

PUBLIC UTILITIES COMMISSION

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June 18, 2008

Advice Letter 3818-A

Ken Deremer
Director
Tariffs & Regulatory Accounts
8330 Century Park Court CP32C
San Diego, CA 92123-1548

Subject: Supplemental – Establishment and Modification of Tariffs Related to
Natural Gas Operations and Service Offerings

Dear Mr. Deremer:

Advice Letter 3818-A is effective, or will become effective, on the various dates specified or suggested on pages 7 and 8 of the Advice Letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division



Ken Deremer
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May 12, 2008

Advice No. 3818-A
(U 904 G)

Public Utilities Commission of the State of California

Subject: SUPPLEMENTAL - Establishment and Modification of Tariffs Related to Natural Gas Operations and Service Offerings

In compliance with Ordering Paragraph (OP) 4 and 35 of Decision (D.) 07-12-019, dated December 6, 2007, Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its tariffs as shown on Attachment B.

Purpose

This supplemental filing replaces in its entirety Advice No. (AL) 3818, dated January 22, 2008, in order to revise tariffs to resolve the protests received to AL 3818, and to update the timeline for implementation. Redlines of the tariffs revised as a result of this supplemental filing are incorporated herein as Attachment C.

This filing establishes new and modifies existing tariffs associated with the implementation of the changes to the natural gas operations and service offerings as adopted in D.07-12-019. Additionally, certain tariffs that are no longer needed are deleted as discussed below.

Background

On December 6, 2007, the Commission issued D.07-12-019 approving and denying, in part, SoCalGas and SDG&E's proposals to implement a range of revisions to the natural gas operations and service offerings of SoCalGas and SDG&E, related to core operations, unbundled storage, and provisions for expansion of storage capacities, among other things. In compliance to OP 35, SoCalGas is filing this Advice Letter to implement the remaining tariff and regulatory account changes associated with the implementation of changes in SoCalGas' operations and service offerings adopted in D.07-12-019. Separate advice letters were filed to implement the regulatory account changes associated with the implementation of the core portfolio combination (Advice No. 3804 approved January 18, 2008 and effective January 21, 2008), and to establish the Noncore Storage Memorandum Account (Advice No. 3812-A approved February 20, 2008 and effective January 1, 2008). Advice No. 3817 filed on January 18, 2008 addressing

Preliminary Statement – Part VIII, Gas Cost Incentive Mechanism (GCIM) was approved on February 28, 2008 and made effective February 17, 2008.

Preliminary Statement Revisions

Modification of Existing Regulatory Accounts

Consistent with D.07-12-019, SoCalGas revises its existing regulatory accounts as detailed below to reflect changes associated with the imbalance and noncore storage services.

- **Purchase Gas Account (PGA)** – Pursuant to OP 14 of D.07-12-019, all SoCalGas and SDG&E gas customers, including the core, will be subject to imbalance requirements. Accordingly, SoCalGas is modifying its PGA to record the costs associated with the Utility System Operator providing imbalance services under Schedule No. G-IMB to the Utility Gas Procurement Department concurrent with Gas Acquisition being relieved of its responsibility for minimum flow obligations. The revenues received by the Utility System Operator will be balanced in the Noncore Fixed Cost Account (NFCA) as described below.
- **NFCA** – As mentioned above, the NFCA will record 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Schedule No. G-IMB to the Utility Gas Procurement Department.
- **Noncore Storage Balancing Account (NSBA)** – Effective on January 1, 2008, the NSBA will cease recording storage costs and revenues related to SoCalGas' unbundled storage program. These storage costs, including the scalar, and revenues will be recorded in the NSMA for disposition in SoCalGas' Biennial Cost Allocation Proceeding (BCAP) Application (A.08-02-001) filed in February 2008.
- **Firm Access and Storage Rights Memorandum Account (FASRMA)** – Pursuant to OP 30, the FASRMA (which replaces the current FARMA) will record the reasonable costs of establishing and maintaining new postings on the Electronic Bulletin Board (EBB), a secondary market for storage rights, a new fifth nomination cycle, new optional enhanced balancing services, and system expansion studies (plus any related third party review). The disposition of the FASRMA balance will be addressed in SoCalGas' BCAP A.08-02-001.

Establishment of New Regulatory Accounts

Pursuant to D.07-12-019, SoCalGas is establishing the regulatory accounts detailed below in preparation for changes to its storage and hub services and changes related to the Utility System Operator's responsibility for managing any minimum flow requirements for system reliability.

- **G-PAL Memorandum Account (GPMA)** – Pursuant to OP 11 of D.07-12-019, hub service revenues shall be recorded in the GPMA subject to refund. SoCalGas plans to record these revenues in the GPMA net of the costs of establishing and operating the hub that are currently not recovered in

SoCalGas' base rates. The determination of the appropriate shareholder allocation and earnings cap associated with the operation of the hub will be addressed in SoCalGas' BCAP A.08-02-001.

- System Reliability Memorandum Account (SRMA) – Pursuant to OP 16 and 17 of D.07-12-019, the SRMA will track the System Operator's costs associated with using certain tools approved by the Commission for managing any minimum flow requirements to maintain system reliability on the SoCalGas/SDG&E gas pipeline system. Prior to passing through costs to customers, the SRMA will be subject to an annual Commission reasonableness review, determined in a BCAP proceeding or, if between BCAPs, through a separate application. Once the costs are approved, SoCalGas will allocate these costs to all customers consistent with the methodology adopted by the Commission and incorporated in rates in connection with its annual regulatory account balance update filing.

SoCalGas will file a future advice letter to seek approval of a contract which defines the terms and conditions for the System Operator to purchase gas from the Utility Gas Procurement Department as the "supplier of last resort". If a purchase is exercised under that contract, once approved, the costs will be booked to the SRMA and treated as any other System Operator contract approved by the Commission.

- Long Beach Storage Memorandum Account (LBSMA) – Pursuant to OP 32 of D.07-12-019, the LBSMA will record the storage charges paid by City of Long Beach under G-TBS to the extent such charges exceed the fully scaled LRMC rates for each component, inventory, injection, or withdrawal, paid by SoCalGas' core customers. The LBSMA will be effective on January 1, 2008 with the disposition of the LBSMA balance addressed in SoCalGas' BCAP A.08-02-001.
- Southwest Gas Storage Memorandum Account (SGSMA) – Similar to the LBSMA described above, the SGSMA will record the storage charges paid by Southwest Gas Corporation to the extent that such charges exceed the fully scaled LRMC rates for each component, inventory, injection, or withdrawal, paid by SoCalGas' core customers. The SGSMA will be effective on January 1, 2008 with the disposition of the SGSMA balance addressed in SoCalGas' BCAP A.08-02-001.

Rate Schedule Revisions

Existing rate schedules need to be modified and new ones established to comply with D.07-12-019 and they are described below:

Modification of Existing Rate Schedules

- Schedule No. G-IMB, Transportation Imbalance Service – Pursuant to OP 14 of D.07-12-019, SoCalGas is revising its Schedule No. G-IMB to reflect that core customers will be subject to imbalance requirements and operating flow orders and the same monthly balancing tolerance as noncore customers

concurrent with the core being relieved of its responsibility for minimum flow requirements.

- Schedule No. G-TBS, Transaction Based Storage Service – Pursuant to OP 20 of D.07-12-019, SoCalGas revises its G-TBS tariff to reflect updated rate caps for unbundled storage service services. These rate caps are adopted on an interim basis effective with the date of this decision pending further review and possible revision in SoCalGas' A.08-02-001. The revised G-TBS tariff also reflects 1) posting requirements and 2) set-aside capacities for wholesale customers for their core customer requirements.
- Schedule No. G-AUC, Auction Storage Service, and Schedule No. G-BSS, Basic Storage Service – Pursuant to OP 26 of D.07-12-019, SoCalGas revises its auction and basic storage services tariffs to reflect closure of these services to new subscription. SoCalGas shall continue to offer storage service under Schedule No. G-LTS, Long Term Storage Service.
- Schedule No. GT-SD, Intrastate Transmission Service – SoCalGas is eliminating this rate schedule as this rate schedule is no longer necessary for compliance to Federal Energy Regulatory Commission (FERC) Remedial Measure 18 which requires that any affiliate shipping gas on SoCalGas/SDG&E system shall nominate and schedule such volumes separately from any other volumes that it ships on either system.¹ As indicated below, this will be accomplished through modification of Schedule No. GW-SD. SDG&E customers will no longer have the option to be billed separately for this service and will be billed directly through SDG&E's applicable tariffs.
- Schedule No. GW-SD, Wholesale Natural Gas Service – SoCalGas revises this rate schedule to delete references to the eliminated rate Schedule No. GT-SD described above. In addition, a special condition is incorporated in the rate schedule for compliance to FERC Remedial Measure 18.
- Schedule Nos. G-LOAN, G-PRK and G-WHL – As discussed below, SoCalGas will terminate these Schedules upon approval of the new Schedule No. G-PAL.
- Schedule No. G-RPA – Necessary text changes resulting from the approval of the core portfolio combination have been reflected in this Schedule.

Establishment of New Rate Schedules

- Schedule No. G-PAL, Operational Hub Services – SoCalGas is establishing Schedule No. G-PAL for interruptible gas parking and loaning services pursuant to OP 10 of D.07-12-019 which adopts the transfer of SoCalGas' California Energy Hub operations from Gas Acquisition to the System Operator. Gas Acquisition (i.e., the Utility Gas Procurement Department) will provide secondary market transactions, such as parks and loans, utilizing

¹ Prepared Direct Testimony of Rodger R. Schwecke, A.06-08-026, pp. 19-21. Resolution G-3381 rejected SoCalGas' AL 3491 requesting to terminate Schedule No. GT-SD stating that its elimination is more appropriately done when system integration in Phase I of A.04-12-004 is approved. Subsequently, D.06-04-033 was issued approving system integration.

assets assigned and gas procured for core customers. Upon approval of the new Schedule No. G-PAL, SoCalGas will terminate existing Schedule Nos. G-LOAN, G-PRK, and G-WHL and also Rule No. 37, Hub Service.

- Schedule No. G-SMT, Secondary Market Transactions of Storage Rights – Pursuant to OP 25 of D.07-12-019, SoCalGas is establishing Schedule No. G-SMT for secondary market transactions of storage capacity rights. Until the full implementation of SoCalGas' EBB platform for secondary market transactions of storage rights, SoCalGas will manually process the assignments of storage contracts. Such assignments may consist of all or part of the customer's storage rights and/or all or part of the remaining contract term (see the discussion under the section "Implementation Timeline").

Rule Revisions

Certain Rules necessarily affected by the changes approved in D.07-12-019 are modified as summarized below:

- Rule No. 1, Definitions – SoCalGas revises this rule to add the following terms: Daily Forecast Quantity, Interruptible Storage Service, Operational Hub Services, Utility Gas Procurement Department, and Utility System Operator. The term As-Available Storage Services is also being deleted.
- Rule No. 4, Contracts – SoCalGas revises this rule to address the resolution of disputes regarding customer contracts.
- Rule No. 30, Transportation of Customer-Owned Gas – SoCalGas revises this rule consistent with the balancing services adopted in D.07-12-019, including the establishment of a fifth nomination cycle pursuant to OP 27 which facilitates the customers' ability to manage their transportation imbalances. In addition, SoCalGas incorporates minor changes in its Rule No. 23, Continuity of Service and Interruption of Delivery, and Rule No. 32, Core Aggregation Transportation, associated with these new balancing services.
- Rule No. 33, Electronic Bulletin Board (EBB) – Pursuant to OP 18 of D.07-12-019, SoCalGas revises this rule to reflect additional postings of information associated with hub operations and physical core storage inventory positions.
- Rule No. 37, Hub Service – As discussed above, SoCalGas will terminate this Rule upon approval of the new Schedule No. G-PAL.
- Rule No. 39, Access to the SoCalGas Pipeline System – SoCalGas revises this rule to reflect clarification of take-away capacity expansion consistent with its Schedule No. G-RPA, Receipt Point Access, as filed in Application (A.) 04-12-004 and approved in SoCalGas' Advice No. 3706-A. In addition, clarification is also provided to ensure that third-party storage providers are treated the same as other potential suppliers.

Sample Forms - Contracts

Schedule No. G-PAL requires customers to execute, in addition to the existing Master Services Contract (Form No. 6597), a new Schedule O, Operations Park and Loan Services Agreement, Form No. 6597-22, herein filed with this Advice Letter. Also included is a new Operations Park and Loan Services Agreement, Exhibit A, Transaction Confirmation, Form No. 6597-22a.

Implementation Timeline

In AL 3818, SoCalGas described its expected implementation timeline for the various provisions of D.07-12-019. SoCalGas estimates that it will be able to fully implement all of the provisions of D.07-12-019 within 16 months (after the approval of this AL) along with the Firm Access Rights provisions adopted in D.06-12-031.²

Since AL 3818 was originally filed, SoCalGas has been able to make some progress with respect to implementing various aspects of D.07-12-019 without final approval of the tariffs and would like to take the opportunity to update the Commission. SoCalGas believes that the two concurrent provisions, the System Operator taking on the system balancing requirements and the implementation of the Core balancing requirements can be implemented beginning April 1, 2009. SoCalGas will notify the Commission no later than 20 days prior to the future implementation dates of these services.

Full implementation of the EBB platform for: 1) secondary market transactions of storage rights, 2) automated posting of new G-TBS transactions and 3) price-based daily prioritization of interruptible storage injection and withdrawal services may not be available until 16 months after the approval of this AL. SoCalGas will provide 20 days advance notice to the Commission as to when all these provisions of the G-SMT and G-TBS tariffs will be available. However, in order to expedite services for customers, SoCalGas will offer manual processing of assignments of storage contracts until the full implementation of the EBB platform for secondary market transactions is completed. Such assignments may consist of all or part of the customer's storage rights and/or all or part of the remaining contract term. In order to keep this manual assignment process manageable, however, SoCalGas will continue to bill the original assignor for all of its storage rights at the original contracted prices even after the assignment is completed. From SoCalGas' perspective, the assignee will be receiving its secondary market storage capacity at no cost. SoCalGas will require at least three business days advance written notice, from both the assignor and the assignee, for manually completing their requested assignment. Until the full implementation of the EBB platform, market participants can voluntarily post assignment offers and bids for storage capacity on EBB's "Ad Board." Therefore, SoCalGas requests approval of its proposed G-SMT tariff, but with the understanding that not all provisions of the G-SMT tariff will be made effective immediately; and that SoCalGas has the authority to use a manual processing of storage assignments as described above. In addition, at the end of the first full calendar quarter after the approval of G-SMT tariff, SoCalGas will file the first quarterly report to the Commission stating the storage capacity rights held by customers. Within 30 days after the approval of G-TBS tariff, SoCalGas will begin manually posting G-TBS transactions on EBB within one business day of execution.

² A.06-08-026, Direct Testimony of Rodger Schwecke, page 21.

These changes are further reflected in the Effective Date section below.

Protest

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter. 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
Attn: 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 to Honesto Gatchalian (ijnj@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

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

Effective Date

As SoCalGas stated in A.06-08-026, once approval of this Advice Letter is secured, SoCalGas estimates to fully implement all of the provisions of D.07-12-019 within 14 to 16 months along with the Firm Access Rights provisions adopted in D.06-12-031.³ Given this timeline to fully implement all proposed tariff changes included herein, SoCalGas requests that the attached tariffs be made effective according to the six timelines presented below.

1. Tariff changes to the NSBA, LBSMA, and SGSMA are requested to be made effective January 1, 2008 as discussed above consistent with D.07-12-019.
2. The proposed changes to Rule Nos. 1, 4, 33, 37, and 39, and Rate Schedule Nos. G-TBS, G-AUC, G-BSS, GT-SD, GW-SD, G-PAL (and Sample Forms – Contracts – Schedule O, Operations Park & Loan Services Agreement, Form 6597-22 and Operations Park and Loan Services Agreement, Exhibit A, Transaction Confirmation, Form No., 6597-22a) and G-RPA will be made effective 30 days after the approval of this AL.
3. Within 30 days after the approval of G-PAL tariff, SoCalGas will begin posting on weekly basis, net hub positions, net volumes loaned, withdrawal schedules of all hub

³ A.06-08-026, Direct Testimony of Rodger Schwecke, page 21.

volumes parked, repayment schedules of all hub volumes loaned, and physical core storage inventory.

4. Within 30 days after the approval of the G-SMT tariff, SoCalGas will offer manual processing of storage assignments until SoCalGas is able to complete full implementation of the EBB platform for secondary market transactions of storage rights. The full implementation of the EBB platform is expected to take 16 months after the approval of this AL. SoCalGas will provide 20 days advance notice to the Commission as to when the full G-SMT provisions will be made effective.

5. Within 30 days after the approval of G-TBS tariff, SoCalGas will begin manually posting G-TBS transactions on EBB within one business day of execution. SoCalGas estimates that the full implementation of the EBB platform for automated posting of new G-TBS transactions and daily prioritization of interruptible storage injection and withdrawal services based on price will take 16 months after the approval of this AL. SoCalGas will provide 20 days advance notice to the Commission as to when the full G-TBS provisions, including price-based prioritization of these interruptible storage services, will be made effective.

6. The remaining tariff changes are related to implementation of the transfer of the system reliability function to the System Operator and the implementation of balancing requirements for the core. After approval of this Advice Letter, SoCalGas will issue an RFO, pursuant to D.07-12-019, for system reliability tools, which will take between three to six months (not including the time needed for obtaining Commission's approval of the contracts). Once these tools are in place, the transfer of the system reliability function to the System Operator could occur. SoCalGas will implement the balancing requirements for the core, concurrent with the transfer of the system reliability function. SoCalGas is targeting April 1, 2009 for the implementation of the transfer of the system reliability function and balancing requirements for the core, but requests that the tariffs included herein be approved subject to a later notification date. Likewise, SoCalGas requests that the fifth nomination cycle and subsequent Rule No. 30 changes that cannot be implemented immediately due to system programming changes be approved now but subject to a later notification date. SoCalGas will notify the Commission no later than 20 days prior to the future implementation dates of these tariff changes as to the exact effective date.

Notice

A copy of this Advice Letter is being sent to all parties listed on Attachment A, which includes the interested parties in A.06-08-026.

KEN DEREMER
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: Sid Newsom

Phone #: (213) 244-2846

E-mail: snewsom@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) #: 3818-A

Subject of AL: Supplemental: New and Revised Tariffs to Implement Omnibus D07-12-019

Keywords (choose from CPUC listing): Storage, Transportation, Capacity, Portfolio, Definition,

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

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

D07-12-019

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: Various

No. of tariff sheets: 110

Estimated system annual revenue effect (%): None

Estimated system average rate effect (%): None

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: Regulatory Accounts, GW-SD, G-IMB, G-RPA, G-BSS, G-AUC, G-TBS,

Rules 1, 4, 23, 30, 32, 33, 39, Sample Forms and TOCs

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: None

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 Ave.

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Southern California Gas Company

Attention: Sid Newsom

555 West Fifth Street, GT14D6

Los Angeles, CA 90013-1011

snewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A
Advice No. 3818-A

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3818-A

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 43300-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 6	Revised 42780-G Revised 42631-G
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Original 43348-G	SCHEDULE G-PAL, OPERATIONAL HUB SERVICES, Sheet 1	Original 42829-G
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Original 43398-G	MASTER SERVICES CONTRACT - SCHEDULE O, PARK AND LOAN SERVICES AGREEMENT, (Form No. 6597-22, 1/08)	Original 35352-G Original 42879-G
Original 43399-G	OPERATIONS PARK AND LOAN SERVICES	Original 35353-G

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Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
	AGREEMENT, EXHIBIT A - TRANSACTION CONFIRMATION, (Form 6597-22a, 1/08)	Original 42880-G
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PRELIMINARY STATEMENT
 PART II
 SUMMARY OF RATES AND CHARGES

Sheet 6

(Continued)

NONCORE RETAIL SERVICE (Continued)

Schedules GT-F & GT-I (Continued)

Transmission Charges:	(per therm)
GT-F3D/GT-I3D (Distribution Level):	
Tier I 0 - 20,833 Therms	14.022¢
Tier II 20,834 - 83,333 Therms	8.509¢
Tier III 83,334 - 166,667 Therms	4.982¢
Tier IV Over 166,667 Therms	2.461¢
GT-F3T/GT-I3T (Transmission Level):	
Tier I 0 - 166,667 Therms	10.867¢
Tier II Over 166,667 Therms	2.098¢

Enhanced Oil Recovery (GT-F4 & GT-I4)

Transmission Charge	3.514¢
Customer Charge: \$500/month	

Electric Generation (GT-F5 & GT-I5)

For customers using less than 3 million therms per year	
Transmission Charge	5.852¢
Customer Charge: \$50	
For customers using 3 million therms or more per year	
Transmission Charge	3.471¢
Customer Charge: N/A	

WHOLESALE SERVICE

Schedule GW-LB (Long Beach, GT-F7 & GT-I7)

Volumetric Charge	3.332¢
ITCS-LB	(0.005¢)

Schedule GW-SD (San Diego Gas & Electric, GT-F8, GT-I8)

Volumetric Charge	1.016¢
ITCS-SD	(0.005¢)

Schedule GW-SWG (Southwest Gas, GT-F9 & GT-I9)

Volumetric Charge	3.110¢
ITCS-SWG	(0.005¢)
Storage Reservation Charge (per year)	\$1,192,118

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 12, 2008
 EFFECTIVE Jul 18, 2008
 RESOLUTION NO. _____

D

PRELIMINARY STATEMENT
 PART II
 SUMMARY OF RATES AND CHARGES

Sheet 8

(Continued)

STORAGE SERVICE

Schedule G-BSS (Basic Storage Service)

Reservation Charges

Annual Inventory, per decatherm reserved 21.400¢/year
 Annual Withdrawal, per decatherm/day reserved \$11.584/year
 Daily Injection, per decatherm/day reserved 9.425¢/day

T

Variable Injection Charges (April through November only)

In-Kind Energy Charge, percent reduction 2.440%
 Operating and Maintenance Charge
 Rate, per therm of quantity injected (less In-Kind Energy) 0.127¢

T

Variable Withdrawal Charges (November through March only)

Operating and Maintenance Charge
 Rate, per therm of quantity withdrawn 0.177¢

T

Schedule G-AUC (Auction Storage Service)

Reservation Charges

Annual Inventory, per decatherm reserved (1)
 Annual Withdrawal, per decatherm/day reserved (1)
 Daily Injection, per decatherm/day reserved (1)

T

Variable Injection Charges (April through November only)

In-Kind Energy Charge, percent reduction 2.440%
 Operating and Maintenance Charge
 Retail, per therm of quantity injected (less In-Kind Energy) 0.127¢
 Wholesale, per therm of quantity injected (less In-Kind Energy) ... 0.127¢

T

T

Variable Withdrawal Charges (November through March only)

Operating and Maintenance Charge
 Retail, per therm of quantity withdrawn 0.177¢
 Wholesale, per therm of quantity withdrawn 0.177¢

T

T

(1) Charge shall be equal to the awarded price bid by the customer.

