction rules and other relevant guidelines.

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
Management Committee	<ul style="list-style-type: none"> • Chairman & CEO (Sempra Energy) • President & COO (Sempra Energy) • Executive VP Corp. Dev. (Sempra Energy) • Executive VP & General Counsel (Sempra Energy) • Executive VP & CFO (Sempra Energy) • Executive VP External Affairs (Sempra Energy) • Corporate Secretary & Counsel (Sempra Energy) <p>(Chair: Chairman & CEO)</p>	<p>The committee meets as a communication forum for senior management to review key business issues. This includes the review, approval and documentation of transactions, financial commitments, and corporate governance and policy matters that require approval by the CEO. Examples of these matters include transactions in excess of \$10 million, commitments outside the normal course of business or commitments with important policy implications.</p> <p>In addition, the Management Committee also reviews:</p> <ul style="list-style-type: none"> • Formation of new companies • Major regulatory filings • Standstill agreements • Non-compete agreements • Personal service contracts with former employees • Consulting contracts in excess of \$500,000 	Weekly

Sempra Energy
Corporate Oversight & Governance Meetings

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
Corporate Compliance Committee	<ul style="list-style-type: none"> • Executive VP & General Counsel (Sempra Energy) • VP & Chief Compliance Officer (Sempra Energy) • Executive VP External Affairs (Sempra Energy) • SVP & Chief Ethics Officer (Sempra Energy) • VP - Audit Services (Sempra Energy) • VP - Regulatory Affairs (Sempra Energy) • COO (SDG&E/SoCalGas) • VP- Environmental Safety & Facilities (SDG&E/SoCalGas) • VP, Controller & Affiliate Compliance Officer (SDG&E/SoCalGas) • President & CEO (Sempra Pipelines and Storage) • President & CEO (Sempra Generation) • President & CEO (Sempra LNG) • VP – Corp. Tax & Ch. Tax Csl. (Sempra Energy) • President & COO (Sempra Energy) • SVP Genl Counsel & SEC (Sempra Trading) • Chairman & CEO (Sempra Trading) • Corporate Secretary & Counsel (Sempra Energy) • Asst General Counsel (Sempra Energy) • Director- Business Conduct (Sempra Energy) <p>General Counsel (Sempra Trading) (Chair: Executive VP and General Counsel; Vice-Chair: VP and Chief Compliance Officer)</p>	<p>Ensures corporate compliance with legal and regulatory requirements, and monitors overall corporate compliance and ethics issues.</p>	<p>Quarterly</p>
Pension and Benefits	<ul style="list-style-type: none"> • Executive VP & CFO (Sempra Energy) • SVP, Human Resources & Chief Ethics Officer (Sempra Energy) • SVP & Treasurer (Sempra Energy) • SVP, Ctlr, & Ch. Tax Csl. (Sempra Energy) <p>(Chair: Executive VP & CFO)</p>	<p>To exercise named fiduciary and settlor authority and responsibility over the Sempra Energy Pension and Employee Welfare Plans. To exercise settlor duties only over the Sempra Energy Employee Savings Plan.</p>	<p>Quarterly</p>

Sempra Energy
Corporate Oversight & Governance Meetings

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
External Affairs Executive Policy Council	<ul style="list-style-type: none"> • Executive VP & General Counsel (Sempra Energy)) • Executive VP & CFO (Sempra Energy) • VP - Federal & State Affairs (Sempra Energy) • President & CEO (SDG&E/SoCalGas) • VP - Comms & Comnty Ptrshp (Sempra Energy) • SVP - Regulatory & Strategic Planning (SDG&E/SoCalGas) • SVP – Electric (SDG&E/SoCalGas) • VP - Regulatory Affairs (Sempra Energy) • Assist. Gen. Csl., Regulatory Policy (Sempra Energy) • VP & Assoc. General Counsel (Sempra Energy) • Executive VP External Affairs (Sempra Energy) • VP & Assoc General Counsel (Sempra Energy) • Director - State Reg Affairs (Sempra Global) • Director - Legislative Analysis (SDG&E/SoCalGas) <p>(Chair: Executive VP & General Counsel)</p>	<p>The Council meets to review significant regulatory and legislative issues of corporate-wide significance. The Council also focuses on long-term public policy issues of corporate-wide significance.</p>	<p>Every Two Weeks</p>