(Continued)

(TO BE INSERTED BY UTILITY)
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 Senior Vice President
 Regulatory Affairs

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PRELIMINARY STATEMENT
 PART II
SUMMARY OF RATES AND CHARGES

Sheet 9

(Continued)

STORAGE SERVICE (Continued)

Schedule G-AUC (Continued)

Transmission Charges

Transmission Charge for all quantities injected	
Rate, per therm	5.670¢
Transmission Credit for storage quantities withdrawn	
Rate, per therm	5.670¢

Schedule G-LTS (Long-Term Storage Service)

Reservation Charges

Annual Inventory, per decatherm reserved	21.400¢/year	
Annual Withdrawal, per decatherm/day reserved	\$11.584/year	
Daily Injection, per decatherm/day reserved	9.425¢/day	T

Variable Injection Charges (April through November only)

In-Kind Energy Charge, percent reduction	2.440%	T
Operating and Maintenance Charge		
Retail, per therm of quantity injected (less In-Kind Energy)	0.127¢	T
Wholesale, per therm of quantity injected (less In-Kind Energy) ...	0.127¢	T

Variable Withdrawal Charges (November through March only)

Operating and Maintenance Charge		
Retail, per therm of quantity withdrawn	0.177¢	T
Wholesale, per therm of quantity withdrawn	0.177¢	T

Schedule G-TBS (Transaction Based Storage Service)

Component Rate Caps

Inventory, rate per decatherm	\$1.63	
Injection Capacity, rate per decatherm per day	\$60.00	
Withdrawal Capacity, rate per decatherm per day	\$30.00	N

(Continued)

(TO BE INSERTED BY UTILITY)
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(TO BE INSERTED BY CAL. PUC)
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PURCHASED GAS ACCOUNT (PGA)

Sheet 1

The PGA is a balancing account. Effective April 1, 2008, the purpose of this account is to balance the recorded cost of gas for the Single Gas Portfolio to provide procurement service for both SoCalGas and SDG&E customers with the corresponding revenue from the sale of that gas. The Single Gas Portfolio, as adopted in Decision (D.) 07-12-019, is comprised of all gas purchases to serve the combined needs of SoCalGas and SDG&E.

The Utility shall maintain the PGA by making entries at the end of each month as follows:

1. A debit entry equal to the recorded gas cost in the Single Gas Portfolio Account during the month, which includes all gas purchased for SoCalGas and SDG&E's procurement customers. Costs associated with the Utility System Operator providing transportation imbalance services under Schedule No. G-IMB to the Utility Gas Procurement Department will be included concurrent with the Utility Gas Procurement Department being relieved of its responsibility for minimum flow requirements. Gas purchases are net of costs allocated to company use fuel and unaccounted for gas. The Single Gas Portfolio also includes interstate and PG&E pipeline capacity costs, carrying cost of storage inventory and financial transactions, net of proceeds from secondary market transactions such as core parking and loaning activities.
2. Credit entries equal to the procurement revenue from the sale of gas delivered to SoCalGas and SDG&E customers, including revenues associated with noncore standby and buyback services under Schedule No. G-IMB during the month, excluding the allowance for F&U.
3. An entry equal to amortization of the forecasted PGA balance, excluding the allowance for F&U.
4. A credit entry equal to the brokerage fee charged to core customers less the allowance for F&U.
5. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.
6. A credit entry equal to the El Paso settlement proceeds received pursuant to the Master Settlement Agreement approved by the FERC and CPUC (D.03-10-087). The first payment received will be reduced by the estimated net present value of refunds due to core subscription and core aggregation transportation (CAT) customers.
7. A credit entry equal to the FERC settlement proceeds associated with the 2000-2001 energy crisis. The settlement proceeds received shall be reduced by the amount allocable to core subscription, CAT customers and SDG&E's noncore procurement customers.
8. An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 12, 2008
 EFFECTIVE Apr 1, 2009
 RESOLUTION NO. _____

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 1

The NFCA is an interest-bearing balancing account. The purpose of this account is to balance the difference between noncore costs (authorized margin, transition, and actual non-gas fixed costs), including administrative costs and uncollectible deferred billings associated with the payment deferral plan pursuant to Resolution E-4065 and noncore revenues. Noncore revenues exclude EOR and unbundled storage revenues and revenues from (1) non-tariff contracts for service to DGN, (2) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding, and (3) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues. Pursuant to D.03-10-017, revenues also include noncore's allocation of the capital component of FIG (fiber optic cable in gas pipeline) revenues associated with the use of the gas distribution system until superseded by ratemaking adopted in SoCalGas' 2004 PBR/Cost of Service Proceeding (A.02-12-027). Pursuant to D.02-12-017, the Commission authorized 100% balancing account protection effective January 1, 2003 until the date the new BCAP rates go into effect. In the event that Gas Industry Restructuring D.01-12-018 is implemented prior to the next BCAP, 100% balancing account protection will be limited to noncore local transmission and distribution revenues.

On a monthly basis, SoCalGas maintains this account as follows:

SoCalGas debits this account with 100% of the seasonally forecasted noncore and wholesale revenues excluding the transactions stated above less F&U and including the incremental administrative costs and any amounts written off as uncollectible associated with the payment deferral plan pursuant to Resolution E-4065.

SoCalGas credits this account with 100% of the actual noncore and wholesale revenues excluding the transactions stated above less F&U.

SoCalGas credits this account with 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Schedule No. G-IMB to the Utility Gas Procurement Department.

In addition, SoCalGas adjusts this account to amortize previously accumulated overcollected or undercollected balances to reflect payment to, or recovery from, ratepayers.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE STORAGE BALANCING ACCOUNT (NSBA)

Sheet 1

The NSBA is a balancing account. The purpose of this account is to (1) balance the authorized at-risk non-gas costs for unbundled storage service as authorized in Decision No.00-04-060 and the reservation revenues collected from customers who contract for these unbundled storage services, and (2) record the fully scaled unbundled noncore storage revenue requirement. Pursuant to D.07-12-019 and as filed in Advice No. 3812-A, 100% of storage costs, including the scalar, and revenues (entries a through d below) associated with the Unbundled Storage Program shall be recorded in the Noncore Storage Memorandum Account (NSMA) effective January 1, 2008.

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The Utility shall maintain the NSBA by making entries at the end of the month as follows:

- a. A credit entry equal to 50% of all reservation and variable O&M charge revenues less (a) the allowance for F&U on net revenue, as applicable, and (b) the reservation charge revenues collected for subscribed unbundled storage service from expansion storage facilities;
- b. A debit entry equal to 50% of one-twelfth of the authorized at-risk non-gas costs allocated to unbundled storage service (i.e., \$21 million annually pursuant to D.00-04-060), less the allowance for F&U on net revenue, as applicable;
- c. A debit entry equal to 50% of well incidents allocated to the unbundled storage programs;
- d. A debit entry equal to the difference between 100% of one-twelfth of the authorized fully scaled unbundled noncore storage revenue requirement and one-twelfth of the \$21 million at-risk unbundled storage level pursuant to D.00-04-060, less the allowance for F&U on net revenue, as applicable;
- e. An entry equal to the amortization of the forecasted remaining balance less F&U; and
- f. An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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The balance of the NSBA shall be allocated in the Utility's cost allocation proceedings to all customers.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS

Sheet 1

A. GENERAL

Memorandum accounts are special accounts authorized by the Commission for the purpose of tracking certain costs and revenues. Please refer to each individual memorandum account description for the specific accounting treatment applicable to each account.

B. LISTING OF MEMORANDUM ACCOUNTS

- PCB Expense Account (PCBEA)
- Research Development and Demonstration Expense Account (RDDEA)
- Curtailement Violation Penalty Account (CVPA)
- Economic Practicality Shortfall Memorandum Account (EPSMA)
- Catastrophic Event Memorandum Account (CEMA)
- Vernon Avoided Distribution Cost Memorandum Account (VADCMA)
- Vernon Rate Savings Memorandum Account (VRSMA)
- Vernon Negotiated Core Contract Memorandum Account (VNCCMA)
- Research Royalty Memorandum Account (RRMA)
- NGV Research Development & Demonstration Memorandum Account (RDDNGV)
- Intervenor Award Memorandum Account (IAMA)
- Z Factor Account (ZFA)
- Wheeler Ridge Firm Access Charge Memorandum Account (WRFACMA)
- Gas Industry Restructuring Memorandum Account (GIRMA)
- Self-Generation Program Memorandum Account (SGPMA)
- Baseline Memorandum Account (BMA)
- Blythe Operational Flow Requirement Memorandum Account (BOFRMA)
- Cost of Service Revenue Requirement Memorandum Account (COSRRMA)
- FERC Settlement Proceeds Memorandum Account (FSPMA)
- Late Payment Charge Memorandum Account (LPCMA)
- Gain/Loss On Sale Memorandum Account (GLOSMA)
- Affiliate Transfer Fee Account (ATFA)
- Firm Access and Storage Rights Memorandum Account (FASRMA)
- Otay Mesa System Reliability Memorandum Account (OMSRMA)
- General Rate Case Revenue Requirements Memorandum Account (GRCRRMA)
- 2009-2011 Energy Efficiency Memorandum Account (EEMA)
- System Reliability Memorandum Account (SRMA)

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNT
FIRM ACCESS AND STORAGE RIGHTS MEMORANDUM ACCOUNT (FASRMA)

Sheet 1

The FASRMA is an interest bearing memorandum account that is recorded on SoCalGas' financial statements. The FASRMA shall record costs incurred by SoCalGas to implement a firm, tradable access and storage rights structure to provide customers with an opportunity to obtain firm access into the utility system at a specific receipt point and storage capacity throughout the year and off-system and pooling services. In addition, the FASRMA shall record the reasonable costs of establishing and maintaining new postings on the Electronic Bulletin Board (EBB), a new fifth nomination cycle, new optional enhanced balancing services, and system expansion studies (plus any related third-party review).

The Utility shall maintain the FASRMA by making entries to the account at the end of each month, as follows:

- a. A debit entry to record incremental O&M (Operating and Maintenance) and capital-related costs (i.e., depreciation, return on investment and related taxes) associated with expenditures incurred that are directly related to implementing new or enhanced computer systems to comply with D.06-12-031 and D. 07-12-019.
- b. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I,J.

The costs for implementing a citygate pooling service is limited to a maximum \$0.5 million, to the extent the costs of pooling services are not included in SoCalGas' \$3.5 million estimate of the FAR system implementation costs. The disposition of the balance in the FASRMA will be reviewed in SoCalGas/SDG&E's next Biennial Cost Allocation Proceeding (BCAP) or other appropriate proceeding.

(TO BE INSERTED BY UTILITY)

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Lee Schavrien
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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
SYSTEM RELIABILITY MEMORANDUM ACCOUNT (SRMA)

Sheet 1

The SRMA is an interest bearing account that is recorded on the Utility's financial statements. The purpose of this account is to record certain costs associated with the Utility System Operator's purchase and delivery of gas to sustain operational flows on the SoCalGas/SDG&E system. Costs include the costs that are associated with the following:

- 1) Purchases and sales of gas on a spot basis;
- 2) Contracts related to Requests for Offers (RFO) or open season process consistent with System Operator needs and approved through the Expedited Advice Letter Process;
- 3) Other System Operator tools approved by the Commission through the regular advice letter process.

The Utility shall maintain the SRMA by making entries at the end of each month as follows:

- a. A debit entry for the cost of gas delivered to various receipt points on the SoCalGas/SDG&E system, including any other O&M and incremental capital-related costs (e.g., depreciation, return on investment and related taxes) associated with any other tools approved by the Commission through a regular or expedited advice letter process as described above that were incurred for maintaining system reliability.
- b. A credit entry equal to the revenues from the sale of gas that was originally purchased for system reliability purposes as described in entry "a." which is no longer necessary and therefore made available for sale in the marketplace.
- c. An entry equal to amortization as authorized by the Commission.
- d. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

The disposition of the SRMA balance, which will be subject to an annual Commission reasonableness review, shall be determined in a Biennial Cost Allocation Proceeding (BCAP) or, if between BCAPs, through a separate application. Once approved, the SRMA balance will be allocated consistent with the methodology adopted by the Commission and incorporated in rates in connection with SoCalGas' next annual regulatory account balance update filing for rates effective January 1st of the following year.

(TO BE INSERTED BY UTILITY)
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DECISION NO. 07-12-019

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM
LONG BEACH STORAGE MEMORANDUM ACCOUNT (LBSMA)

Sheet 1

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The LBSMA is an interest bearing memorandum account that is not recorded on the Utility's financial statements. The purpose of this account is to track the cost of storage charged to the City of Long Beach (Long Beach) to the extent that such charges exceed the fully scaled LRMC rates for each component, inventory, injection, or withdrawal, paid by SoCalGas' core customers.

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The Utility shall maintain the LBSMA by making entries to the account at the end of each month, as follows.

- a. A debit entry to record the cost of storage charged to Long Beach under its current storage contract.
- b. A credit entry to record the cost of storage determined at the scaled long-run marginal cost (LRMC) rate for each component, inventory, injection, or withdrawal that SoCalGas charges its own core customers.
- c. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

The balance in the LBSMA will be reviewed in SoCalGas' next Biennial Cost Allocation Proceeding (BCAP) or other appropriate proceeding.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM
SOUTHWEST GAS STORAGE MEMORANDUM ACCOUNT (SGSMA)

Sheet 1

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The SGSMA is an interest bearing memorandum account that is not recorded on the Utility's financial statements. The purpose of this account is to track the cost of storage charged to Southwest Gas Corporation (Southwest) to the extent that such charges exceed the fully scaled LRMC rates for each component, inventory, injection, or withdrawal, paid by SoCalGas' core customers.

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The Utility shall maintain the SGSMA by making entries to the account at the end of each month, as follows.

- a. A debit entry to record the cost of storage charged to Southwest under its current storage contract.
- b. A credit entry to record the cost of storage determined at the scaled long-run marginal cost (LRMC) rate for each component, inventory, injection, or withdrawal that SoCalGas charges its own core customers.
- c. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

The balance in the SGSMA will be reviewed in SoCalGas' next Biennial Cost Allocation Proceeding (BCAP) or other appropriate proceeding.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
G-PAL MEMORANDUM ACCOUNT (GPMA)

Sheet 1

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The GPMA is an interest-bearing memorandum account that is recorded on the Utility's financial statements pursuant to D.07-12-019. The purpose of the GPMA is to record 100% of the net revenues under SoCalGas' G-PAL (Operational Hub Services) tariff.

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The Utility shall record entries at the end of the month as follows:

- a. A debit entry equal to the expenses associated with setting-up and operating the Operational Hub Service;
- b. A credit entry equal to the revenues from hub services;
- c. An entry equal to amortization authorized by the Commission; and
- d. An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

The balance in the GPMA shall be addressed in SoCalGas' next Biennial Cost Allocation Proceeding (BCAP).

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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 1

DESCRIPTION OF SERVICE

The Utility System Operator will provide a Monthly Imbalance Service for individual customers including the Utility Gas Procurement Department, end-use customers, wholesale customers, marketers and aggregators (referred to herein as "customers") when their usage differs from their transportation deliveries to the Utility's system or their targeted sales gas quantities purchased and delivered by the Utility. In case of the Utility Gas Procurement Department, the Daily Forecast Quantity will be used as a proxy for daily usage and the calculation of imbalances.

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The Monthly Imbalance Service provided hereunder has four components: Imbalance Trading, a no-charge Balancing Service, Standby Procurement, and Buy-Back. Under the Imbalance Trading Service, customers may locate other customers with offsetting imbalances and trade these quantities to avoid imbalance charges (Standby Procurement or Buy-Back). Imbalance Trading Service shall be facilitated either through Electronic Bulletin Board (EBB), as defined in Rule No. 1, or through the Imbalance Trading Form as described in Special Conditions 2 and 4 of this Schedule and in Rule No. 33. Balancing Service will be provided without charge if the cumulative imbalance at the end of the monthly imbalance trading period is within 10 percent of the customer's usage, in case of core aggregators their applicable Daily Contract Quantity, or in the case of the Utility Gas Procurement Department the applicable Daily Forecast Quantity, (Tolerance Band) for the billing period. Any remaining cumulative imbalance within the tolerance band will be carried forward. Remaining imbalance quantities outside the tolerance band at the end of the imbalance trading period will be subject to a Standby Procurement Charge or Buy-Back as described under Rates.

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The Utility System Operator will require daily balancing during the winter operating period. From November through March, customers will be required to deliver (using a combination of flowing supply and firm storage withdrawal) at least 50% of their usage over a five-day period. As the Utility's total inventory in storage declines to the peak day minimum + 20 Bcf, customers will be required to deliver 70% of their usage daily. As the Utility's total inventory in storage declines to the peak day minimum + 5 Bcf, customers will be required to deliver 90% of their usage daily. Volumes not in compliance with the minimum delivery requirements will be purchased at the daily balancing standby rates described below. Imbalance trading and interruptible withdrawal may not be used to offset the minimum delivery requirements. A complete description of the winter minimum delivery requirements is specified in Rule No. 30.

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APPLICABILITY

Applicable to core and noncore transportation service to customers.

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TERRITORY

Applicable throughout the service territory.

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(TO BE INSERTED BY UTILITY)
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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 2

(Continued)

RATES

Imbalance quantities remaining at the end of the designated imbalance trading period and which are outside of the 10% tolerance band will be billed at the Standby Procurement Charge or purchased by the Utility at the Buy-Back Rate. Any Standby Procurement Charge or purchases at the Buy-Back Rate of core imbalances created by the Utility Gas Procurement Department will be managed within the Utility System Operator's Operational Hub Services. Such core imbalances will be disposed of, with the net revenues from the core imbalance charges flowing back through the Noncore Fixed Cost Account (NFCA).

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Standby Procurement Charge

This charge is applied to customer's cumulative negative transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Standby Procurement Charge is posted at least one day in advance of each corresponding imbalance trading period for noncore/wholesale and core transport agents (CTAs). It is calculated at 150% of the highest daily border price index at the Southern California border beginning on the first day of the month that the imbalance is created to five days prior to the start of each corresponding imbalance trading period plus a Brokerage Fee of 0.266¢ per therm for noncore retail service and all wholesale service, and 0.188¢ per therm for core retail service. The highest daily border price index is an average of the highest prices from "NGI's Daily Gas Price Index – Southern California Border Average" and "Gas Daily's Daily Price Survey – SoCal gas, Midpoint."

Core Retail Service:

SP-CR Standby Rate, per therm

January 2009	81.113¢
February 2009	61.426¢
March 2009	TBD*

Noncore Retail Service:

SP-NR Standby Rate, per therm

January 2009	81.191¢
February 2009	61.504¢
March 2009	TBD*

Wholesale Service:

SP-W Standby Rate per therm

January 2009	81.191¢
February 2009	61.504¢
March 2009	TBD*

*To be determined (TBD). Pursuant to Resolution G-3316, the March Standby Procurement Charge will be filed by a separate advice letter at least one day prior to April 25.

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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 3

(Continued)

RATES (Continued)

Buy-Back Rate

This rate is applied to customer's cumulative positive transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Buy-Back Rate is established effective the last day of each month and will be the lower of 1) the lowest incremental cost of gas purchased by the Utility during the month the excess imbalance was incurred; or 2) 50% of the applicable Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP, during the month such excess imbalance was incurred.

Retail Service:

BR-R Buy-Back Rate, per therm

January 2009	26.877¢
February 2009	18.540¢
March 2009	17.506¢

Wholesale Service:

BR-W Buy-Back Rate, per therm

January 2009	26.813¢
February 2009	18.496¢
March 2009	17.465¢

If the incremental cost of gas is the basis for the Standby or Buy-Back Rates, the Utility will provide CPUC the necessary work papers for such cost. Such documentation will be provided under confidentiality pursuant to General Order 66-C and Section 583 of the Public Utilities Code.

Daily Balancing Standby Rates

During November through March customers are required to deliver (flowing supply and firm storage withdrawal) at a minimum of 50% of burn during a five-day period. Volumes not in compliance with the 50% five-day minimum delivery requirement are purchased at the daily standby rate. The daily balancing standby rate is calculated as 150% of the highest Southern California Border price during the five-day period as published in "NGI's Daily Gas Price Index" including authorized franchise fees and, for retail customers, uncollectible expenses (F&U), and an authorized brokerage fee. Authorized F&U will not be added to any daily stand-by balancing charge for the Utility Gas Procurement Department to the extent it is collected elsewhere.

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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 4

(Continued)

RATES (Continued)

Daily Balancing Standby Rates (Continued)

When the Utility's total inventory in storage declines to the "peak day minimum + 20 Bcf trigger", the minimum daily delivery requirement increases to 70%. The five-day period no longer applies. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including F&U and brokerage fee) and is applied to each day's deliveries which are less than the 70% delivery requirement. Authorized F&U will not be added to any daily stand-by balancing charge for the Utility Gas Procurement Department to the extent it is collected elsewhere.

When the Utility's total inventory in storage declines to the "peak day minimum + 5 Bcf trigger", the minimum delivery requirement increases to 90% daily. Similar to the 70% regime, the five-day period no longer applies. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including F&U and brokerage fee) and is applied to each day's deliveries which are less than the 90% delivery requirement. Authorized F&U will not be added to any daily stand-by balancing charge for the Utility Gas Procurement Department to the extent it is collected elsewhere.

Daily Balancing Standby Rate, per therm

March 2009 Day	Core Retail DB-CR	Noncore Retail DB-NR	Wholesale DB-W
1	\$0.46423	\$0.46501	\$0.46390
2	\$0.46423	\$0.46501	\$0.46390
3	\$0.52831	\$0.52909	\$0.52784
4	\$0.52831	\$0.52909	\$0.52784
5	\$0.52831	\$0.52909	\$0.52784
Period 1 High	\$0.52831	\$0.52909	\$0.52784
6	\$0.52221	\$0.52299	\$0.52175
7	\$0.49474	\$0.49552	\$0.49435
8	\$0.49474	\$0.49552	\$0.49435
9	\$0.49474	\$0.49552	\$0.49435
10	\$0.49627	\$0.49705	\$0.49587
Period 2 High	\$0.52221	\$0.52299	\$0.52175

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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 5

(Continued)

RATES (Continued)

Daily Balancing Standby Rates (Continued)

Daily Balancing Standby Rate, per therm (Continued)

March 2008 Day	Core Retail DB-CR	Noncore Retail DB-NR	Wholesale DB-W
11	\$0.52068	\$0.52146	\$0.52023
12	\$0.51763	\$0.51841	\$0.51718
13	\$0.50542	\$0.50620	\$0.50500
14	\$0.50085	\$0.50163	\$0.50044
15	\$0.50085	\$0.50163	\$0.50044
Period 3 High	\$0.52068	\$0.52146	\$0.52023
16	\$0.50085	\$0.50163	\$0.50044
17	\$0.48101	\$0.48179	\$0.48065
18	\$0.46575	\$0.46653	\$0.46543
19	\$0.45965	\$0.46043	\$0.45934
20	\$0.45965	\$0.46043	\$0.45934
Period 4 High	\$0.50085	\$0.50163	\$0.50044
21	\$0.47948	\$0.48026	\$0.47913
22	\$0.47948	\$0.48026	\$0.47913
23	\$0.47948	\$0.48026	\$0.47913
24	\$0.50695	\$0.50773	\$0.50653
25	\$0.49627	\$0.49705	\$0.49587
Period 5 High	\$0.50695	\$0.50773	\$0.50653
26	\$0.50542	\$0.50620	\$0.50500
27	\$0.49169	\$0.49247	\$0.49130
28	\$0.48406	\$0.48484	\$0.48369
29	\$0.48406	\$0.48484	\$0.48369
30	\$0.48406	\$0.48484	\$0.48369
31	\$0.47186	\$0.47264	\$0.47151
Period 6 High	\$0.50542	\$0.50620	\$0.50500

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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 7

(Continued)

SPECIAL CONDITIONS (Continued)

- 3. Immediately each month when actual meter usage information becomes available, an adjustment to the Utility Gas Procurement Department's imbalance account will be made to account for any differences between actual consumption of the core customers and the Daily Forecast Quantity, company use and LUAF. N
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N
- 4. Immediately each month when actual meter usage information becomes available, an adjustment to the ESP's imbalance account will be made to account for any differences between actual consumption of the core customers and the DCQ. N
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N
- 5. Customers may not use imbalance trading or interruptible withdrawal during the period November 1-March 31 to offset minimum daily delivery requirements. T,L
L
- 6. Customers may trade their monthly imbalances with other customers. Customer's cumulative imbalances will be stated on the customer's monthly bill. The customer's bill will serve as notice of current imbalances. Beginning at 7:00 a.m., Pacific Clock Time (PCT), on the 25th calendar day in the month of notification, customers may enter EBB to trade imbalances with other customers. Customers within the tolerance band may trade any quantities so long as the 10% tolerance band is not exceeded. Customers outside the tolerance band may trade quantities up to a maximum of their excess imbalance (quantities outside of tolerance) plus the 10% tolerance band. The Utility will notify participants through EBB or other notice once the trade is validated. The trading period will end at 11:59 p.m. PCT on the last calendar day of the same month. During the month of February, the trading period begins at 7:00 a.m. PCT on the 23rd of the month and ends at 11:59 p.m. PCT on the last calendar day of the month. The trading periods are as follows: T,L
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T,L
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T,L

January 25-31	May 25-31	September 25-30
February 23-28 (or 29)	June 25-30	October 25-31
March 25-31	July 25-31	November 25-31
April 25-30	August 25-31	December 25-31

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 12, 2008
 EFFECTIVE Apr 1, 2009
 RESOLUTION NO. _____

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 8

(Continued)

SPECIAL CONDITIONS (Continued)

7. Imbalance trades may be submitted through EBB or by facsimile using the Imbalance Trading Agreement Form (Form No. 6544) and must be received by the Utility by the close of the trading period.

T,L
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To submit an imbalance trade by facsimile, both parties must complete and send by facsimile a copy of the Imbalance Trading Agreement Form to the Utility. The Utility will then confirm the trade and adjust the participants' imbalance accounts. A processing charge of \$13.73 will be charged by the Utility for each imbalance trade submitted by facsimile using the Imbalance Trading Agreement Form. No processing charge will apply to an EBB subscriber for imbalance trades submitted by facsimile at a time the EBB system is unavailable for use by the subscriber.

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8. Customers may opt to participate in the EBB's interactive trading platform in which imbalance trading parties may buy and/or sell imbalance gas. Instructions are provided on the EBB website.

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N

9. Customers may use their storage account(s) to offset their imbalances or to trade with other customers under the conditions set forth in their applicable storage service rate schedule for unbundled storage service, or in Rule No. 32 for Aggregators.

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A storage customer may trade positive imbalances, i.e., overdeliveries, into its storage account only if its storage inventory capacity is available during the month that the imbalance occurred and at the time the imbalance trade takes place. Similarly, a storage customer may trade negative imbalances, i.e., underdeliveries, using its storage account only if there is sufficient gas in storage in the account during the month that the imbalance occurred and at the time the imbalance trade takes place.

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(Continued)

(TO BE INSERTED BY UTILITY)
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ISSUED BY
Lee Schavrien
 Senior Vice President
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(TO BE INSERTED BY CAL. PUC)
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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 9

(Continued)

SPECIAL CONDITIONS (Continued)

- 10. After the imbalance trading period, the Standby Procurement Charge or Buy-Back will be applied to all imbalance quantities in excess of the tolerance band. T
- 11. Standby Procurement service provided hereunder will be curtailed in accordance with the provisions of Rule 23. Penalties for violations of curtailment shall apply as set forth in Rule No. 23. Customers will not be allowed to trade negative imbalances incurred during periods of curtailment. T
- 12. When in the judgment of the Utility transportation nominations are in excess of system capacity, Buy-Back service hereunder shall be applied to daily periods as designated by the Utility in accordance with the provisions of Rule No. 30, Section F. Customers shall not be allowed to trade positive imbalances incurred during such daily periods. The Buy-Back Rate shall apply to all positive imbalances in excess of the 10% tolerance band for each such period. Standby service shall be provided for the regular monthly balancing period and shall not be restricted to the excess nominations periods. T
- 13. Under this schedule, the responsible customer will reimburse the Utility for any penalties or charges incurred by the Utility under an interstate or intrastate supplier arrangement when such penalties or charges occur as a direct result of the Utility's providing this imbalance service to customer. T
- 14. If as the result of billing error, metering error, or transportation adjustments, customer trades an incorrect amount of imbalance quantities based on notification by the Utility, the Utility will not be liable for any financial losses or damages incurred by customer nor will the Utility be financially liable to any of the customer's imbalance trading partners. If as a result of such error, the Utility overbills customer, the Utility shall refund the difference. If the Utility underbills customer, the customer shall be liable for the undercharge including any associated penalty. The customer shall not be relieved of imbalance penalties when a subsequent billing adjustment is made by the Utility. For the purpose of determining imbalances and any applicable charges hereunder, the Utility will include subsequent billing adjustments for prior periods as part of the usage deemed to occur during the subsequent period unless the customer reimburses the Utility for the actual cost of gas incurred. Trades occurring in prior periods will not be affected by such billing adjustments. The Utility may issue a bill for Daily Balancing Standby Rate charges on a weekly or fortnightly basis upon customer or marketer request or if a customer or marketer delivers into the system less than 50 percent of its usage. Otherwise, Daily Balancing Standby Rate charges shall be included in the regular monthly bill. T
- 15. The Utility Gas Procurement Department will be not be assessed any charges under this schedule that are a result of its obligation to maintain system reliability when called upon by the Utility System Operator to increase flowing supply when supply is insufficient to meet expected end-use demand or decrease scheduled deliveries when deliveries are expected to exceed end-use demand plus storage injection capacity. N
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N

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

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Schedule No. G-RPA
RECEIPT POINT ACCESS

Sheet 9

(Continued)

SPECIAL CONDITIONS (Continued)

OPEN SEASON: Preferential Bidding – Step 2

27. An open season – Step 2 will be conducted through the Utility’s on-line bid system prior to service commencing under this schedule, and every three years thereafter, whereby all existing firm receipt point capacity available after Step 1 shall be made available through an open season process consisting of three rounds of bidding. T
28. Only end-use customers, including noncore customers, the eligible end-use customers of wholesale customers, the Utility Gas Procurement Department, and CTAs are entitled to participate in Step 2. T, D
29. SDG&E’s noncore transportation customers are eligible to participate directly in the Utility’s open season steps. SDG&E will provide the Utility with a list of its applicable noncore customers that will be participating, along with those customers’ historical annual average usage needed to establish maximum bidding rights. T
30. Other wholesale customers may elect to have the Utility allow all of their noncore customers to participate directly in the Utility’s open season steps. Under this scenario, the wholesale customer’s noncore customers will be treated like the rest of the Utility’s noncore customers. Each other wholesale customer electing this provision will be required to provide the Utility with a listing of its applicable noncore customers that will be participating, along with those customers’ historical annual average usage needed to establish the maximum bidding rights. T
31. Other wholesale customers not electing to have their noncore customers participate directly in the Utility’s open season will be provided maximum bidding rights for their noncore loads. The wholesale customer can then participate in the open season process, along with the Utility’s other noncore customers, on behalf of its noncore customers’ requirements. T

(Continued)

(TO BE INSERTED BY UTILITY)
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DECISION NO. 07-12-019

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Lee Schavrien
Senior Vice President
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Schedule No. G-RPA
RECEIPT POINT ACCESS

Sheet 10

(Continued)

SPECIAL CONDITIONS (Continued)

OPEN SEASON: Preferential Bidding – Step 2

32. A customer’s maximum bidding rights will include a base load maximum plus for certain customers a monthly peaking maximum over a Base Period. Base Period will be defined as the 36 consecutive months of consumption data ending four months prior to the start of the process to assign/award Receipt Point rights. These rights will be calculated as follows:

- 1) Customer’s base load maximum bidding rights will be determined based on that customer’s average daily historical consumption during the Base Period less any set-aside elected by that customer under an end-use transportation agreement. In the case of a customer that has tolling agreements with a third party for its plants operations, the third party will be afforded maximum bidding rights based on the historical usage under the tolling agreements and subsequently the plant operator’s maximum bidding rights will be reduced accordingly. Each wholesale customer will have to attest to the portion of its Utility metered consumption used for core customers to the extent it is only participating on behalf of its core customers.
- 2) For the Utility Gas Procurement Department, core loads of other wholesale customers and CTAs will only be provided base load maximum bidding rights. These maximum bidding rights will equal the respective customer’s average daily usage during the Base Period less any set-aside elected. For CTAs, the average daily usage will be their currently “contracted for” load.
- 3) For other customers, the months the customer uses more than its average base load, the customer’s monthly maximum bidding rights will be set equal to its historical usage in those particular months during the Base Period less any set-aside elected.

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(Continued)

(TO BE INSERTED BY UTILITY)
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Regulatory Affairs

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Schedule No. G-RPA
RECEIPT POINT ACCESS

(Continued)

SPECIAL CONDITIONS (Continued)

OPEN SEASON: Preferential Bidding – Step 2 (Continued)

32. (Continued)

- 4) To the extent a customer’s historical load is not expected to represent its future consumption, documented to the Utility’s satisfaction, due to additional equipment being added, new facilities being built, or a new customer taking transportation service for an existing facility, maximum bidding rights will be adjusted to account for these exceptions. Following are the general guidelines to permit such an exception:
 - a) New customer’s bidding rights may be established by providing copies of documentation submitted to public entities (state or local) describing expected equipment use for regulatory or permitting requirements.
 - b) For an existing customer’s plant adding new equipment capacity, new equipment must have been ordered and an increase in bidding rights will be based on a projection of use: (Existing plant + new equipment capacity)/(existing plant capacity times the historical 12-month load profile).
 - c) A new customer may establish bidding rights by agreeing to minimum use-or-pay obligations in a new Utility transportation contract to replace or substitute for historical load.

33. Customers may submit an annual base load receipt point access bid up to the average daily quantity established as their maximum bidding rights. Additionally, customers may bid monthly bids up to the monthly quantity recorded for that customer in a particular month as established in their maximum bidding rights. The sum of the monthly bid plus any base load bid covering a particular month may not exceed the maximum bidding rights established for the particular month.

34. A customer may not bid in aggregate more than its annual total of maximum bidding rights. Any capacity awarded in Round 1 of the Step 2 Open Season will reduce the amount of bidding rights, both for base loaded bids and monthly bids for Rounds 2 and 3. Customers may submit bids in the Step 2 rounds for an amount of receipt point access rights up to 100% of their bidding rights, and may bid to acquire such rights at any Receipt Points or combination of Receipt Points. The sum of all of a customer’s awards for Rounds 1, 2, and 3 may not exceed its maximum bidding rights.

35. Bids will be submitted for Step 2 on a Receipt Point and Quantity basis only.

36. End-use customers entitled to participate in Rounds 1, 2 and 3 may (1) bid on their own behalf, or (2) allow a third party (such as a marketer) to bid on their behalf.

(Continued)

(TO BE INSERTED BY UTILITY)
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Schedule No. G-RPA
RECEIPT POINT ACCESS

Sheet 12

(Continued)

SPECIAL CONDITIONS (Continued)

OPEN SEASON: Preferential Bidding – Step 2 (Continued)

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|---|---|
| 37. The applicable rate for firm access rights awarded in Step 2 will be the G-RPA1. | T |
| 38. All bids must be submitted through the Utility’s internet-based bid system platform. Prior to submitting a bid, a bidder must have an executed RPMA in place and must also have satisfied the Utility’s applicable credit requirements. | T |
| 39. An end-use customer who is already in good standing for credit with the Utility prior to Step 2 will be deemed creditworthy up to their specified maximum bidding rights. | T |
| 40. All bids, once submitted, cannot be withdrawn. The Utility will provide a confirmation to the bidding party that the submitted bid was received. | T |
| 41. Bids for monthly capacity will be given a lower priority relative to bids for base load capacity in awarding receipt point access rights for over-subscribed Receipt Points. | T |
| 42. If more quantity is bid for at a particular Receipt Point or Transmission Zone than the available capacity at the Receipt Point or Transmission Zone, all such bidders will be awarded rights on a basis pro rata to the amounts they bid for that point. Bids will be prorated first at a particular receipt points and then at the Transmission Zone if needed. | T |
| 43. Successful bidders are contractually liable for all firm receipt point access rights awarded to them in Step 2 and will be assigned a unique contract number for each successful bid. | T |

OPEN SEASON: Long Term Open Season – Step 3(A&B)

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| 44. An open season –Step 3A will be conducted through the Utility’s on-line bid system prior to service commencing under this schedule whereby all existing firm receipt point capacity available after Step 2 shall be made available through an open season process consisting of one round of bidding. | T |
| 45. The applicable rate for firm access rights awarded in Step 3A will be the G-RPA1. | T |
| 46. An open season –Step 3B will be conducted through the Utility’s on-line bid system prior to service commencing under this schedule whereby remaining base-load existing capacity, expansions at existing receipt points, and new receipt point capacity shall be made available through an open season process consisting of one round of bidding. | T |

(Continued)

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Schedule No. G-RPA
RECEIPT POINT ACCESS

Sheet 13

(Continued)

SPECIAL CONDITIONS (Continued)

OPEN SEASON: Long Term Open Season – Step 3(A&B) (Continued)

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| 47. All bids for Steps 3A and 3B must be submitted through the Utility’s internet-based bid system platform. Prior to submitting a bid, a bidder must have an executed RPMA in place and must also have satisfied the Utility’s applicable credit requirements. | T |
| 48. All bids for Steps 3A and 3B must be submitted as annual base load quantities. | T |
| 49. The term of the contracts awarded in Steps 3A and 3B will be for three to 20 years. | T |
| 50. The applicable rate for firm access rights awarded in Step 3B will be the G-RPA1 plus any applicable G-RPA2 as specifically determined for a Receipt Point. | T |
| 51. The Utility will provide estimated costs and reservation charges applicable to various new receipt points and terms of service prior to the commencement of the Open Season for Step 3B. | T |
| 52. The maximum total bid for any party is established by its creditworthiness. | T |
| 53. A customer may submit multiple bids for each individual Receipt Point, but all submitted bids are binding and cannot be withdrawn. | T |
| 54. Any bid submitted may be prorated based on the other bids submitted in order to meet the available receipt point access capacity available. Customers may signify that any of their specific receipt point bids is an all-or-nothing bid so that it will be rejected if any prorating is required. | T |
| 55. In accordance with Rule No. 39, Access to the SoCalGas Pipeline System, once capacity is awarded for new receipt point capacity in Step 3B, the Utility will request an upfront payment of the estimated costs prior to commencing construction of the required facility enhancements, with this payment charged to all Step 3B contract holders on a pro rata basis. | T |
| 56. Once the actual construction costs of the completed facilities are finalized and placed in service, awarded capacity holders winning bidders in Step 3B will have their estimated reservation charges adjusted to account for the actual costs of construction as specified through a SoCalGas Advice Letter. Prior to approval of the Utility’s Advice Letter determining actual cost of construction, customer will be charged the estimated reservation charge. | T |

(Continued)

(TO BE INSERTED BY UTILITY)
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Schedule No. G-RPA
RECEIPT POINT ACCESS

Sheet 14

(Continued)

SPECIAL CONDITIONS (Continued)

OPEN SEASON: Long Term Open Season – Step 3 (A& B) (Continued)

57. Customers will have three funding options for increasing receipt point capacity under Step 3B. First, a customer may elect to pay 100% of the costs, including applicable CIAC taxes, to the Utility in accordance with Rule No. 39 to complete the installation of the necessary facility without any refund of the advanced funds and not be charged a G-RPA2 rate on a going forward basis. Second, a customer may elect to pay 100% of the costs to the Utility in accordance with Rule No. 39 to complete the installation of the necessary facility, receive a refund of those advanced funds after gas first flows through the receipt point, and be charged a G-RPA2 rate on a going forward basis. Third, a customer may elect to install the necessary facility themselves under the direction of the Utility, transfer ownership of the necessary facilities, along with any payment of applicable CIAC taxes, and not be charged a G-RPA2 rate on a going forward basis. T
58. Customers that are awarded new receipt point capacity shall be able to continue their capacity rights ownership after the initial contract term by exercising a Right of First Refusal (ROFR) for a like contract term. T
59. In order to minimize the amount of Utility facilities that are actually required to meet the Step 3B awarded bids, the Utility will first ask all existing capacity rights holders if they are willing to turn-back their awarded capacity at the G-RPA1 rate. T
60. If bidders in Step 3B secure capacity that later is accorded rolled-in ratemaking treatment, they would be permitted to relinquish the capacity before the end of their contract term (and be relieved of the associated reservation charges). This relinquishment would be timed to correspond to the allocation of existing capacity to customers in succeeding Step 1 and Step 2 open seasons. T

CONTRACT INTERCHANGEABILITY

61. After receipt point capacity is awarded in all steps described, capacity holders will also be allowed to “re-contract” any part of their capacity from any Receipt Point on the system to a different point, even in a different zone, to the extent capacity is available at the requested Receipt Point. T
62. After all of the steps have taken place, the Utility will post any available receipt point capacity on its EBB and accept requests from capacity holders to move their specific receipt point capacities during a two-week re-contracting period. At the end of this period, the Utility will evaluate all requests for changes on a non-discriminatory basis and grant requests where receipt point capacity is available. To the extent more quantities are requested to be moved to a particular Receipt Point or Transmission Zone than the available capacity, the requests will be prorated among the requesting customers. Customers may signify that their specific receipt point move request is an all-or-nothing request so that it will be rejected if any prorating is required. T

(Continued)

(TO BE INSERTED BY UTILITY)
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Schedule No. G-RPA
RECEIPT POINT ACCESS

Sheet 15

(Continued)

SPECIAL CONDITIONS (Continued)

CONTRACT INTERCHANGEABILITY (Continued)

63. After the re-contracting period for receipt point access capacity, all remaining available capacities will be available to customers on a "first-come, first-served" basis. T

64. At any time, should sufficient customer demand exist for expansion of a receipt point or take-away capacity from a receipt point or transmission zone, the Utility will conduct an open season consistent with the initial Step 3 Open Season Process to award firm rights where applicable. T

REMAINING FIRM RECEIPT POINT ACCESS CAPACITY

65. Any creditworthy market participants may acquire available receipt point capacity for a minimum term of one month and a maximum term up to the period remaining in the three-year cycle at the G-RPAN rate. T

66. All unsubscribed firm receipt point capacity will be available to customers on a "first-come, first-served" basis. T

67. The Utility may also make available any operationally available capacity in excess of the above stated firm capacity quantities on a short-term firm basis under G-RPA1. T

68. The Utility may also post the availability of monthly receipt point capacity at a negotiated level below the G-RPA1 rate and will hold an open season for that capacity. Participants may submit a bid for receipt point capacity at the negotiated rate. Should the Utility receive bids in excess of the posted receipt point access capacity at a particular Receipt Point or within a particular Transmission Zone, participant awards will be awarded such that the awarded receipt point access capacity does not exceed the available capacities. Awards will be allocated first to the highest price bids; among equal price bids awards will be allocated from the longest term to the shortest term. If necessary, awards will be prorated among like price and like term bids. Customers may signify that any of their specific receipt point bids is an all-or-nothing bid so that it will be rejected if any prorating is required. T

(Continued)

(TO BE INSERTED BY UTILITY)
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Senior Vice President
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Schedule No. G-RPA
RECEIPT POINT ACCESS

Sheet 16

(Continued)

SPECIAL CONDITIONS (Continued)

INTERUPPTIBLE RECEIPT POINT ACCESS

69. The Utility will make available all unutilized firm receipt point access capacity or operationally available capacity on an interruptible basis at the G-RPAI rate and will schedule that capacity in accordance with the Utility' Rule No. 30 for scheduling of interruptible capacity.