Sempra Energy
Corporate Oversight & Governance Meetings

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
Environmental & Safety Executive Council	<ul style="list-style-type: none"> • VP & Chief Compliance Officer (Sempra Energy) • VP- Environmental Safety & Facilities (SDG&E/SoCalGas) • VP - Regulatory Affairs (Sempra Energy) • Asst. General Counsel (Sempra Energy) • Director, Environmental & Safety (Sempra Energy) • Director - Environmental Solutions (SDG&E/SoCalGas) • Director - Safety & Emergency Services (SDG&E/SoCalGas) • Director - Licensing and Permitting (Sempra Generation) <p>(Chair: VP & Chief Compliance Officer, Sempra Energy)</p>	<p>The Council meets to review compliance by the Corporate Center and the Business Units with the Corporation's environmental and safety compliance plan and policies.</p>	<p>Quarterly</p>
Controller Council	<ul style="list-style-type: none"> • SVP & Controller (Sempra Energy) • VP & Controller (SDG&E/SoCalGas) • VP & Controller (Sempra Global) • VP - Audit Services (Sempra Energy) • VP & Controller (Sempra Commodities) • Controller (Sempra Energy Mexico) • VP - Financial Planning & Cost Mgmt. (SDG&E/SoCalGas) • Assist. Controller - Financial Reporting (Sempra Energy) • Assist. Controller - Corporate Planning (Sempra Energy) • Director - Corporate Financial Accounting (Sempra Energy) • Director – (Sempra Global) • Asst. Chief Tax Counsel (Sempra Energy) <p>(Chair: SVP & Controller)</p>	<p>The Council meets to review recent accounting rule changes (e.g., SEC, FASB, FEREC), and internal accounting policies.</p>	<p>Quarterly</p>

Sempra Energy
Corporate Oversight & Governance Meetings

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
Disclosure Committee	<ul style="list-style-type: none"> • Chairman & CEO (Sempra Energy) • President & COO (Sempra Energy) • Executive VP & General Counsel (Sempra Energy) • Executive VP & CFO (Sempra Energy) Executive VP - Corp. Dev. (Sempra Energy) • SVP & CFO (SDG&E/SoCalGas) • VP - Audit Services (Sempra Energy) • VP & Chief Compliance Officer (Sempra Energy) • VP - Investor Relations (Sempra Energy) • VP - Corporate Tax & Chief Tax Csl. (Sempra Energy) • Chief Corporate Counsel (Sempra Energy) • Assistant Controller - Financial Reporting (Sempra Energy) • Corporate Secretary (Sempra Energy) <p>(Chair: VP – Corporate Tax & Chief Tax Csl.)</p>	<p>To review and approve all filings of Sempra Energy and its subsidiaries with the Securities & Exchange Commission, and filings with other federal or state agencies requiring officer certifications. The purpose of the review is to insure that all appropriate and necessary disclosures are made about the company's operations and financial condition.</p>	<p>Quarterly</p>
Savings Plan Fiduciary Committee	<ul style="list-style-type: none"> • VP - Human Resources (SDG&E/SoCalGas) • SVP - Gas Transmission (SoCalGas/SDG&E) • VP - Construction / Engr. (Sempra Global (LNG)) • VP - Budgets & Planning (Sempra Global (LNG)) • Secretary (Sr. Counsel, Sempra Energy) • V.P.- Environment, Safety & Facilities (SDG&E/SoCalGas) <p>(Chair: VP - Budgets & Planning, Sempra LNG)</p>	<p>To exercise authority and responsibility over investments under the Sempra Energy Savings Plan and Sempra Energy Employee Stock Ownership Plan.</p>	<p>Quarterly (tentative)</p>