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70. Customers taking interruptible service under the G-RPAI rate will only be required to execute one contract, which will provide service from all Receipt Points.

T

71. The Utility will contract with any creditworthy party for interruptible receipt point service under the G-RPAI rate.

T

72. The Utility may also post daily interruptible volumetric charges at a level below the G-RPAI rate for all interruptible receipt point service or just for a particular Receipt Point. On any day in which the Utility posts a daily interruptible charge at a level below the G-RPAI rate, all interruptible service used by customers at the applicable particular Receipt Points during that day will be charged the reduced volumetric charge. No interruptible service shall be charged at a level below the G-RPAI rate without the rate first being posted.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3818-A
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RESOLUTION NO. _____

Schedule No. G-BSS
BASIC STORAGE SERVICE

Sheet 1

APPLICABILITY

This tariff is closed to new subscription until further notice.

Applicable for unbundled firm basic storage service to retail noncore customers. All noncore customers shall be eligible to receive storage service under this schedule subject to the availability of the Utility's reserved basic storage capacity. Basic storage service utilizes existing storage facilities only.

TERRITORY

Applicable for gas stored by the Utility within its service territory.

RATES

Reservation Charges

The Utility has pricing flexibility to charge different rates than those stated below provided the reservation charge is no higher than the maximum reservation charge allowed in the G-TBS tariff.

Annual Firm Inventory

Reservation Charge for annual inventory capacity reserved

Rate, per decatherm 21.400¢

The above reservation charge shall apply to the customer's annual amount of reserved basic storage inventory and shall be billed in twelve equal monthly installments during the storage year.

One-Month Firm Injection

Reservation Charge for injection capacity reserved for one month

Rate, per decatherm 9.425¢

The above reservation charge shall apply to the customer's reserved basic storage monthly injection capacity rate for the month reserved multiplied by the number of days in that month and shall be billed in twelve equal monthly installments during the storage year.

(Continued)

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Schedule No. G-AUC
AUCTION STORAGE SERVICE

Sheet 1

APPLICABILITY

This tariff is closed to new subscription until further notice.

Applicable for unbundled as-available storage service to noncore customers, contracted marketers, marketer/agents, and core transportation customers; and to wholesale customers, core aggregators, and the Utility's gas supply department for any storage capacity that is additional to their allocated core storage rights. All eligible participants are collectively referred to herein as "customers" unless otherwise specified.

TERRITORY

Applicable for gas stored by the Utility within its service territory.

RATES

Reservation Charges

Firm Inventory

Reservation Charge for inventory capacity reserved

The inventory reservation charge shall be equal to the customer's actual price and capacity bid for inventory, as set forth in the customer's storage contract, and shall be billed in twelve equal monthly installments during the storage year, unless Special Condition 25 applies.

As-Available Injection

Reservation Charge for as-available injection capacity bid

The injection reservation charge shall be based on the customer's actual price and capacity rate bid for as-available injection service, as set forth in the customer's storage contract, and shall be billed in twelve equal monthly installments during the storage year, unless Special Condition 25 applies.

As-Available Withdrawal

Reservation Charge for as-available withdrawal capacity bid

The withdrawal reservation charge shall be based on the customer's actual price and capacity rate bid for as-available withdrawal service, as set forth in the customer's storage contract, and shall be billed in twelve equal monthly installments during the storage year, unless Special Condition 25 applies.

(Continued)

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Schedule No. G-TBS
TRANSACTION BASED STORAGE SERVICE

Sheet 1

APPLICABILITY

Applicable for unbundled firm or interruptible storage service, comprised of inventory, injection and withdrawal components, to any creditworthy party, including the Utility's Gas Procurement Department for any storage capacity that is additional to their Commission-allocated core storage rights. This schedule will be used for unbundled storage contracts executed from the effective date of this schedule. All eligible participants, including the Utility's Gas Procurement Department, are collectively referred to herein as "customers" unless otherwise specified.

Under this storage service rate schedule, the Utility shall provide unbundled storage services for a term of no more than three years (and no more than five years for wholesale core customer requirements) without CPUC approval. For terms more than three years, the Utility will seek CPUC approval. The storage service and associated charges shall be negotiated between the customer and the Utility, provided that the reservation charges do not exceed the applicable Component Rate Caps for this schedule.

All unsubscribed storage capacity will be available for customer subscription under this schedule. Customers may seek bundled or individual component services. The Utility may, however, impose limits pursuant to this schedule on the amount of unbundled storage services that a customer may acquire (e.g., the Utility may establish minimum or maximum levels of bundled services in conjunction with unbundled storage services). For example, the Utility may require customers to purchase a certain level of injection and withdrawal services in combination with inventory, or visa-versa.

The Utility may discount its storage services on a nondiscriminatory basis, and in compliance with all affiliate requirements. Nothing in this schedule is intended to affect the terms/conditions of customer contracts in effect prior to the effective date of this schedule.

TERRITORY

Applicable for gas stored by the Utility within its service territory.

RATES

Storage service rates under Schedule No. G-TBS consist of Reservation Charges, Volumetric Charges, and Variable Charges.

Firm Storage Service

The reservation charge, or price, for G-TBS storage service will be established between the customer and the Utility on a transactional basis dependent upon market conditions and the specific storage service to be provided to the customer. The price shall be set forth in the Contract and shall, unless otherwise specified in the Contract, be billed in equal monthly installments over the term of the Contract. The price under this schedule is applicable whether the service is used or not.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 12, 2008
 EFFECTIVE Jul 18, 2008
 RESOLUTION NO. _____

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Schedule No. G-TBS

TRANSACTION BASED STORAGE SERVICE

(Continued)

RATES (Continued)

Component Rate Caps

The Utility's per-unit reservation charges for a storage transaction may not exceed the following annual amounts for each component (i.e., inventory, injection, or withdrawal) of the package for packages with terms of one year or less. Customer preferences for annual packages in lieu of shorter-term packages will be honored to the extent annual capacity is available.

Inventory

Rate, per decatherm \$1.63

Injection Capacity

Rate, per decatherm per day \$60.00

Withdrawal Capacity

Rate, per decatherm per day \$30.00

For example, inventory-only could be sold for \$1.63/dth for any term up to one year. The maximum price for a package of 1,000,000 dth inventory with 5,000 dth/day of firm injection, and 10,000 dth/day of firm withdrawal will be \$2,230,000 for any term of up to and including one year, \$4,460,000 for any term more than one year but not more than two years, and \$6,690,000 for any term more than two years but not more than three years. Similarly, the maximum price for a package of 1,000,000 dth inventory with 10,000 dth/day of firm injection, and 20,000 dth/day of firm withdrawal will be \$2,830,000 for any term of up to and including one year, \$5,660,000 for any term more than one year but not more than two years, and \$8,490,000 for any term more than two years but not more than three years.

Interruptible Storage Service

Interruptible storage services for injection and withdrawal may be sold on a negotiated volumetric basis. The maximum rates for these services for each day of the service shall be \$2.00/dth for withdrawal and \$2.00/dth for injection. Interruptible services will be prioritized on the basis of price each day. Zero-priced, lowest-priority, interruptible injection and withdrawal service shall be included with all sales of inventory, whether that inventory is sold on a stand-alone or bundled basis.

(Continued)

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Schedule No. G-TBS
TRANSACTION BASED STORAGE SERVICE

Sheet 3

(Continued)

RATES (Continued)

Variable Storage Charges

Injection Service

Peak Season (April through November)

In-Kind Energy Charge, applied to all quantities delivered for injection
 Rate, percent reduction 2.440%

O&M Injection Charge, applied to all quantities injected (less In-Kind Charge)
 Rate, per decatherm 1.27¢

Off-peak Season (December through March)

Variable charges shall not be applied for off-peak storage injection service provided under this schedule unless otherwise set forth in the Contract.

Withdrawal Service

Peak Season (November through March)

O&M Withdrawal Charge, applied to all quantities withdrawn
 Rate, per decatherm 1.77¢

Off-peak Season (April through October)

Variable charges shall not be applied for off-peak storage withdrawal service provided under this schedule unless otherwise specified in the Contract.

(Continued)

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Schedule No. G-TBS
TRANSACTION BASED STORAGE SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS

General

1. The definitions of the principal terms used in this rate schedule and the Utility's other tariff schedules are contained in Rule No. 1.
2. Service under this schedule shall be curtailed in accordance with the provisions of Rule No. 23.
3. All terms and conditions of Rule No. 30 and Schedule No. G-IMB shall apply to the transportation of customer-owned gas in conjunction with the storage services provided under this schedule.
4. As a condition precedent to service under this schedule, an executed Master Services Contract (Form No. 6597) and an executed Master Services Contract, Schedule I, Transaction Based Storage Service (Form No. 6597-11) are required (referred to in this schedule collectively as the "Contract"). All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
5. The contract term for service under this schedule shall be set forth in the customer's Contract.
6. For customers under this schedule, any storage gas remaining in inventory at the conclusion of the customer's storage Contract term shall be considered an imbalance subject to the provisions of Schedule No. G-IMB, unless the customer obtains sufficient inventory capacity rights for the period immediately following the expiration of the Contract.
7. In the event the customer's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract, the Utility may at its option immediately purchase any remaining inventory quantities from such customer at the applicable Buy-Back Rate stated in Schedule No. G-IMB. The Buy-Back purchase amount paid to the customer may be reduced by any outstanding amounts owed by the customer for any other services provided by the Utility.

Secondary Market Rights

8. Customers served under this schedule may assign their contract storage rights in full to another customer upon written notice to Utility and approval by the Utility, and such approval shall not be unreasonably withheld by the Utility. Customers shall also have the same secondary market rights as established for all other storage customers, or as otherwise provided by Commission order.

(Continued)

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Schedule No. G-TBS
TRANSACTION BASED STORAGE SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

Storage Nominations

- 9. Storage customers must provide the Utility with their nominations for storage injections and/or withdrawals pursuant to Rule No. 30.
- 10. G-TBS customers may designate an agent to act on their behalf for the purpose of making storage nominations for their service under this schedule.

Storage Imbalance Trading

- 11. Except during any period of system curtailment, as described in Rule No. 23, G-TBS customers may use their available storage inventory capacity and quantities to (1) offset the customer's own transportation imbalances, or (2) trade with other customers for their transportation imbalances, under the imbalance trading provisions set forth in Schedule No. G-IMB.
- 12. For injections and withdrawals performed through imbalance trading, the customer shall not be required to have storage injection or withdrawal rights but shall be assessed the variable charges set forth herein for such storage operations. For such imbalance trading, the storage transaction shall be considered as occurring at the time the imbalance trade is completed by the Utility.
- 13. If gas is to be injected by the storage customer as a result of an imbalance trade, the customer must have sufficient available inventory space at the time the trade is completed by the Utility. If storage gas is to be withdrawn through an imbalance trade, the storage customer must have sufficient gas in inventory at the time the trade is completed.

Storage Inventory Transfers

- 14. Storage customers may mutually request to transfer gas in inventory from one customer's storage account to another. Such requests must be made by both parties to the inventory transfer and are limited to the inventory quantity available for transfer and the available inventory capacity of the receiving customer at the time the transfer is completed by the Utility. All transfers may be accepted or rejected, in whole or in part, by the Utility and shall not be deemed accepted until such time as the Utility notifies both customers of the completion of the transfer.

(Continued)

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Schedule No. G-TBS
TRANSACTION BASED STORAGE SERVICE

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

Storage Open Season

15. The Utility may also sell G-TBS storage using various forms of storage open seasons, including auctions and individual negotiations.

Posting Requirements

16. The Utility will post all G-TBS storage transactions on its EBB within one business day of execution, including the counterparty name, quantity of storage services contracted on an unbundled basis, contract prices, and contract term.
17. Given that the value of storage services are highly dynamic, and can change not only daily, but even hourly, the Utility is not required to offer posted prices or contract terms to any other customers. The Utility will meet and confer with any market participant regarding why it did not offer them the same prices and contract terms as other posted transactions. If, after such a meet and confer session, any market participant is not satisfied with the Utility's explanation, they may petition the CPUC, pursuant to Section I of Rule No. 4, to require the Utility to offer them the same prices and contract terms as other posted transactions, and the Utility may oppose such petition.
18. The Utility shall post on its EBB as soon as practicable prior to each nomination cycle the injection and withdrawal capacity of its storage system. The Utility shall post on its EBB the aggregate scheduled injection and withdrawal amounts for the completed gas flow day.

Firm Inventory

19. Zero-priced, lowest-priority, interruptible injection and withdrawal service shall be included with all sales of inventory, whether that inventory is sold on a stand-alone or package basis.

Set Asides for Wholesale Customers

20. Prior to selling unbundled storage capacity to other customers, the Utility shall allow wholesale customers to make annual storage capacity reservations, under Schedule G-TBS, for their core customer requirements, served by the Utility, in the same proportions as the combined portfolio core reservation.

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Schedule No. G-SMT
SECONDARY MARKET TRANSACTIONS OF STORAGE RIGHTS

Sheet 1

APPLICABILITY

Applicable to firm capacity rights to the Utility's storage system. Any creditworthy party can participate in the secondary market transactions under this schedule, including the Utility Gas Procurement Department and core aggregators. All eligible participants are collectively referred to herein as "Customers" unless otherwise specified.

TERRITORY

Applicable throughout the service territory.

SPECIAL CONDITIONS

GENERAL

1. Definitions of the principal terms used in this schedule are contained in Rule No. 1, Definitions.
2. Any disputed bill will be treated in accordance with Rule No. 11, Disputed Bills.
3. As a condition precedent to service under this schedule, an executed Master Services Contract (Form No. 6597) and 1) an executed Master Services Contract, Schedule I, Transaction Based Storage Service Contract (Form No. 6597-11) or 2) an executed Master Services Contract, Schedule F, Long-Term Storage Service Contract (Form No. 6597-6) or 3) an executed Master Services Contract, Schedule D, Basic Storage Service Contract (Form No. 6597-4) are required (referred to in this schedule collectively as the "Contract"). Contracts for CPUC-allocated storage packages for the Utility Gas Procurement Department (and core aggregators) will have a maximum term of one storage year. All contracts, rates and conditions are subject to revision and modification as a result of CPUC order.
4. Customer must meet the Utility's applicable credit requirements.
5. The Utility will file quarterly reports to the Commission stating the storage capacity rights held by Customers. Such reports will provide the name of the entity holding firm storage rights, the volume held, usage of the rights, and the terms of those rights, including pricing. Such information, excluding usage, will also be posted on the Utility's EBB and will be updated daily.
6. The Utility will post on its EBB all contracted firm storage capacity and the available unsubscribed storage capacity for sale. This information will be updated on a daily basis.

(Continued)

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Schedule No. G-SMT

Sheet 2

SECONDARY MARKET TRANSACTIONS OF STORAGE RIGHTS

(Continued)

SPECIAL CONDITIONS (Continued)

NOMINATIONS AND BALANCING

7. Service under this rate schedule shall be subject to all applicable terms, conditions and obligations of Rule No. 23, Continuity of Service and Interruption of Delivery, Rule No. 30, Transportation of Customer-Owned Gas, and Rate Schedule No. G-IMB, Transportation Imbalance Service.

SECONDARY MARKET ASSIGNMENTS

8. The Utility will schedule interruptible nominations up to available storage capacity subject to Rule No. 30, Transportation of Customer-Owned Gas.
9. Customers who hold firm storage rights may release (i.e., transfer) all or a portion of those rights to any creditworthy party in the secondary market through the Utility's EBB. (See Special Condition 12 below for exception.) The minimum duration for the released storage rights shall be one day. The maximum duration for the released storage rights shall be equal to the remaining duration of the storage rights being released. The transfer of any storage rights must be completed no later than 24 hours prior to the nomination cycle in which the released storage rights are to be used. Any creditworthy party may purchase firm storage rights in the secondary market. Any party releasing firm storage rights will be referred to as "Releasing Customer" and those purchasing firm storage rights through the secondary market will be referred to as "Acquiring Customer." Rights may be re-released any number of times under the same rules applicable to releases by customers who originally obtained the rights directly from the Utility. Releases may consist of all or part of the customer's storage rights and all or part of the remaining contract term. The Utility will bill the Acquiring Customer and credit the Releasing Customer subject to the provisions in Special Condition 12. If the Acquiring Customer's reservation rate is less than the Releasing Customer's reservation rate, the Releasing Customer will continue to be responsible for payment of the difference.
10. A customer may opt to designate one trading agent in addition to itself at any one time to buy or sell firm storage rights in the secondary market. The trading agent shall be specified in the customer's Contract or in the Nomination and Trading Authorization Form (Form 9924) and shall apply to all of the customer's Contracts. Such designation shall be subject to that trading agent complying with applicable tariff and contractual provisions. Customer shall provide appropriate written notice to the Utility of its intent to terminate a trading agent via the Form to Terminate a Nominating or Trading Agent (Form 9926).

(Continued)

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Schedule No. G-SMT

Sheet 3

SECONDARY MARKET TRANSACTIONS OF STORAGE RIGHTS

(Continued)

SPECIAL CONDITIONS (Continued)

SECONDARY MARKET ASSIGNMENTS (Continued)

11. Contract releases of firm storage rights must be completed electronically using the Utility's EBB.
12. The Acquiring Customer must satisfy the Utility's applicable credit requirements. If the Utility's creditworthiness requirements are satisfied, the Utility shall notify the Releasing Customer that it is conditionally* relieved of all liability for performance by the Acquiring Customer for the term of the release. Alternatively, the Releasing Customer may, at its option, waive the creditworthiness requirements applicable to the Acquiring Customer, in which case the Releasing Customer shall remain secondarily liable for non-performance by the Acquiring Customer. If a Releasing Customer exercises this option, it must continue to meet the Utility's applicable credit requirements for the duration of the Contract.

*The Releasing Customer shall continue to be liable and responsible for all reservation charges associated with the released firm storage rights up to the maximum reservation rate specified in the Releasing Customer's firm storage rights contract except for those releases, which are at the Releasing Customer's full contract price for the full remaining duration of the Releasing Customer's firm storage rights contract. If the Acquiring Customer does not make payment to the Utility of all applicable charges, the Utility shall notify the Releasing Customer of the amount due, including all applicable late charges, and such amount shall be paid by the Releasing Customer. Re-releases by an Acquiring Customer shall not relieve the original or any subsequent Releasing Customer of its obligations. In addition, the Releasing Customer may terminate the release of firm storage rights to an Acquiring Customer if such Customer fails to pay the entire amount of any bill for service under the release when such amount is due. Once terminated, firm storage rights and all applicable charges shall revert to the Releasing Customer.

13. The Utility will post on its EBB a summary of the completed secondary market transactions, listing releasing party, acquiring party, amount of capacity, transaction price, and term of the release. Information regarding secondary market transactions will be posted the next business day.
14. Market participants can voluntarily post secondary market transaction offers on the Utility's EBB.

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Schedule No. G-PAL
OPERATIONAL HUB SERVICES

Sheet 2

(Continued)

SPECIAL CONDITIONS

General

1. As a pre-requisite to the service under this schedule, an executed Master Services Contract and Schedule O, Operations Park and Loan Services Agreement (Form Nos. 6597 and 6597-22) are required (referred to in this schedule as the "Agreement"). All agreements, rates and conditions are subject to revision and modification as a result of Commission order.
2. The definitions of principal terms used in this rate schedule are contained in Rule No. 1 and in the Agreement.
3. The Utility System Operator is under no obligation to accept any bids or make any offers for Park or Loan services.
4. Service under this schedule shall be restricted in accordance with the provisions of Rule No. 23.
5. All terms and conditions of Rule No. 30 and Schedule No. G-IMB shall apply to the services provided under this schedule.
6. The length of term for service under this schedule shall be set forth in the Agreement.
7. In the event the Agreement is terminated, for whatever reason, prior to the completion of the term of such Agreement, Utility may, at its option, immediately purchase any remaining inventory quantities from Customer at the applicable Buy-Back Rate stated in Schedule No. G-IMB. The Buy-Back purchase amount paid to Customer may be reduced by any outstanding amounts owed by Customer for any other services provided by the Utility.
8. Prior to and while taking service under this tariff, Customer must meet the Utility's creditworthiness requirements.
9. Any bids or offers discussed by the parties and Agreement terms shall remain confidential except as required for reporting or disclosure by governmental agencies acting within their scope of authority.