Sempra Energy
Corporate Oversight & Governance Meetings

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
State and Federal Affiliate Compliance Council	<ul style="list-style-type: none"> • VP & Chief Compliance Officer (Sempra Energy) • VP & Controller (SDG&E/SoCalGas) • VP Regulatory Affairs (Sempra Energy) • Director- Business Conduct (Sempra Energy) • Director- Compliance (SDG&E/SoCalGas) • Director-Federal Regulatory Affairs (Sempra Global) • Assistant General Counsel (Sempra Energy) • Sr. Counsel (Sempra Energy) • Sr. Counsel (Sempra Energy) • VP-Audit Services (Sempra Energy) <p>(Chair: VP & Chief Compliance Officer)</p>	<p>To support enterprise-wide compliance efforts, including those related to the CPUC, Affiliate Transaction Rules, the Merger Remedial Measures, FERC Standards of Conduct, and FERC Order 2004. This Committee makes determinations as to critical compliance matters affecting Sempra Energy.</p>	<p>Monthly</p>

Sempra Energy
Corporate Oversight & Governance Meetings

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
Human Resources Advisory Group	<ul style="list-style-type: none"> • SVP - Human Resources (Sempra Energy) • VP & Chief Compliance Officer (Sempra Energy) • Director – Compensation Services (Sempra Energy) • Chief Employment Counsel (Sempra Energy) • Director – Exec. Compensation & Benefits (Sempra Energy) • Director – Exec. & Organizational Development (Sempra Energy) • Director – MyInfo Services (Sempra Energy) • HR Business Partner (Sempra Energy) • Director – Corp. Diversity Affairs (Sempra Energy) • Director – Corporate Security (Sempra Energy) • VP – Human Resources (SDG&E/SoCalGas) • Director – Labor Relations (SDG&E/SoCalGas) • Director – Organization Effectiveness (SDG&E/SoCalGas) • Manager – Staffing – Human Resources (SDG&E/SoCalGas) • HR Business Partner (SDG&E/SoCalGas) • VP – Human Resources (Sempra Global) • Director – Special Projects – Human Resources (SDG&E/SoCalGas) • Sr. Comms. Advisor (Sempra Energy) • Manager – Human Resources Services (SDG&E/SoCalGas) • People Research Manager (SDG&E/SoCalGas) • Director – Human Resources (Sempra Global) • Special Director –Human Resources (Sempra Global) <p>Director – Human Resources (Sempra Global) (Chair: SVP - Human Resources)</p>	<p>The Human Resources Advisory Group meets to discuss compliance with labor/equal employment opportunity laws and regulations and to review Human Resource policies, shared payroll and benefit processes and company-wide employee development programs.</p>	<p>Monthly</p>

Sempra Energy
Corporate Oversight & Governance Meetings

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
Sempra Energy SOX Steering Committee	<ul style="list-style-type: none"> • Executive VP & CFO (Sempra Energy) • VP - Corporate Tax & Chief Tax Csl. (Sempra Energy) • SVP & CFO (SDG&E/SoCalGas) • VP & Controller (SDG&E/SoCalGas) • VP & Chief Compliance Officer (Sempra Energy) • Dir & CFO (Sempra Energy Trading) • VP Audit Services (Sempra Energy) • VP & Controller (Sempra Global) • Asst Controller - Financial Reporting (Sempra Energy) • Director – Compliance (SDG&E/SoCalGas) • Manager Global Accounting (Sempra Global) • Sarbanes-Oxley Compliance Manager (Sempra Energy) <p>(Chair: SVP - Controller & Chief Tax Csl – Sempra Energy)</p>	To oversee and monitor the annual SOX compliance efforts of Sempra Energy.	Quarterly