Transaction Imbalances

10. An Under-Performance Imbalance is created when Customer uses less service than specified in the Agreement. In the event of an Under-Performance Imbalance, Customer is responsible for any charges applicable for unused capacity, unless otherwise specified in the Agreement or agreed to between the Utility and Customer.

(Continued)

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Schedule No. G-PAL
OPERATIONAL HUB SERVICES

Sheet 3

(Continued)

SPECIAL CONDITIONS (Continued)

Transaction Imbalances (Continued)

11. An Unauthorized-Use Imbalance occurs when Customer uses more service than specified in the Agreement. In the event of an Unauthorized-Use Imbalance, Customer shall be charged the maximum rate applicable to the services used, unless otherwise specified in the Agreement or agreed to between the Utility and Customer.
12. A Park Imbalance occurs when Customer leaves gas in Utility System beyond the date specified in the Agreement. In the event of a Park Imbalance, the Utility may, at its option, purchase, at any time, any remaining inventory quantities from Customer at the applicable Buy-Back Rate stated in Schedule No. G-IMB or charge Customer for Unauthorized Use, unless otherwise specified in the Agreement or agreed to between the Utility and Customer.
13. A Loan Imbalance occurs when Customer returns less gas to the Utility than specified in the Agreement. In the event of a Loan Imbalance, the Utility may replace the gas at a price reasonable for the Agreement's Point of Receipt consistent with the amount of notice provided by Customer, or, at the Utility's sole option, choose not to replace the gas. Where the Utility has replaced the gas, Customer shall be charged the Utility's cost for gas and transport to the Agreement's Point of Receipt, unless otherwise specified in the Agreement or agreed to between the Utility and Customer. Where the Utility has chosen not to replace the gas, Customer shall be charged the daily price, as determined by the method specified in the Agreement, applicable to the days for which an imbalance exists, multiplied by the daily imbalance amount, unless otherwise specified in the Agreement or agreed to between the Utility and Customer.

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Schedule No. GW-SD
WHOLESALE NATURAL GAS SERVICE

Sheet 2

(Continued)

SPECIAL CONDITIONS (Continued)

3. In the event of curtailment, the Utility shall provide service to Customer in accordance with the provisions of Rule No. 23.
4. The contract term for firm intrastate transmission service shall be two years. In the event the Customer does not subsequently execute an agreement electing an additional term, service may continue to be provided on an interruptible basis under this schedule.
5. For its firm intrastate transmission service, Customer may elect full requirements service only for that portion of such usage serving (1) its own core customers' requirements, on an aggregate basis, and/or (2) the requirements, on an individual basis, of those noncore customers designated by the Customer as requesting such service; as set forth in the Customer's Contract. The Customer must provide the Utility sufficient information to establish the usage requirements of its designated full requirements load.
6. Customer's full requirements service loads are prohibited from being displaced through use of alternate fuels or bypass pipeline service except (1) in the event of curtailment, (2) to test alternate fuel capability, or (3) where the Utility has provided prior written authorization for the use of alternate fuels or bypass for temporary periods. The Utility shall have the right to review the Customer's records in order to determine compliance hereunder.
7. In the event of any unauthorized alternate fuel use or bypass which displaces Customer's full requirements load, Customer must provide the Utility written notice thereof quantifying the extent to which alternate fuel or bypass use occurred. Such notice must be provided prior to the end of the month in which the usage took place. Any such unauthorized use will be subject to a use-or-pay charge equal to 80% of the applicable transmission charge. No other use-or-pay charges are applicable to full requirements service.
8. For its firm intrastate transmission service (excluding Customer's full requirements load, if applicable), Customer must contract for a separate annual quantity of gas applicable for each contract year during the term of the Contract ("partial requirements"). The annual contract quantity may not be changed during the term of the Contract and must be broken down by month into fixed service quantities for each contract year during the Contract term. Customer may request changes to the monthly contract quantities on a month-to-month basis, however, the total of the monthly contract quantities for a contract year must equal the annual contract quantity. The monthly quantity breakdown may be established on the basis of seasonal variations in accordance with Customer's historic usage pattern. The Utility reserves the right to accept or reject any requested contract quantities after considering Customer's historic requirements and other evidence provided by Customer regarding operational changes affecting its consumption.

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Schedule No. GW-SD
WHOLESALE NATURAL GAS SERVICE

Sheet 3

(Continued)

SPECIAL CONDITIONS (Continued)

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| <p>9. If at the end of a contract year, Customer's partial requirements firm intrastate transmission usage is less than 75% of the Customer's firm intrastate transmission contract quantity, Customer will pay use-or-pay charges equal to 80% of the average transmission charge for the last billing month of the contract year times the difference between the Customer's actual usage and the 75% threshold.</p> | <p>T,L
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| <p>10. <u>Use-or-pay</u> charges applicable to partial requirements firm intrastate transmission service shall only be forgiven to the extent Customer's reduced consumption is specifically due to intrastate curtailment or a Force Majeure event on either the interstate or intrastate systems.</p> | <p>T,L
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| <p>11. Customer may elect interruptible intrastate transmission service for all or part of its requirements. The minimum contract term for such service shall be one month.</p> | <p>T,L
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| <p>12. By mutual agreement, the Utility and Customer may negotiate interruptible intrastate transmission charges for a term of service of less than five years without CPUC approval. Any such negotiated transmission charges shall be set forth in the Customer's Contract. Any such contract must be submitted by letter to the CPUC and made available for public inspection. No other charges for service under this schedule shall be negotiable unless CPUC approval is first obtained.</p> | <p>T,L
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| <p>13. All contracts for a term of service of five years or longer ("long-term") meeting the guidelines set forth in Decision No. 92-11-052 must be filed for prior CPUC approval under the CPUC's Expedited Application Docket (EAD) procedure adopted in Decision No. 92-11-052. All other long-term contracts must be filed by advice letter for prior CPUC approval.</p> | <p>T,L
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| <p>14. Customer may be subject to the provisions of the Peaking Service Tariff, GT-PS, if it receives gas transportation service from an alternate service provider.</p> | <p>T,L
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| <p>15. Any affiliate of the Utility, including SDG&E, shipping gas on the Utility's system for use in electric generation shall use the Electronic Bulletin Board (EBB), as defined in Rule No. 1, to nominate and schedule such volumes separately from any other volumes that it ships on the Utility's system. Such gas will be transported under rates and terms (including rate design) no more favorable than the rates and terms available to similarly situated non-affiliated shippers for the transportation of gas used in electric generation.</p> | <p>N

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Schedule No. GW-SD
WHOLESALE NATURAL GAS SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

FIRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS

- 16. Open Season: Utility will conduct an open season to solicit contractually binding bids from noncore eligible customers for firm service in potentially capacity-constrained areas, as defined in Rule 1. L
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- 17. Scheduled Quantity Addendum: The Master Services Contract Schedule A Intrastate Transmission Service Scheduled Quantity Addendum (Form No. 6900) (Addendum) shall be used to specify hourly scheduled quantities in conjunction with the standard Master Services Contract Schedule A, Intrastate Transmission Service (Form No. 6597-1). T
- 18. Hourly Scheduled Quantity (HSQ): HSQ is the quantity awarded in an open season and to be delivered each hour as firm noncore service as specified in the Addendum under this rate schedule. T
- 19. Monthly Scheduled Quantity (MSQ): The MSQ under this rate schedule is equivalent to the summation of HSQs for the month. T,L
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- 20. Core Load: For its firm intrastate transmission service, Customer may elect full requirements service only for that portion of such usage serving its own core customer requirements, on an aggregate basis as set forth in the customer's contracts. The Customer must provide the Utility sufficient information to establish the usage requirements of its designated full requirements load. T,L
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- 21. Bidding: For its firm intrastate transmission service (excluding Customer's full requirements load), Customer must bid during the open season and contract for separate quantities of gas applicable to each hour of each month during the term of the contract ("partial requirements"). The scheduled quantities for partial requirements in the Addendum may not be changed during the term of the contract, with the exception of reductions made pursuant to Special Condition No. 23 and must be allocated by hour into HSQs for each contract year during the contract term. T,L
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Schedule No. GW-SD
WHOLESALE NATURAL GAS SERVICE

(Continued)

SPECIAL CONDITIONS (Continued)

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

- 22. Term: The term for firm service shall be the earlier of (a) two (2) years beyond the in-service date of facilities associated with the expansion of local transmission service or (b) five (5) years. Customer has the right to reduce HSQs in the event Customer's small noncore customer bids for firm service decline in subsequent open seasons. In the event all requests for firm noncore capacity can be awarded without proration and the Utility does not plan to expand the local transmission system within the five-year contract period, the Utility will inform the Commission. Upon Commission agreement that there is no need to construct additional facilities within the five-year contract period, the Utility shall amend the five-year contracts to expire after two-years, consistent with the term for small customers.
- 23. Use-or-Pay: At the end of each contract year Customer will provide a report to the Utility detailing aggregated noncore usage for each month of such contract year. If during any month of the contract year, Customer's firm noncore usage is less than 75% of Customer's firm noncore MSQ, Customer will be assessed use-or-pay charges equal to 80% of the transmission charges multiplied by the difference between 75% of Customer's firm noncore MSQ and Customer's firm noncore usage for that month.
- 24. Authorized Curtailment Quantity: The maximum hourly quantity (in therms) the customer is entitled to use during an interruptible service curtailment is equal to Customer's full requirements for its core end-use customers plus the specified and awarded partial requirements HSQ for the specific hour, day, month and year awarded. In the event interruptible service is only partially curtailed, Customer shall also be entitled to use the non-curtailed portion of their interruptible HSQ.
- 25. Availability of Daily and Hourly Data: In the event that daily usage data is not available, the recorded monthly volumes delivered to Customer shall be assumed to be delivered at a constant rate over the number of calendar days during the month. In the event that hourly usage data is not available, the recorded daily volumes delivered to Customer shall be assumed to be delivered at a constant rate over a 24-hour period.
- 26. Curtailment Violation Charges: Charges will apply hourly for any quantities consumed that exceed those authorized by hour at the following charges:
 - \$1 per therm for hours 1 through 5 of the curtailment event;
 - \$3 per therm for hours 6 through 8 of the curtailment event; and
 - \$10 per therm for each hour after hour 8 through end of the curtailment event.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3818-A
DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

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DATE FILED May 12, 2008
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Schedule No. GW-SD
WHOLESALE NATURAL GAS SERVICE

(Continued)

SPECIAL CONDITIONS (Continued)

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

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

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Schedule No. G-RPA
RECEIPT POINT ACCESS

Sheet 7

(Continued)

SPECIAL CONDITIONS (Continued)

SET-ASIDES: Pre-Open Season - Step 1

18. The Utility Gas Procurement Department is assigned firm receipt point access rights prior to the open season process to match qualifying upstream pipeline contracts for their core loads. Other Wholesale Customers, Core Transportation Aggregators (CTAs), California producers and certain long-term contract (LTK) holders shall have the option to acquire firm receipt point access rights prior to the initial open season. The set-aside rights will be taken under the G-RPA1 rate. T,D
19. The Utility Gas Procurement Department set-aside is equal to the average daily capacity of the qualifying upstream pipeline contracts (those exceeding 18 months during the applicable three-year period). The set-aside is established based on actual commitments in place three months before any three-year open season. T
20. California Producers including Exxon Mobil's production at Santa Ynez whose facilities are connected directly to the (i) Utility's Line 85, (ii) North Coastal system or (iii) another system without a single identified receipt point or transmission zone will receive a set-aside option for a quantity equal to the producer's peak month's daily average production over the most recent three-year period. Peak month is defined as the month with the highest average daily volume. The set-aside quantity shall be increased if the specific production is likely to increase and such forecasted increase can be justified by the producer. California Producers may elect all or a portion of the set-aside quantity. This set-aside applies to any SoCalGas "native gas" production. Occidental of Elk Hills, Inc. will be provided a similar set-aside option for 90 MMcf/d at the OEHI Gosford receipt point. The set-aside rights will be taken under the G-RPA1 rate. D
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21. An end-use customer under a Commission-approved long-term firm transportation contract in effect on December 14, 2006 which specifies firm deliveries at a particular Utility receipt point shall have a set-aside option, equal to the higher of the customer's Tier 1 contract quantities or the most recent average daily usage, for access capacity at those specified receipt points. Customers with these long-term contracts will have the ability to increase the set-aside quantity based on a justified increase in consumption under the long-term transportation agreement based on Special Condition No. 33 (4). The set-aside rights will be taken under the G-RPA1 rate. T

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Schedule No. G-RPA
RECEIPT POINT ACCESS

Sheet 8

(Continued)

SPECIAL CONDITIONS (Continued)

SET-ASIDE OPTIONS – Pre-Open Season Step 1 (Continued)

22. PG&E customers (City of Glendale, City of Pasadena, Ulster Petroleum LTD, Talisman (Rigel), and U.S. Gypsum) with effective Commission-approved contracts for delivery at PG&E Kern River Station under PG&E G-XF Rate Schedule in effect at the time of implementation, shall have a set-aside option for access rights at PG&E Kern River Station. The set-aside rights will be taken under the G-RPA1 rate. T
23. Parties who have provided incremental cost based funding under Utility Rule No. 39, Access to the SoCalGas Pipeline System, for increased receipt point capacity on a Displacement Receipt Point Capacity and Expansion Receipt Point Capacity, or a combination of the two, basis shall receive a set-aside option prior to the first open season following completion of the facilities and each open season thereafter. Such set-aside option shall equal the quantity of the increase in receipt point capacity funded. The set-aside quantity at Otay Mesa shall be limited to 700 MMcf of Displacement Receipt Point Capacity. The set-aside rights will be taken under the G-RPA1 rate. T
24. CTAs set-aside is equal to the average daily capacity of the qualifying upstream pipeline contracts (those exceeding 18 months during the applicable three-year period) to serve their core loads. These set-asides options are established based on actual commitments in place three months before any three-year open season. CTAs are not required to select the set-aside option. The set-aside rights will be taken under the G-RPA1 rate. T
25. Other wholesale customers' set-aside for only their core load is equal to the average daily capacity of the qualifying upstream pipeline contracts (those exceeding 18 months during the applicable three-year period). These set-asides options are established based on actual commitments in place three months before any three-year open season. The other wholesale customer is not required to select the set-aside option. The set-aside rights will be taken under the G-RPA1 rate. T
26. If the total amount of set-asides exceed the available capacity at a particular receipt point or the available capacity of the applicable Transmission Zone, set-asides for core customers, including the core loads of wholesale customers provided set-asides options, will be provided first and all other set-asides are subject to being pro-rated to the extent the total amount of set-asides selected exceed the available capacity of the applicable Transmission Zone or a particular receipt point. T

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Rule No. 01
DEFINITIONS

Sheet 1

The following are definitions of the principal terms used in these tariff schedules.

Agent Marketer (Agent): Agents are individuals, companies or consortiums that are appointed by noncore customers to act on their behalf in activities such as the purchasing, nominating and balancing of gas supplies. As an example, however, Agents bear no financial responsibility for the transportation imbalances incurred by the customers they represent.

Aggregator: See Energy Service Provider (ESP).

Alternate Fuel: Any fuel, gaseous, liquid, or solid, that may be used in lieu of natural gas. Electricity shall not be considered as an alternate fuel for purposes of conversion.

Alternate Fuel Capability: Alternate fuel facilities installed, permitted and capable of use on a sustained basis, excluding those uses exempted by Section 2773.5 of the California Public Utilities Code.

Alternate Gas Transportation Service Provider: Entity other than the Utility that transports natural gas to the customer's facility.

Annual Firm Withdrawal: Storage withdrawal service that is available every day of the storage year except for core emergencies, force majeure, or scheduled maintenance outages.

Appliance: Approved (e.g. AGA listed) and essential gas fired equipment.

Applicant: Person, agency, or entity requesting the Utility to supply natural gas service.

Application: Request to the Utility for natural gas service; not an inquiry as to the availability or charges for such services.

Balancing Account: Account in which expenses are compared with actual revenues derived from rates designed to recover those expenses. Any resulting over- or undercollection, plus interest, is due to or owed from ratepayers, respectively. Account balances are amortized in future rates, as approved by the Commission.

Balancing Service: Best-efforts service to accommodate imbalances between actual Customer usage and Customer-owned gas delivered to the Utility.

Baseline: A rate structure mandated by the California Legislature that ensures all residential customers are provided a minimum necessary quantity of gas at the lowest possible cost.

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Rule No. 01
DEFINITIONS

Sheet 4

(Continued)

Critical Customer: Customer facility where the interruption of natural gas service would cause a danger to human life, health or safety, and includes customers such as hospitals, other state-licensed health care facilities, medical research facilities, medical facilities at military installations and detention facilities, municipal water pumping plants and sanitation facilities.

Cross-Over Rate: Procurement rate authorized in D.02-08-065 that is comprised of: (1) the higher of the weighted average estimated cost of gas (WACOG) for the current month, derived in the manner set forth in D.98-07-068, plus any adjustments for over- or under-collection balance in the Core Purchased Gas Account (CPGA) as defined and approved in D.98-07-068, or the Adjusted Border Price; (2) authorized franchise fees and uncollectible expenses; and (3) authorized core brokerage fee. The Border Price is equal to the average of the first of the month "Southern Cal Border Avg." index from Natural Gas Intelligence and the "Bid Week, California-South, Delivered to Pipeline" index from Natural Gas Week. The Adjusted Border Price is equal to the Border Price less the currently authorized core interstate capacity costs included in core transportation rates.

Cubic Foot of Gas: The quantity of gas that, at a temperature of sixty (60) degrees Fahrenheit and a pressure of 14.73 pounds per square inch absolute, occupies one cubic foot.

Curtailment: Utility initiated suspension of natural gas service. Utility may temporarily reduce the quantity of gas it will transport or deliver or may terminate service entirely for certain service categories as needed for operational requirements.

Customer: Person or entity in whose name service is rendered as evidenced by the signature on the application, contract, or agreement for that service, or in the absence of a signed instrument, by the receipt and payment of bills regularly issued in their name.

Customer-Owned Gas: Natural gas transported by the Utility for customer's own use where title to such natural gas is held by the Utility customer or third party and is not a part of the Utility-owned system supplies.

Daily Forecast Quantity: A forecast of core customer daily usage as provided by the Utility's Demand Forecasting Group (in the Regulatory Affairs department) using a consistent daily load forecast equation, and will be developed no sooner than two hours before the start of flow day. Weather forecasts input into the equation will be from an independent third party and the most current available as of 5:00 a.m. of flow day.

Day: Period commencing at 12:00 midnight (Pacific time) on any calendar day and ending at 12:00 midnight (Pacific time) on the next succeeding calendar day.

DCQ: See Contract Quantity, Daily.

Decatherm: Ten therms or 1,000,000 British thermal units (MMBtu).

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Rule No. 01
DEFINITIONS

Sheet 5

(Continued)

Direct Access (DA): Any end-use Utility customer electing to procure its natural gas, and any other CPUC-authorized energy services, directly from energy service providers (ESP).

Direct Access Service Request (DASR): Request for enrollment, termination, or other change under the Core Aggregation Transportation (CAT) program. The DASR transaction outlined in Rule No. 32 was implemented pursuant to CPUC D.98-02-108.

Displacement Receipt Point Capacity: Utility pipeline system improvements which increase the take-away capacity from a receipt point but do not increase the overall downstream capacity of the Utility's backbone transmission system. The addition of Displacement Receipt Point Capacity increases the ability of the Utility to receive gas from a particular receipt point or zone in competition with other gas supplies delivered into the system.

Electric Generation: Use of natural gas to generate electricity, either directly or indirectly, including natural gas used for cogeneration or solar electric generation projects.

Electric Generation Startup and Igniter Fuel: Electric generation natural gas use where no alternate fuel capability exists for: (1) heating the boiler system adequately during start-up to enable efficient oil burning to meet pollution standards; and (2) insuring continuous-ignition and flame-stabilization within the boiler.

Electronic Billing: An option that customers can elect whereby the Utility provides billing information to the customer by means of a computer network such as the Internet or in a form to be used by a computer or similar electronic device to destinations mutually agreed upon between Utility and the customer, such as the Utility's web page, or a home banking, bill aggregator or financial institution website.

Electronic Bulletin Board (EBB): Southern California Gas' Internet based electronic gas transactions and information management computer system. Current trademarked name is SoCalGas' Envoy.

Electronic Bulletin Board (EBB) User: The customer's employee, agent or contractor who has been authorized to access the Utility's EBB on Form 6800 and is authorized to perform transactions and obtain information on behalf of the customer.

Electronic Data Interchange (EDI): The sending and receiving of data and/or funds in a structured electronic format, commonly involving information technology and telecommunications technology.

Energy Service Provider (ESP): Individuals, companies or consortiums that arrange for natural gas procurement related activities (procurement, interstate transportation and balancing) on behalf of core customers. See Rule No. 32.

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Rule No. 01
DEFINITIONS

Sheet 6

(Continued)

Enhanced Oil Recovery (EOR): Operation which includes the use of natural gas to pressure, cycle, or inject a substance into a well for the purpose of increasing oil production from that well, specifically including natural gas used for cogeneration to promote these operations.

Enterprise: Business corporation, partnership, or sole ownership established for the purpose of engaging in a single business or commerce.

Equivalent Margin: Margin embedded in the Commission's rate design. Margin is the amount of revenue the Commission allows a utility to recover over a one-year period without consideration of fuel costs, Gas Exploration and Development Adjustments and Conservation Cost Adjustments.

Exchange Gas: Natural gas which is produced by a customer and redelivered under a natural gas exchange agreement by Utility to that same customer at a different location.

Expansion Receipt Point Capacity: Utility pipeline system improvements which increase the take-away capacity from a receipt point and the overall downstream capacity of the Utility's backbone transmission system.

Facility: Individual meter with the exception of meters combined for the Utility's operating convenience in accordance with Rule No. 17. Customers who have had more than one meter installed for their own convenience at their own request shall be treated as a separate facility with respect to each meter.

Feedstock Usage: Natural gas used as raw material for its chemical properties in creating an end product.

Force Majeure: Unanticipated events or conditions beyond the reasonable control of the party claiming Force Majeure which could not have been prevented by the exercise of due diligence. Force Majeure as it applies to the Tariff Rate Schedules specifically does not include required maintenance of customer's facilities, plant closures, economic conditions or variations in agricultural crop production.

Franchise Fees: Financial obligation collected from the customers by the Utility and remitted in whole to a city or a county government for the Utility's nonexclusive right to install and maintain equipment on that government's highway and street property, or public rights of way.

Full Requirements Service: Full requirements service is an option for core subscription customers and firm intrastate transmission customers. Full requirements customers choose to have all of their fossil fuel requirements satisfied by natural gas. Full requirements customers may choose to procure their supplies from the Utility; transport their own supplies; or any combination of the two. Such customers are not subject to use-or-pay charges except to the extent that unauthorized alternate fuel use or bypass occurs. Full requirements customers are prohibited from using alternate fuels or bypass pipeline service except: (1) in the event of curtailment, (2) to test alternate fuel systems, or (3) where Utility has provided prior written authorization for the use of alternate fuels or bypass. Any fuel produced on-site by the customer can be used by the producer without penalty.

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Rule No. 01
DEFINITIONS

Sheet 7

(Continued)

Gas Engine Water Pumping: Natural gas engine used for water pumping in agricultural or agricultural-related operations for the growing of crops or the raising of fowl or animals within SoCalGas' service territory. In addition, any natural gas engine used for municipal water pumping for countercyclical or agricultural use.

Gas Service Provider (GSP): Supplier of natural gas to core or noncore customers including, but not limited to Energy Service Provider (ESP or Aggregator), Contracted Marketer, Agent or its equivalent title for SoCalGas, Pacific Gas & Electric Company, or San Diego Gas & Electric Company.

Gas Service Provider No Longer Offering Gas Service In California: GSP will be considered no longer offering gas service in California if the GSP does not provide natural gas to any customer facility on the system of SoCalGas, Pacific Gas & Electric Company or San Diego Gas & Electric Company, excluding those customers that serve as their own GSP.

Gas Supply: Supply of gas procured by Utility on behalf of its procurement customers and to meet its operational needs.

Heating Value: Number of Btus liberated by the complete combustion at constant pressure of one cubic foot of natural gas at a base temperature of sixty degrees Fahrenheit (60°F) and a pressure base of fourteen and seventy-three hundredths (14.73) psia, with air at the same temperature and pressure as the natural gas, after the products of combustion are cooled to the initial temperature of the natural gas, and after the water vapor of the combustion is condensed to the liquid state. The Heating Value of the natural gas shall be corrected for the water vapor content of the natural gas being delivered except that, if such content is seven (7) pounds or less per one million (1,000,000) cubic feet, the natural gas shall be considered to be dry.

Housing Project: Building or group of buildings located on a single premises and containing more than one family dwelling unit.

Hub: Also California Energy Hub, refers to SoCalGas' area natural gas hub. Encompasses the various delivery points in California or at the California border at which some portion of a Hub Transaction may be effectuated by utilizing SoCalGas' facilities or some interconnection therewith.

Hub Delivery Point: Point on the Hub where SoCalGas shall deliver natural gas to any service user or for service user's account. Hub Transaction may require more than one delivery point.

Hub Displacement Delivery: Delivery or redelivery to a service user on an interruptible basis of natural gas received by SoCalGas pursuant to a "Wheeling Transaction" or a "Parking Transaction", when such redelivery occurs at a delivery point where either party has access to an interstate pipeline, but not a delivery point located on or interconnected with the pipeline facilities of SoCalGas as the ultimate delivery point. Displacement delivery is made in the direction contrary to the physical flow of gas in a pipeline facility.

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Rule No. 01
DEFINITIONS

Sheet 8

(Continued)

Hub Receipt Point: Point on or off the Hub where SoCalGas shall receive natural gas from service user or for a service user's account in connection with a Hub Transaction. Hub Transaction may require more than one receipt point.

Hub Transaction: Either an interruptible Parking or Loaning-storage type transaction or a Wheeling transmission type transaction or other transactions approved and implemented from time to time.

Individually Metered Service: Service whereby each single family dwelling unit, each dwelling unit within a multi-family structure, or nonresidential occupancy, is separately metered and billed by the utility.

Industrial Use: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product.

Interstate Transition Cost Surcharge (ITCS): Volumetric surcharge on the Utility's noncore intrastate transmission service to recover costs for certain interstate pipeline demand charges resulting from the transition to an unbundled interstate capacity market pursuant to the CPUC's Capacity Brokering Rules set forth in Decision Nos. 91-11-025 and 92-07-025. ITCS is applicable to all noncore service except for enhanced oil recovery and that service provided by the Utility under fixed-rate contracts (including long-term contracts in effect on or before the implementation date of the CPUC's Capacity Brokering Rules).

Interruptible Storage Service: Injection or withdrawal storage service which is provided at times when firm storage capacity is not fully utilized.

Late Payment Charge: Charge that is added to offset the expenses created by late customer payments.

Life-Support Device: Medical device using Utility-supplied natural gas for its operation that is regularly required to sustain, restore, or supplant a vital function of a person residing in a residential unit. Term does not include apparatus or appliances used in a hospital or medical clinic, nor does it include therapeutic devices such as pool or tank heaters, saunas, or hot tubs.

Loaning Transaction: Utility advances or loans natural gas which is returned by service user delivering back to Utility an equivalent or greater natural gas quantity at the time(s) and locations(s) specified in the Hub Transaction.

Log On ID: Identification code issued to an EBB User and used to authenticate identity, privileges and to establish communication and initiate interaction with the Utility's EBB.

Low-Income Ratepayer Assistance (LIRA) Program: See California Alternate Rates for Energy (CARE) Program above.

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Rule No. 01
DEFINITIONS

Sheet 9

(Continued)

Mailed: Notice or other communication to the customer will be considered "mailed" when received into the customer's electronic mail box via electronic data interchange or when it is enclosed in a sealed envelope, properly addressed, and deposited in any authorized United States Postal Service receptacle, postage prepaid.

Main Extension: Length of main and its related facilities required to transport natural gas from the existing facilities to the point of connection with the service piping.

Marketer: Third party which accesses one or more interstate or intrastate pipeline systems for the purpose of transporting natural gas to Utility System on Marketer's own behalf or on the behalf of designated end-use customers.

Master-Metered Service: Service whereby the Utility installs a meter to register the consumption of two or more occupancies.

Maximum Daily Quantity (MDQ): Maximum daily quantity of natural gas that can be nominated for delivery to a customer's premises not served by an automated meter when the Utility institutes an excess nominations period. For noncore customers and core customers not served under core aggregation this is based on the equipment at the customer's facility. For ESP's the maximum daily quantity is equal to their DCQ.

Mcf/d: Thousands of cubic feet per day. Measure quantifies the amount of gas being consumed or transported on a daily basis.

Memorandum Account: Account authorized by the Commission for the purpose of tracking certain costs and revenues. Each individual memorandum account may have specific accounting treatment applicable to that account.

Minimum Daily Quantity (MinDQ): Estimate of natural gas usage at a customer's premises not served by an automated meter for purposes of compliance with winter delivery requirements as specified in Rule No. 30.

Mobilehome: Structure designed as a residence, in one or more sections, and of width and length, which when moved over a public highway requires a special permit from the California Department of Transportation. They are located in mobilehome parks and residential lots in California where they comply with the requirements of the local ordinances for permanent housing. Mobilehomes first sold prior to July 1, 1980 are licensed by the California Department of Housing and Community Development. Mobilehomes first sold new on and after July 1, 1980, for installation as a residence, are all automatically subject to local property taxation.

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Rule No. 01
DEFINITIONS

Sheet 10

(Continued)

Mobilehome Park: Area of land where two or more mobilehome sites are rented to accommodate mobilehomes used for permanent residency. Homeowner and mobilehome park management are subject to the Civil Code requirements of the "Mobilehome Residency Law". This law only applies to a mobilehome that requires a permit to be moved on a street or highway.

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Multi-family Accommodation: Apartment building, duplex, mobile home park, or any other group of permanent residential single-family dwellings located upon a single premises, provided that the residential dwellings therein meet the requirements for a single-family dwelling or accommodation. Multi-family accommodation does not include hotels, motels, residential hotels, guest or resort ranches, marinas, tourist camps, recreational vehicle parks, campgrounds, halfway houses, rooming houses, boarding houses, institutions, dormitories, rest or nursing homes, convalescent or care facilities, military barracks, or any enterprise that includes or rents to either transient tenants or transient accommodations.

Net Usage: Customer's uncorrected billing period usage plus any adjustments from previous billing periods.

Noncore Service: Service to customers who are not assigned to end-use priority 1 or 2A as defined in Rule 23. Customers receiving noncore service must have Automated Meter Reading (AMR) equipment installed at customer's expense as a condition of noncore service.

Non-Profit Group Living Facility: Non-profit homeless shelter that may be government subsidized with six (6) or more beds that provides lodging day or night for a minimum of 180 days of the year; other non-profit residential-type facilities (excluding government-owned and privately-owned, "for profit" government-subsidized housing) that provide a service in addition to lodging and which may be licensed by the appropriate state agency to care for residents who temporarily or permanently cannot function normally outside of the group home environment; and non-licensed, separately metered affiliated facilities where the primary facility is eligible for CARE and is the customer of record for the affiliate, and at least 70% of the energy consumed by the affiliate is used for residential purposes. All residents must meet the CARE income eligibility standards; however, a caregiver who lives in the group facility is not a resident for purposes of determining the facility's eligibility. Non-profit group living facilities that are not licensed or certified must provide any other documentation the Utility may reasonably require.

Off-System Customer: Marketer, broker, supplier or other entity contracting for off-system delivery services within California or bidding for storage on its own behalf for ultimate consumption outside the Utility's service territory within California.

Open Season: Designated time period in which a service election must be submitted to the Utility. Customers who do not submit their service election during the Open Season will receive default service, or will continue receiving current service election, if tariffs contain evergreen provisions.

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
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Rule No. 01
DEFINITIONS

Sheet 11

(Continued)

Operational Hub Services: Interruptible park and loan Hub transactions provided by the Utility System Operator through the Utility's Rate Schedule G-PAL.

Paid or Payment: Funds received by Utility through postal service, Utility payment office, Utility authorized agent, or deposited in Utility bank account by electronic transfer.

Parking Transaction: Utility-received natural gas for service user's account for short-term interruptible storage.

Peak Day Minimum: Volume of gas in Utility storage inventory that provides deliverability for the core 1-in-35 year peak day event, firm withdrawal commitments and noncore balancing requirement. Peak day minimums are calculated annually as part of normal winter operations planning. Peak day minimums are specified in billion cubic feet (Bcf).

Peak Day Minimum + 5 Bcf Trigger: Volume of gas in Utility storage inventory at which customers are required to deliver on a daily basis 90% of burn as specified in Rule No. 30.

Peak Day Minimum + 20 Bcf Trigger: Volume of gas in Utility storage inventory at which customers are required to deliver on a daily basis 70% of burn as specified in Rule No. 30.

Peak-Day Volume: Customer's highest one-day usage over the specified time period.

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

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

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

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

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

(Continued)

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Rule No. 01
DEFINITIONS

Sheet 12

(Continued)

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

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

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

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

- A. Non-UEG customers: The customer's average daily volume divided by the customer's Peak-Day Volume recorded on the SoCalGas system over the 12 month period prior to the installation and operation of bypass facilities.
- B. UEG customers subject to CPUC jurisdiction: The customer's average daily combined volume divided by the combined Peak-Day Volume on the Utility system and the bypass pipeline(s) on a cumulative basis over the relevant time period as follows:
 - 1) For the first three billing months following the date of bypass, the relevant time period will be the three months prior to the month service is provided, up to the 20th day of the month prior to the month service is provided.
 - 2) After the first three billing months following the date of bypass, the relevant time period will be all days since the first day after bypass begins, or over the previous twelve months, whichever is less, to the 20th day of the month prior to the month service is provided.

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Rule No. 01
DEFINITIONS

Sheet 13

(Continued)

Pre-Bypass Load Factor (Continued)

C. UEG customers not subject to CPUC jurisdiction: The customer's aggregate forecasted average daily volume divided by the customer's Peak-Day Volume based on the most recently adopted forecast in SoCalGas' BCAP proceeding.

If daily measurement load data is not available for the specified time periods, then monthly load data will be pro-rated on a daily basis to calculate the appropriate Pre-Bypass Load Factor.

Premises: All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil field, resort enterprises and public or quasi-public institutions, by a dedicated street, highway or other public thoroughfare or a railway. Automobile parking lots constituting a part of and adjacent to a single enterprise may be separated by an alley from the remainder of the premises served.

Prime Mover: Machine which converts heat energy supplied by fuel into mechanical energy.

Priority: Classification assigned to all customers to be used in the event of curtailment as provided for in Rule 23.

Procurement Customer: Customer who receives both natural gas procurement and transportation services from the Utility.

Procurement Management Charge: Charges billed to ESPs participating in the Core Aggregation Transportation program that may arise from ESPs' management of procurement portfolios on behalf of customers served by the ESPs.

Qualified Agricultural Employee Housing Facility: Migrant farmworker housing center provided pursuant to Section 50710.1(e) of the Health and Safety Code currently under contract to the Office of Migrant Services; privately-owned employee housing as defined by Section 17008 of the Health and Safety Code, that is licensed and inspected by state and/or local agencies pursuant to Part I (commencing with Section 17000) of Division 13 of the Health and Safety Code; or agricultural employee housing operated by nonprofit entities as defined by Subdivision (b) of Section 1140.4 of the Labor Code exempted from local property taxes pursuant to subdivision (g) of Section 214 of the Revenue and Taxation Code. All usage (100%) must be residential except for master-metered non-migrant agricultural employee housing operated by a nonprofit entity where at least 70% of the energy consumed must be used for residential purposes. Each resident household in the facility (except migrant and non-profit farm worker housing centers pursuant to AB 868) must meet the CARE income-eligibility standards; however, an employee operating and/or managing the facility who lives in it is not considered a resident household for purposes of determining eligibility.

(Continued)

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Rule No. 01
DEFINITIONS

Sheet 14

(Continued)

Qualified Contractor/Subcontractor (QC/S): Applicant's contractor or subcontractor who: 1) Is licensed in California for the appropriate type of work such as, but not limited to, gas and general; 2) Employs workmen properly certified for specific required skills such as, but not limited to, plastic fusion and welding. Workmen shall be properly qualified; and 3) Complies with applicable laws such as, but not limited to, Equal Opportunity Regulations, OSHA and EPA.

Recreational Vehicle: Motor home, travel trailer, camper or camping trailer, with or without motive power, designed for recreational or emergency occupancy. Travel trailer or camping trailer may be moved on a public highway without a special permit or chauffeur's license. Recreational Vehicles are licensed by the Department of Motor Vehicles, and must comply with traffic laws.

Recreational Vehicle Park: Area or tract of land within an area zoned for recreational use; or a separate designated section within a mobilehome park. Lots are customarily occupied for temporary purposes (less than 30 days), and there is displayed in plain view a sign indicating that the recreational vehicle may be removed from the premises, for the reason specified in the Civil Code "Recreational Vehicle Park Occupancy Law". Sign must also contain the number of the local traffic law enforcement agency.

Red Team: Term referring to a California State-sponsored economic development effort whose principal goal is the creation and/or retention of business within the State of California. Red Teams typically consists of State and local governments, utilities and businesses who mobilize individuals and resources to negotiate, streamline and expedite the business retention, expansion or development process; identify and propose incentives; and recommend resolution of regulatory issues and requirements. Separate Red Teams are usually created for each project under the leadership or coordination efforts of the California Trade and Commerce Agency.

Refinery: (1) Establishments primarily engaged in producing gasoline, kerosene, distillate fuel oils, residual fuel oils, and lubricants, through fractionation or straight distillation of crude oil, redistillation of unfinished petroleum derivatives, cracking or other processes. Establishments of this industry also produce aliphatic and aromatic chemicals as byproducts; and (2) Establishments primarily engaged in hydrogen manufacturing for sale in compressed, liquid, and solid forms.

Residential Dwelling Unit: Group of rooms, such as a house, a flat, an apartment, or a mobilehome which provides complete single-family living facilities in which the occupant normally cooks meals, eats, sleeps, and carries on the household operations incident to domestic life.

(Continued)

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Rule No. 01
DEFINITIONS

Sheet 15

(Continued)

Residential Hotel: Hotel establishment which provides lodging as a primary or permanent residence and has at least 50% of the units or rooms leased for a minimum period of one month and said units are occupied for nine months of the year. Residential hotels do not include establishments such as guest or resort hotels, resort motels or resort ranches, tourist camps, recreational vehicle parks, half-way houses, rooming houses, boarding houses, dormitories, rest homes, convalescent or care facilities, military barracks, or a house, apartment, flat or any residential unit which is used as a residence by a single family or group of persons.

Residential Use: Gas service for use at dwelling units, which includes service to residential units and mobile home units but does not include enterprises such a rooming houses, boarding houses, dormitories, rest homes, convalescent or care facilities, military barracks, stores, restaurants, service stations and other similar establishments. Also excluded are central heating plants serving a combination of residential and commercial uses where the commercial portion of the use is in excess of 100 Mcf per day or is more than 15% of the total natural gas requirements.

Rules: Tariff sheets which set forth the application of all rates, charges and service when such applicability is not set forth in and as a part of the rate schedules.

Seasonal Service: Permanent natural gas service to a facility which is utilized seasonally or intermittently, such as a seasonal resort, cottage or other part-time establishment.

Service: All pipe, valves and fittings from and including the connection at the main up to the service delivery point.

Service Delivery Point: Point where the utility's pipe connects to the customer's house line, usually the meter location.

Service Extension: Consists of the service as above defined when provided for a new customer at a premises not heretofore served in accordance with the service extension rule.

Shipper: See Marketer.

Short-Run Marginal Cost: Variable per-unit cost of providing additional throughput to the average customer in a customer class. Short-Run Marginal Cost (SRMC) is determined for a given customer class by dividing the sum of Company Use and Unaccounted for (UAF) costs allocated to that customer class in the most recent BCAP by the cost allocation throughput for that customer class.

SoCalGas: Southern California Gas Company (also referred to as "Utility").

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Rule No. 01
DEFINITIONS

Sheet 16

(Continued)

Solar Electric Generation Project: Project which utilizes solar energy as the primary fuel in the generation of electricity, uses natural gas as a secondary fuel constituting 25% or less of the total fuel utilized on an equivalent basis, has a natural gas efficiency utilization rate of more than 60%, and qualifies as a small power production facility under the Public Utility Regulatory Policies Act of 1978.

Space Heating Only: Term applied to customers who are using gas primarily for space heating for human comfort as determined by survey or under the presumption that customers who use less than 11 therms per month during each of the regular billing periods ending in August and September are using gas primarily for space heating for human comfort.

Standby: Gas service used as an alternate energy source, typically for emergency or backup purposes.

Stub Service: Lateral pipe, including valves and fittings, from and including the connection at the main to a dead end near the curb or property line of the street in which the main is located.

Submetered Service: Service from metering furnished, owned, installed, maintained, read and tested by the customer who is served through a master meter.

Summary Bill: Billing statement that includes charges for multiple service accounts.

Surface Repair: Replacement to the satisfaction of the Utility, appropriate governmental agency, or property owner, of existing asphalt, concrete, decorative surfaces, landscaping, etc., removed for trenching and/or construction purposes.

Tariff Schedules: Entire body of effective rates, rentals, charges, and rules collectively, of the Utility, as set forth herein, and including title page, preliminary statement, rate schedules, rules and sample forms.

Tariff Sheet: Individual sheet of the tariff schedules.

Temporary Service: Service for enterprises or activities which are temporary in character or where it is known in advance that service will be of limited duration. Service which, in the opinion of the Utility, is for operations of a speculative character or the permanence of which has not been established, also is considered temporary service.

Tenant: One who holds or possesses real estate (as a condominium) or sometimes personal property by any kind of right; one who has the occupation or temporary possession of lands or tenements of another; one who rents or leases (as a house or apartment) from a landlord.

Therm: Unit of measurement for billing purposes, nominally 100,000 Btu.

Third Party Gas: See Customer-Owned Gas.

(Continued)

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Rule No. 01
DEFINITIONS

Sheet 17

(Continued)

Tracking Account: Account which reconciles the difference between Commission-authorized forecasted costs and the Utility's recorded costs. Balances in the tracking accounts shall be reconciled in the revenue requirement in the Utility's next Biennial Cost Allocation Proceeding (BCAP) or other appropriate rate proceeding.

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Transportation: Receipt of gas purchased and owned by a customer into the Utility System at one or more points of receipt and the subsequent delivery of an equivalent quantity of natural gas to the customer at a mutually acceptable location (points of delivery) on the system.

Transportation Deliveries: Volume of gas delivered to the Utility to be transported for customer use.

UEG: Utility Electric Generation. Consumption of gas for the generation of electricity by a utility's power plants.

Utility: Southern California Gas Company (also referred to as "SoCalGas").

Utility Distribution Company (UDC): Entity which provides regulated services for the distribution of natural gas to all customers and provides natural gas procurement services to customers who do not choose direct access. See Utility.

Utility Gas Procurement Department: The applicable department within Southern California Gas Company and San Diego Gas & Electric Company responsible for the purchase of natural gas for core customers.

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Utility System: Pipeline transmission and distribution system and related facilities located in California and operated by Utility.

Utility System Operator: The applicable departments within Southern California Gas Company and San Diego Gas & Electric Company that are responsible for the physical and commercial operation of the pipeline and storage systems specifically excluding the Utility Gas Procurement Department.

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Utility Users Tax: Tax imposed by local governments on the Utility's customers. Utility is required to bill customers within the city or county for the taxes due, collect the taxes from customers, and then pay the taxes to the city or county.

Utility's Metered Service: See Individually Metered Service.

Wheeling Transaction: Interruptible receipt of natural gas at a point of interconnection on SoCalGas' pipeline system and the interruptible redelivery of such natural gas to the initial or other service user either at a point of interconnection on or with SoCalGas' pipeline system, or at a point off such system. All Hub Transactions which require more than one day to complete are Parking or Loaning Transactions, even though Wheeling may be involved.

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Rule No. 04
CONTRACTS

Sheet 2

(Continued)

G. ASSIGNMENT

No contracts for gas service (or any rights or obligations related thereto) shall be assigned without the prior written consent of the Utility, which consent shall not be withheld unreasonably (but the Utility may require that any assignee confirm in writing its assumption of the rights and obligations of its predecessor).

H. HINSHAW EXEMPTION

In the event that any governmental entity (including a court) issues an order or rule that would result in the loss of the Utility's Hinshaw Exemption from federal regulations if a contract entered into by the Utility remains in effect, the Utility may terminate such contract.

I. RESOLUTION OF DISPUTES REGARDING CUSTOMER CONTRACTS

If, after contacting the Utility, the customer is dissatisfied with the Utility's determination regarding level, charge or type of service, or refusal to provide service as requested, the customer may seek relief from the CPUC via one of the following: (1) make an informal complaint for resolution by writing to the Consumer Affairs Branch of the California Public Utilities Commission, State Office Building, 505 Van Ness Avenue, Room 2003, San Francisco, CA 94102, or e-mail: consumer-affairs@cpuc.ca.gov <<<mailto:consumer-affairs@cpuc.ca.gov>>>, or, (2) petition the CPUC for formal resolution.

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Rule No. 23

Sheet 2

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

C. Curtailmnt of Service

1. Effectuation of Curtailment

When in the judgment of the Utility, operating conditions require curtailment of service and/or the diversion of customer-owned gas, such curtailment shall be effectuated in the order and manner described below, unless otherwise specified in this rule.

- (1) All interruptible noncore Standby Procurement service.
- (2) All firm noncore Standby Procurement service.
- (3) All interutility service provided under Schedule No. GIT.
- (4) All interruptible storage withdrawal service or portions thereof according to the interruptible withdrawal reservation price paid with customers paying the lowest price curtailed first and customers paying the highest price curtailed last. Customers paying the same price will be curtailed on a pro rata basis with the exception that all UEG service shall be curtailed before cogeneration service.
- (5) All interruptible intrastate service according to the percentage of default rate paid, as defined in Rule No. 1, with customers paying the lowest percentage of default curtailed first. Customers paying the same percentage of default shall be curtailed on a pro rata basis (by equal percentage) with the exception that all UEG service shall be curtailed before cogeneration service where such service is at the same percentage of default.

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CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

L. Service Interruption Credit (Continued)

The maximum aggregate SIC obligation of the Utility in any calendar year shall be \$5 million. To the extent such maximum aggregate obligation would be exceeded, the Utility shall provide the SIC on a pro rata basis to all applicable customers for the calendar year. Utility shall make payment of the SIC at the end of the applicable calendar year.

1. Force Majeure

For the purpose of SIC applicability, force majeure shall be defined as the occurrence of unforeseen events or conditions, not resulting from a negligent act or omission on the part of the Utility, that are beyond its reasonable control and that could not have been prevented by the exercise of due diligence on its part. The Utility shall use all reasonable efforts to remedy such events or conditions and to remove the cause of same in an adequate manner and with reasonable dispatch. The occurrence of high demand for gas service due to weather conditions shall not constitute a force majeure event.

2. Scheduled Maintenance

For the purpose of SIC applicability, scheduled maintenance shall be considered the interruption of transmission service to the customer resulting from maintenance of the Utility's facilities which are directly relevant to providing such service to the customer's facilities when the customer has been given at least thirty (30) calendar days prior written notice of the scheduled date of the maintenance and service interruption.

The Utility shall take all reasonable steps to minimize the duration of such scheduled maintenance interruptions and to reroute the flow of natural gas to eliminate any service interruptions that would otherwise occur due to such maintenance.

The Utility shall consult with the customer in scheduling any such maintenance interruptions and shall use reasonable efforts to schedule such maintenance to accommodate the customer's operating needs and to continue same only for such time as is necessary, including any agreed upon adjustments to the scheduled date for maintenance as reasonably necessary in light of unforeseen occurrences affecting the customer and/or the Utility.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

The general terms and conditions applicable whenever the Utility System Operator transports customer-owned gas, including wholesale customers, the Utility Gas Procurement Department, other end-use customers, aggregators, marketers and storage customers (referred to herein as "customers") over its system are described herein.

A. General

1. Subject to the terms, limitations and conditions of this rule and any applicable CPUC authorized tariff schedule, directive, or rule, the customer will deliver or cause to be delivered to the Utility and accept on redelivery quantities of gas which shall not exceed the Utility's capability to receive or redeliver such quantities. The Utility will accept such quantities of gas from the customer or its designee and redeliver to the customer on a reasonably concurrent basis an equivalent quantity, on a therm basis, to the quantity accepted.
2. The customer warrants to the Utility that the customer has the right to deliver the gas provided for in the customer's applicable service agreement or contract (hereinafter "service agreement") and that the gas is free from all liens and adverse claims of every kind. The customer will indemnify, defend and hold the Utility harmless against any costs and expenses on account of royalties, payments or other charges applicable before or upon delivery to the Utility of the gas under such service agreement.
3. The point(s) where the Utility will receive the gas into its intrastate system (point(s) of receipt, as defined in Rule No. 1) and the point(s) where the Utility will deliver the gas from its intrastate system to the customer (point(s) of delivery, as defined in Rule No. 1) will be set forth in the customer's applicable service agreement. Other points of receipt and delivery may be added by written amendment thereof by mutual agreement. The appropriate delivery pressure at the points of delivery to the customer shall be that existing at such points within the Utility's system or as specified in the service agreement.

B. Quantities

1. The Utility shall as nearly as practicable each day redeliver to customer and customer shall accept, a like quantity of gas as is delivered by the customer to the Utility on such day. It is the intention of both the Utility and the customer that the daily deliveries of gas by the customer for transportation hereunder shall approximately equal the quantity of gas which the customer shall receive at the points of delivery. However, it is recognized that due to operating conditions either (1) in the fields of production, (2) in the delivery facilities of third parties, or (3) in the Utility's system, deliveries into and redeliveries from the Utility's system may not balance on a day-to-day basis. The Utility and the customer will use all due diligence to assure proper load balancing in a timely manner.

(Continued)

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Rule No. 30

Sheet 2

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

B. Quantities (Continued)

2. The gas to be transported hereunder shall be delivered and redelivered as nearly as practicable at uniform hourly and daily rates of flow. The Utility may refuse to accept fluctuations in excess of ten percent (10%) of the previous day's deliveries, from day to day, if in the Utility's opinion receipt of such gas would jeopardize other operations. Customers may make arrangements acceptable to the Utility to waive this requirement.
3. The Utility does not undertake to redeliver to the customer any of the identical gas accepted by the Utility for transportation, and all redelivery of gas to the customer will be accomplished by substitution on a therm-for-therm basis.
4. Transportation customers, including the Utility Gas Procurement Department, wholesale customers, contracted marketers, and aggregators will be provided monthly balancing services in accordance with the provisions of Schedule No. G-IMB.

C. Electronic Bulletin Board

1. The Utility prefers and encourages customers, including the Utility Gas Procurement Department, to use Electronic Bulletin Board (EBB) as defined in Rule No. 1 to submit their transportation nominations to the Utility. Imbalance trades are to be submitted through EBB or by means of the Imbalance Trading Agreement Form (Form 6544). Use of EBB is not mandatory for transportation only customers.
2. Transportation nominations may be submitted manually or through EBB. For each transportation nomination submitted manually, (by means other than EBB such as facsimile transmittal), a processing charge of \$11.87 shall be assessed. No processing charge will apply to an EBB subscriber for nominations submitted by fax at a time the EBB system is unavailable for use by the subscriber.

D. Operational Requirements

1. Customer Representation

The customer must provide to the Utility the name(s) of any agents ("Agent") used by the customer for delivery of gas to the Utility for transportation service hereunder and their authority to represent customer.

A customer may choose only one of the following gas supply arrangements: 1) one Contractor, 2) one or multiple Agents, or 3) itself for purposes of nominating to its end-use account (OCC).

(Continued)

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Rule No. 30

Sheet 4

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

3. Receipt Point Capacity (Continued)

- Nominations using Firm Primary receipt point access rights will have first priority; pro-rated if over-nominated*.
- Nominations using Firm Alternate receipt point access rights within the associated transmission zone will have second priority ("Firm Alternate Within-the-Zone"); pro-rated if over-nominated.
- Nominations using Firm Alternate receipt point access rights outside the associated transmission zone will have third priority ("Firm Alternate Outside-the-Zone"); pro-rated if over-nominated.
- Nominations using Interruptible receipt point access right will have fourth priority, pro-rated if over-nominated.
- Firm Primary rights can "bump" any Firm Alternate scheduled quantities through the Evening Cycle.
- Firm Alternate Within-the-Zone rights can "bump" Firm Alternate Outside-the-Zone scheduled quantities through the Evening Cycle.
- Firm Primary and any Firm Alternate can "bump" interruptible scheduled quantities through the Intraday 1 Cycle.
- Bumping will not be allowed in the Intraday 2 Cycle.

* If the available firm receipt point capacity at a particular receipt point or within a particular transmission zone is less the firm capacity figures stated in Schedule No. G-RPA, scheduling of firm receipt point capacity nominations will be pro rata within each scheduling cycle. Any nominations of firm receipt point rights acquired through the addition of Displacement Receipt Point Capacity facilities will be reduced pro rata to zero at the applicable receipt point or within the applicable transmission zone prior to other firm receipt point rights nominations being reduced.

Notice to bumped parties will be provided via the Transactions module in EBB. Bumping in Intraday 1 is subject to the NAESB elapsed pro rata rules.

4. Storage Service Capacity

Each day, storage injection and withdrawal capacities will be set at their physical operating maximums under the operating conditions for that day and posted on the Utility's EBB. The Utility will use the following rules to limit the nominations to the storage maximums.

- Nominations using Firm rights will have first priority.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3818-A
DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED May 12, 2008
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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

4. Storage Service Capacity (Continued)

- All other nominations using Interruptible rights will have second priority, pro-rated if over-nominated based on the daily volumetric price paid.
- Firm rights can “bump” interruptible scheduled quantities through the Intraday 2 cycle.
- Interruptible scheduled quantities will not be bumped in Intraday 3 cycle.
- Firm storage nominations made during Intraday 3, in accordance with Section D.3., will be accepted.

Scheduling of storage capacity will be pro rata within each scheduling cycle, except for the Intraday 3 cycle, whenever the available capacity is less than the total nominations for each of the respective services and in the priority order established. Notice to bumped parties will be provided via the Transactions module in EBB. Bumping is subject to the NAESB elapsed prorata rules.

5. Off-System Delivery (OSD) Service

For each flow date, the Utility will determine the quantity of capacity available for off-system deliveries. The quantity will include that available via physical redelivery from the Utility system along with displacement of forward haul flowing supplies. For each nomination cycle, the Utility customers who have contracted with the Utility for off-system delivery service may submit a nomination for such service pursuant to Schedule No. G-OSD, for deliveries to the PG&E system.

The following rules will be used in scheduling of Off-System Delivery Services:

- Nominations using Firm OSD rights will have first priority; pro-rated if over-nominated.
- Nominations using Interruptible OSD rights will have second priority; pro-rated if over-nominated.
- Firm OSD rights can “bump” interruptible OSD scheduled quantities through the Intraday 1 Cycle, subject to the NAESB elapsed pro rata rules.
- Bumping will not be allowed in the Intraday 2 Cycle.

6. Nominations

The customer shall be responsible for submitting gas service nominations to the Utility no later than the deadlines specified below.

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

6. Nominations (Continued)

Each nomination shall include all information required by the Utility's nomination procedures. Nominations received by the Utility will be subject to the conditions specified in the service agreements with the Utility. The Utility may reject any nomination not conforming to the requirements in these rules or in applicable service agreements. The customer shall be responsible for making all corresponding upstream nomination/confirmation arrangements with the interconnecting pipeline(s) and/or operator(s).

Evening and Intraday nominations may be used to request an increase or decrease to scheduled volumes or a change to receipt or delivery points.

Intraday nominations do not roll from day to day.

Nominations submitted in any cycle will automatically roll to subsequent cycles for the specified flow date and from day-to-day through the end date or until the end date is modified by the nominating entity.

Nominations may be made in the following manner:

<u>FROM</u>	<u>TO</u>
Pipeline/CA Producer	Receipt Point Access Contract
Receipt Point Access Contract	End User, Contracted Marketer, ESP
Receipt Point Access Contract	Pool Account
Receipt Point Access Contract	Storage Account
Receipt Point Access Contract	Off-System Delivery Agreement
Pool Account	End User, Contracted Marketer, ESP
Pool Account	Pool Account
Storage Account	End User, Contracted Marketer, ESP
Pool Account	Storage Account
Storage Account	Pool Account
Storage Account	Storage Account
Storage Account	Off-System Delivery Agreement
Pool Account	Off-System Delivery Agreement
Off-System Delivery Agreement	Pipeline (PG&E)

(Continued)

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Rule No. 30

Sheet 7

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

7. Timing

All times referred to below are in Pacific Clock Time. Requests for deadline extensions may be granted for 15 minutes only if request is made prior to the deadlines shown below.

Timely Cycle

Transportation nominations submitted via EBB for the Timely Nomination cycle must be received by the Utility by 9:30 a.m. one day prior to the flow date. Nominations submitted via fax must be received by the Utility by 8:30 a.m. one day prior to the flow date. Timely nominations will be effective at 7:00 a.m. on the flow date.

Evening Cycle

Nominations submitted via EBB for the Evening Nomination cycle must be received by the Utility by 4:00 p.m. one day prior to the flow date. Nominations submitted via fax must be received by the Utility by 3:00 p.m. one day prior to the flow date. Evening nominations will be effective at 7:00 a.m. on the flow date.

Intraday 1 Cycle

Nominations submitted via EBB for the Intraday 1 Nomination cycle must be received by the Utility by 8:00 a.m. on the flow date. Nominations submitted via fax must be received by the Utility by 7:00 a.m. on the flow date. Intraday 1 nominations will be effective at 3:00 p.m. the same day.

Intraday 2 Cycle

Nominations submitted via EBB for the Intraday 2 Nomination cycle must be received by the Utility by 3:00 p.m. on the flow date. Nominations submitted via fax must be received by the Utility by 2:00 p.m. on the flow date. Intraday 2 nominations will be effective at 7:00 p.m. the same day.

Intraday 3 Cycle

Nominations submitted via EBB for the Intraday 3 Nomination cycle must be received by the Utility by 9:00 p.m. Pacific Clock Time on the flow date. Nominations submitted via fax must be received by the Utility by 8:00 p.m. Pacific Clock Time on the flow date. Physical flow is deemed to begin at 11:00 p.m. Pacific Clock Time.

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

7. Timing (Continued)

Intraday 3 Cycle (Continued)

Intraday 3 nominations are available only for firm nominations relating to the injection of existing flowing supplies into a storage account or for firm nominations relating to the withdrawal of gas in storage to meet an identified customer's usage. A customer may make Intraday 3 nominations from a third-party storage provider that is directly connected to the Utility's system or from the Utility's storage, subject to the storage provider or the Utility being able to deliver or accept the daily quantity nominated for Intraday 3 within the remaining hours of the flow day and the Utility's having the ability to deliver or accept the required hourly equivalent flow rate during the remaining hours of the flow day. Third-party storage providers will be treated on a comparable basis with the Utility's storage facilities to the extent that it can provide the equivalent service and operations.

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8. Confirmation and Ranking Process

A ranking must be received by the Utility at the time the nomination or the confirmation is submitted. The nominating party will rank its supplies and the confirming party will rank its markets. The Utility will then balance the pipeline system using the "lesser of" rule and the rankings submitted.

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The ranking will automatically roll from cycle-to-cycle and day-to-day until the nomination end date, unless modified by the nominating entity.

If no ranking is submitted at the time the nomination is submitted, the Utility will assign the lowest ranking to the nomination.

The Utility will compare the nominations received for each transaction and the corresponding confirmation. If the two quantities do not agree, the "lesser of" the two quantities will be the quantity scheduled by the Utility. Subject to the Utility receiving notification of confirmed transportation from the applicable upstream pipeline(s) and/or operator(s), the Utility will provide scheduled quantities on EBB.

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9. As between the customer and the Utility, the customer shall be deemed to be in control and possession of the gas to be delivered hereunder and responsible for any damage or injury caused thereby until the gas has been delivered at the point(s) of receipt. The Utility shall thereafter be deemed to be in control and possession of the gas after delivery to the Utility at the point(s) of receipt and shall be responsible for any damage or injury caused thereby until the same shall have been redelivered at the point(s) of delivery, unless the damage or injury has been caused by the quality of gas originally delivered to the Utility, for which the customer shall remain responsible.

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(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

10. Any penalties or charges incurred by the Utility under an interstate or intrastate supplier contract as a result of accommodating transportation service shall be paid by the responsible customer. T
11. Customers receiving service from the Utility for the transportation of customer-owned gas shall pay any costs incurred by the Utility because of any failure by third parties to perform their obligations related to providing such service. T

E. Interruption of Service

1. The customer's transportation service priority shall be established in accordance with the definitions of Core and Noncore service, as set forth in Rule No. 1, and the provisions of Rule No. 23, Continuity of Service and Interruption of Delivery. If the customer's gas use is classified in more than one service priority, it is the customer's responsibility to inform the Utility of such priorities applicable to the customer's service. Once established, such priorities cannot be changed during a curtailment period.
2. The Utility shall have the right, without liability (except for the express provisions of the Utility's Service Interruption Credit as set forth in Rule No. 23), to interrupt the acceptance or redelivery of gas whenever it becomes necessary to test, alter, modify, enlarge or repair any facility or property comprising the Utility's system or otherwise related to its operation. When doing so, the Utility will try to cause a minimum of inconvenience to the customer. Except in cases of unforeseen emergency, the Utility shall give a minimum of ten (10) days advance written notice of such activity.

F. Nominations in Excess of System Capacity (OFO)

1. In the event the Utility determines that the transportation nominations received for a specific date of gas flow ("flow date") exceed its expected system capacity (including storage) on such flow date, the Utility shall call an OFO and apply Buy-Back service under Schedule No. G-IMB separately for each flow date under an OFO. In such event, the Utility shall follow the procedure set forth below. This procedure and the resulting OFO shall apply to all customers, including wholesale customers and the Utility Gas Procurement Department. N
2. The OFO period shall begin on the flow date(s) indicated by the Utility. Customers shall be allowed to reduce their nominations or supply ranking in response to the Utility's notification. N
3. In the event customers fail to adequately reduce their transportation nominations, the Utility shall reduce the confirmed receipt point access nominations on a pro rata basis across the system consistent with the scheduling priorities of receipt point access. L

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

F. Nominations in Excess of System Capacity (OFO) Continued

4. In accordance with the provisions of Schedule No. G-IMB, Buy-Back service shall be applied separately to each OFO day. Customer meters subject to maximum daily quantity limitations will use the maximum daily quantity as a proxy for daily usage. For the Utility Gas Procurement Department, the Daily Forecast Quantity will be used as a proxy for daily usage. For core aggregators, their Daily Contract Quantity will be used as a proxy for daily usage.

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G. Winter Deliveries

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The Utility requires that customers deliver (using a combination of flowing supply and firm storage withdrawal) at least 50% of burn over a five-day period from November through March. As the Utility's total storage inventory declines through the winter, the delivery requirement becomes daily and increases to 70% or 90% depending on the level of inventory relative to peak day minimums.

1. From November 1 through March 31 customers are required to deliver (flowing supply and firm storage withdrawal) at a minimum of 50% of burn over a 5-day period. In other words, for each 5-day period, the Utility will calculate the total burn and the total delivery. If the total delivery is less than 50% of the total burn, a daily balancing standby charge is applied. The daily balancing standby rate is 150% of the highest Southern California Border price during the five day period as published by Natural Gas Intelligence in "NGI's Daily Gas Price Index," including authorized franchise fees and uncollectible expenses (F&U) and brokerage fees. Authorized F&U will not be added to any daily stand-by balancing charge for the Utility Gas Procurement Department to the extent it is collected elsewhere. Imbalance trading and interruptible withdrawals may not be used to offset the delivery minimums.

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a. "Burn" means usage and is defined as metered throughput or an estimated quantity such as Minimum Daily Quantity (MinDQ), as defined in Rule No. 1, for customers without automated meters, the Daily Contract Quantity for core aggregators, or the Daily Forecast Quantity for the Utility Gas Procurement Department.

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b. Example five-day periods are: Nov. 1 through Nov. 5, Nov. 6 through Nov. 10, Nov. 11 through Nov. 15 and so on. November with 30 days has six 5-day periods. December, January and March with 31 days have a 6-day period at the end of the month. February has a shortened 3 or 4-day period at the end of the month. The current 5-day period will run its course fully before the implementation of the 70% daily requirement. In the event that inventories rise above the 70% daily trigger levels by 1 Bcf, then a new, 5-day period will be implemented on the following day.

c. Example calculations for determining volumes subject to the daily balancing standby rate are: if over 5 days, total burn is 500,000 therms and total deliveries (including firm withdrawal) are 240,000 therms, then 10,000 therms is subject to daily balancing standby rate. (50% times 500,000 minus 240,000 equals 10,000).

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Winter Deliveries (Continued)

1. (continued)

d. Example calculations in using NGI's Daily Gas Price Index for determining the daily balancing standby rate are: If for Jan. 6 through Jan. 10 the NGI Southern California Border quoted price ranges are \$2.36- 2.39, \$2.36-2.44, \$2.38-2.47, \$2.36-2.42, and \$2.37- 2.45, respectively, then the daily balancing standby rate becomes \$3.71 (\$2.47 times 150%).

e. With the exception of weekends and holidays, the Utility will use quotes from the NGI publication dated on the same day as the flow date. Weekend or holiday flow dates will use the first available publication date after the weekend or holiday.

2. When total inventory declines to the "peak day minimum + 20 Bcf trigger," the minimum daily delivery requirement increases to 70%. Customers are then required to be balanced (flowing supply plus firm storage withdrawal) at a minimum of 70% of burn on a daily basis. The 5-day period no longer applies since the system can no longer provide added flexibility. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including authorized F&U and brokerage fees) and is applied to each day's deliveries which are less than the 70% requirement. Authorized F&U will not be added to any daily stand-by balancing charge for the Utility Gas Procurement Department to the extent it is collected elsewhere. In this regime interruptible storage withdrawal is cut in half subject to the scheduling priorities established in Section D.8. All Operational Hub Services contributing to the underdelivery situation (i.e., Operational Hub deliveries greater than Operational Hub receipts) are suspended.

a. Peak day minimums are calculated annually before November 1 as part of normal winter operations planning. The peak day minimum is that level of total inventory that must be in storage to provide deliverability for the core 1-in-35 year peak day event, firm withdrawal commitments and noncore balancing requirement.

b. Example calculations in this regime for determining volumes subject to the daily balancing standby rates are: If on January 6 total burn is 500,000 therms, and total deliveries (including firm withdrawal) are 300,000 therms then 50,000 therms is subject to the daily balancing standby charge (70% times 500,000 minus 300,000 equals 50,000).

c. Example calculations in using NGI's Daily Gas Price Index for daily balancing standby rates in this regime are: if for January 6 and January 7, the NGI Southern California Border quoted price ranges are \$2.36-2.39 and \$2.36-2.44, then the daily balancing standby rates become \$3.59 (150% of 2.39) for January 6, and \$3.66 (150% times 2.44) for January 7, respectively.

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Winter Deliveries (Continued)

3. When total inventories decline to the "peak day minimum + 5 Bcf trigger," the minimum daily delivery requirement increases to 90%. Customers are required to be balanced (flowing supply plus firm storage withdrawal) at a minimum of 90% of burn on a daily basis. Similar to the 70% regime the 5 day period no longer applies. The daily balancing standby rate is charged daily and is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including authorized F&U and brokerage fees). Authorized F&U will not be added to any daily stand-by balancing charge for the Utility Gas Procurement Department to the extent it is collected elsewhere. In this regime there are no interruptible storage withdrawals. All Operational Hub Services contributing to the underdelivery situation (i.e., Operational Hub Service deliveries greater than Operational Hub Service receipts) is suspended.
4. Information regarding the established peak day minimums, daily balancing trigger levels and total storage inventory levels will be made available to customers on a daily basis via EBB and other customer notification media.
5. If a wholesale customer so requests, the Utility will nominate firm storage withdrawal volumes on behalf of the customer to match 100% of actual usage assuming the customer has sufficient firm storage withdrawal and inventory rights to match the customer's supply and demand.
6. The Utility will accept intra-day nominations to increase deliveries.
7. In all cases, current BCAP rules for monthly balancing and monthly imbalance trading continue to apply. Volumes not in compliance with the 50%, 70% and 90% minimum delivery requirements, purchased at the daily balancing standby rate, are credited toward the monthly 90% delivery requirements. Daily balancing charges remain independent of monthly balancing charges. Noncore daily balancing and monthly balancing charges go to the Purchased Gas Account (PGA). Net revenues from core daily balancing and monthly balancing charges go to the Noncore Fixed Cost Account (NFCA). Schedule No. G-IMB provides details on monthly and daily balancing charges.

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H. Accounting and Billing

1. The customer and the Utility acknowledge that on any operating day during the customer's applicable term of transportation service, the Utility may be redelivering quantities of gas to the customer pursuant to other present or future service arrangements. In such an event, the Utility and customer agree that the total quantities of gas shall be accounted for in accordance with the provisions of Rule No. 23. If there is no conflict with Rule No. 23, the quantities of gas shall be accounted for in the following order:

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

H. Accounting and Billing (Continued)

1. (Continued)

- a. First, to satisfy any minimum quantities under existing agreements.
 - b. Second, after complete satisfaction of (a), then to any supply or exchange service arrangements with the customer.
 - c. Third, after the satisfaction of (a) and (b), then to any subsequently executed service agreement.
2. The customer agrees that it shall accept and the Utility can rely upon, for purposes of accounting and billing, the allocation made by customer's shipper as to the quality and quantity of gas, expressed both in Mcf and therms, delivered at each point of receipt during the preceding billing period for the customer's account. If the shipper does not make such an allocation, the customer agrees to accept the quality and quantity as determined by the Utility. All quality and measurement calculations are subject to subsequent adjustment as provided in the Utility's tariff schedules or applicable CPUC rules and regulations. Any other billing correction or adjustment made by the customer or third party for any prior period shall be based on the rates or costs in effect when the event occurred and accounted for in the period they are reconciled.
3. The Utility shall render to the customer an invoice for the services hereunder showing the quantities of gas, expressed in therms, delivered to the Utility for the customer's account, at each point of receipt and the quantities of gas, expressed in therms, redelivered by the Utility for the customer's account at each point of delivery during the preceding billing period. The Customer shall pay such amounts due hereunder within nineteen (19) calendar days following the date such bill is mailed.
4. Both the Utility and the customer shall have the right at all reasonable times to examine, at its expense, the books and records of the other to the extent necessary to verify the accuracy of any statement, charge, computation, or demand made under or pursuant to service hereunder. The Utility and the customer agree to keep records and books of account in accordance with generally accepted accounting principles and practices in the industry.

I. Gas Delivery Specifications

1. The natural gas stream delivered into the Utility's system shall conform to the gas quality specifications as provided in any applicable agreements and contracts currently in place between the entity delivering such natural gas and the Utility at the time of the delivery. If no such agreement is in place, the natural gas shall conform to the gas specifications as defined below.

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Delivery Specifications (Continued)

2. Gas delivered into the Utility's system for the account of a customer for which there is no existing contract between the delivering pipeline and the Utility shall be at a pressure such that the gas can be integrated into the Utility's system at the point(s) of receipt.
3. Gas delivered, except as defined in I.1 above, shall conform to the following quality specifications at the time of delivery:
 - a. Heating Value: The minimum heating value is nine hundred and ninety (990) Btu (gross) per standard cubic foot on a dry basis. The maximum heating value is one thousand one hundred fifty (1150) Btu (gross) per standard cubic foot on a dry basis.
 - b. Moisture Content or Water Content: For gas delivered at or below a pressure of eight hundred (800) psig, the gas shall have a water content not in excess of seven (7) pounds per million standard cubic feet. For gas delivered at a pressure exceeding of eight hundred (800) psig, the gas shall have a water dew point not exceeding 20 degrees F at delivery pressure.
 - c. Hydrogen Sulfide: The gas shall not contain more than twenty-five hundredths (0.25) of one (1) grain of hydrogen sulfide, measured as hydrogen sulfide, per one hundred (100) standard cubic feet (4 ppm). The gas shall not contain any entrained hydrogen sulfide treatment chemical (solvent) or its by-products in the gas stream.
 - d. Mercaptan Sulfur: The gas shall not contain more than three tenths (0.3) grains of mercaptan sulfur, measured as sulfur, per hundred standard cubic feet (5 ppm).
 - e. Total Sulfur: The gas shall not contain more than seventy-five hundredths (0.75) of a grain of total sulfur compounds, measured as sulfur, per one hundred (100) standard cubic feet (12.6 ppm). This includes COS and CS₂, hydrogen sulfide, mercaptans and mono, di and poly sulfides.
 - f. Carbon Dioxide: The gas shall not have a total carbon dioxide content in excess of three percent (3%) by volume.
 - g. Oxygen: The gas shall not have an oxygen content in excess of two-tenths of one percent (0.2%) by volume, and customer will make every reasonable effort to keep the gas free of oxygen.
 - h. Inerts: The gas shall not contain in excess of four percent (4%) total inerts (the total combined carbon dioxide, nitrogen, oxygen and any other inert compound) by volume.
 - i. Hydrocarbons: For gas delivered at a pressure of 800 psig or less, the gas hydrocarbon dew point is not to exceed 45 degrees F at 400 psig or at the delivery pressure if the delivery pressure is below 400 psig. For gas delivered at a pressure higher than 800 psig, the gas hydrocarbon dew point is not to exceed 20 degrees F measured at a pressure of 400 psig.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Delivery Specifications (Continued)

3. (Continued)

- j. Merchantability: The gas shall not contain dust, sand, dirt, gums, oils and other substances injurious to Utility facilities or that would cause gas to be unmarketable.
- k. Hazardous Substances: The gas must not contain hazardous substances (including but not limited to toxic and/or carcinogenic substances and/or reproductive toxins) concentrations which would prevent or restrict the normal marketing of gas, be injurious to pipeline facilities, or which would present a health and/or safety hazard to Utility employees and/or the general public.
- l. Delivery Temperature: The gas delivery temperature is not to be below 50 degrees F or above 105 degrees F.
- m. Interchangeability: The gas shall have a minimum Wobbe Number of 1279 and shall not have a maximum Wobbe Number greater than 1385. The gas shall meet American Gas Association's Lifting Index, Flashback Index and Yellow Tip Index interchangeability indices for high methane gas relative to a typical composition of gas in the Utility system serving the area.

Acceptable specification ranges are:

- * Lifting Index (IL)
IL <= 1.06
- * Flashback Index (IF)
IF <= 1.2
- * Yellow Tip Index (IY)
IY >= 0.8

- n. Liquids: The gas shall contain no liquids at or immediately downstream of the receipt point.
- o. Landfill Gas: Gas from landfills will not be accepted or transported.
- p. Biogas: Biogas refers to a gas made from anaerobic digestion of agriculture and/or animal waste. The gas is primarily a mixture of methane and carbon dioxide. Biogas must be free from bacteria, pathogens and any other substances injurious to Utility facilities or that would cause the gas to be unmarketable and it shall conform to all gas quality specifications identified in this Rule.

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Delivery Specifications (Continued)

4. The Utility, at its option, may refuse to accept any gas tendered for transportation by the customer or on his behalf if such gas does not meet the specifications at the time of delivery as set out in I. 2 and I. 3 above, as applicable.
5. A generic deviation from the minimum gas quality specifications set forth in Paragraph I.3 is granted for "Historical California Production." Quality specifications for Historical California Production will be governed by SoCalGas Rule No. 30 in effect as of September 21, 2006, or, to the extent that production had a deviation in place at that time, pursuant to the agreement governing that deviation. "Historical California Production" is defined as follows: Onshore or offshore California-produced natural gas delivered at points of interconnection existing as of January 1, 2006, up to the maximum historical deliveries or Maximum Daily Volume effective on that date as specified in any agreement permitting supply delivery at those points. If a producer moves its deliveries of Historical California Production from a point of interconnection existing as of January 1, 2006, to another existing or a new point on the system, or if one or more producers consolidate two or more existing points of interconnection existing as of January 1, 2006, to another existing or a new point on the system, the deviation granted under this provision will follow the Historical California Production provided that (a) the Utility has required or approved the change in receipt point location and (b) the continuing deviation shall not exceed the Maximum Daily Volume stated in the access agreement(s) governing deliveries at the producer's original point of interconnection and (c) specifically, the quality of the gas should not lessen to the point that it falls outside the grandfathered Rule No. 30 specifications.
6. In addition to the generic deviation provided in paragraph 5, the Utility will grant other specific deviations to California production from the gas quality specifications defined in Paragraph I.3 above, if such gas will not have a negative impact on system operations. Any such deviation will be required to be filed through Advice Letter for approval prior to gas actually flowing in the Utility system.
7. The Utility will grant a deviation to existing interstate supplies consistent with prior gas quality specifications if requested by the interconnecting interstate pipeline for a period of not more than 12 months from the date of D.06-09-039.
8. The Utility will post on its EBB and/or general website information regarding the available real-time Wobbe Number of gas at identified operational locations on its system.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3818-A
DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED May 12, 2008
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RESOLUTION NO. _____

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Termination or Modification

1. If the customer breaches any terms and conditions of service of the customer's service agreement or the applicable tariff schedules and does not correct the situation within thirty (30) days of notice, the Utility shall have the right to cease service and immediately terminate the customer's applicable service agreement.
2. If the contract is terminated, either party has the right to collect any quantities of gas or money due them for transportation service provided prior to the termination.

K. Regulatory Requirements

1. Any gas transported by the Utility for the customer which was first transported outside the State of California shall have first been authorized under Federal Energy Regulatory Commission (FERC) regulations, as amended. Both parties recognize that such regulations only apply to pipelines subject to FERC jurisdiction, and do not apply to the Utility. The customer shall not take any action which would subject the Utility to the jurisdiction of the FERC, the Economic Regulatory Administration or any succeeding agency. Any such action shall be cause for immediate termination of the service arrangement between the customer and the Utility.
2. Transportation service shall not begin until both parties have received and accepted any and all regulatory authorizations necessary for such service.

L. Warranty and Indemnification

1. The customer warrants to the Utility that the customer has the right to deliver gas hereunder and that such gas is free from all liens and adverse claims of every kind. Customer will indemnify, defend and save the Utility harmless against all loss, damage, injury, liability and expense of any character where such loss, damage, injury, liability or expense arises directly or indirectly out of any demand, claim, action, cause of action or suit brought by any person, association or entity asserting ownership of or any interest in the gas tendered for transportation hereunder, or on account of royalties, payments or other charges applicable before or upon delivery of gas hereunder.
2. The customer shall indemnify, defend and save harmless the Utility, its officers, agents, and employees from and against any and all loss, costs (including reasonable attorneys' fees), damage, injury, liability, and claims for injury or death of persons (including any employee of the customer or the Utility), or for loss or damage to property (including the property of the customer or the Utility), which occurs or is based upon an act or acts which occur while the gas is deemed to be in the customer's control and possession or which results directly or indirectly from the customer's performance of its obligations arising pursuant to the provisions of its service agreement and the Utility's applicable tariff schedules, or occurs based on the customer-owned gas not meeting the specifications of Section I of this rule.

(TO BE INSERTED BY UTILITY)
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Lee Schavrien
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CORE AGGREGATION TRANSPORTATION

(Continued)

D. DELIVERY OF GAS

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1. Transportation of Customer Owned Gas

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ESPs participating in the Program will perform gas deliveries pursuant to the provisions and conditions set forth in Rule No. 30, Transportation of Customer Owned Gas.

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2. Imbalance Service

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The ESP is responsible for balancing transportation services with the customer's end-use consumption. The ESP is responsible for managing the imbalances of the end-users through means which include participation in the Utility's Imbalance Trading Program pursuant to the provisions of Schedule No. G-IMB. Imbalances will be calculated on an aggregated customer basis, not by individual account or delivery point. Imbalances will be determined by comparing the amount of gas delivered to the Utility and the amount of gas actually consumed by the customers.

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The ESP's DCQ will be used as a proxy for gas actually consumed by their customers. Immediately each month when actual meter usage information becomes available, an adjustment to the ESP's imbalance account will be made to account for any differences between actual consumption of its customers and the DCQ.

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The ESP shall be responsible for all imbalance charges, including any Utility Users Tax. The ESP may pool the positive and negative imbalances of its customers in order to avoid or minimize imbalance charges

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3. Receipt Point Access

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ESPs may receive receipt point access service by utilizing Schedule No. G-RPA.. ESPs will have the set-aside option, under Schedule G-RPA, to acquire firm receipt point access rights during the open season process.

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E. STORAGE RIGHTS AND OBLIGATIONS

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1. Allocation of Storage Rights

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Storage rights and costs will be allocated to each ESP by SoCalGas in the same proportion as storage costs are allocated to the customer classes represented by each ESP in SoCalGas' core transportation rates based on the prorata share of the Utility Gas Procurement Department allocated rights.

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(Continued)

(TO BE INSERTED BY UTILITY)
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Sheet 18

CORE AGGREGATION TRANSPORTATION

(Continued)

E STORAGE RIGHTS AND OBLIGATIONS (Continued)

2. Storage Injection and Withdrawal Rights and Obligations

ESPs are given a proportionate share of injection rights from April 1 through October 31 and, withdrawal rights from November 1 through March 31. The ESP is responsible for storage injection and withdrawal rights pursuant to the provisions of Rule No. 30, Transportation of Customer-Owned Gas and G-IMB.

Gas in storage to meet core reliability cannot be used to cure and under-delivery during an imbalance trading period.

3. Monthly Storage Inventory Requirements

ESPs will be assigned month-end storage targets for the months of October, January and February to meet SoCalGas' storage targets and maintain minimum quantities to meet Abnormal Peak Day (APD) and cold year requirements. ESP storage targets will be assigned in a manner consistent with the Utility Gas Procurement Department.

This gas in storage may not be subject to encumbrances of any kind. ESPs will not be allowed to withdraw gas below these month-end targets.

ESP winter month storage minimums are based on a proportionate allocation of total core storage requirements as specified for the Utility Gas Procurement Department.

4. Adding And Deleting Customers

Storage rights will be adjusted on a monthly basis to account for the addition or deletion of customers. When an ESP adds new customer(s) or customer(s) return to SoCalGas, gas stored on behalf of such customer(s) shall be automatically sold, at the current month's Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP, to the ESP or to SoCalGas to which the customer is transferring if the amount of gas stored on behalf of customer(s) exceeds a minimum threshold of 1,000,000 therms. To the extent that this automatic transfer of title does not occur, the ESP or SoCalGas will remain obligated to meet all applicable storage targets.

5. Secondary Market Opportunities

ESPs who hold firm storage rights in addition to those which are held to meet core reliability requirements may release all or a portion of those rights in the secondary market by utilizing Schedule No. G-SMT. Any release of storage capacity must provide SoCalGas with the option to recall any gas stored on behalf of its core customers, at SoCalGas' discretion, if, in SoCalGas' sole judgment, such storage is necessary to serve returning customer(s) defined Section E.4.

(Continued)

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CORE AGGREGATION TRANSPORTATION

(Continued)

F. CURTAILMENT

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In the event of curtailment, SoCalGas shall make every effort to maintain service to Core Transportation Service customers. Such curtailment shall be effectuated in accordance with the provisions of Rule No. 23, Continuity of Service and Interruption of Delivery. Penalties for violations of curtailment shall apply as set forth in Rule No. 23.

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G. SERVICES PROVIDED BY SOCALGAS

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SoCalGas shall read customer meters, send customers legally required notices and bill inserts in accordance with Public Utilities Code 454(a), and provide customers with all other regular SoCalGas services. This includes direct billing, unless the customer specifies in the DASR that SoCalGas bill the ESP for all charges.

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H. OTHER TARIFFS

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Service under this Rule is subject to the terms and conditions of SoCalGas' tariff schedules on file with the CPUC, including all applicable contracts and agreements.

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Rule No. 33

Sheet 1

ELECTRONIC BULLETIN BOARD (EBB)

A. GENERAL

Utility will provide end-use customers, authorized marketers, and aggregators (hereinafter "User") access to its electronic transaction information and communication system known as Electronic Bulletin Board (EBB), as defined in Rule No. 1, contingent upon User meeting all conditions of Utility for authorization to use the EBB system. The general terms and conditions applicable to the provision and use of EBB are set forth herein. Utility may terminate all or any part of the EBB program at any time, but will provide as much prior notice of any such termination as reasonably possible. Use of the EBB is not mandatory. Utility reserves the right at any time to deny EBB access to any requesting party that has not completed the necessary qualification procedures, or that Utility reasonably believes is not financially or technically qualified to use the EBB.

B. EBB SERVICES

Utility has implemented the EBB to facilitate certain Utility-to-User and User-to-User interactions through the use of the Internet. The EBB is intended to be accessible for the following services or functions (hereinafter "Services"):

1. nominating with Utility for transportation or storage service on Utility's intrastate system, including the ability for User to verify receipt and allocation by Utility of such nominations;
2. obtaining gas usage information by account or group of accounts for User with electronic gas measurement;
3. providing imbalance quantities and serving as an interactive mechanism for offering for sale or purchase of imbalance quantities and submitting transportation imbalance and storage trade requests to Utility for validation during the imbalance trading periods;
4. providing an interactive mechanism for submitting receipt point access capacity trade requests to Utility for validation and posting of firm receipt point access secondary market transactions and approving all transactions;
5. providing an interactive mechanism for submitting storage rights trade requests to Utility for validation and posting of firm receipt point access secondary market transactions and approving all transactions;
6. obtaining information regarding such things as Utility tariff rate changes, curtailments, regulatory notices and other general information items;

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(Continued)

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Rule No. 33
ELECTRONIC BULLETIN BOARD (EBB)

Sheet 2

(Continued)

B. EBB SERVICES (Continued)

7. acting as an electronic mail system between User and Utility;
8. obtaining Utility operational data as required in D.98-03-073, Remedial Measures; and,
9. other electronic bidding, trading and contracting for gas transactions and information sharing in connection with such other tariff services or programs as may be available from Utility from time to time or in connection with Utility's pipeline systems or related services offered by Utility or third parties.

C. USER HARDWARE REQUIREMENTS

To access and use the EBB system, authorized User must have access to the Internet. EBB technical requirements are posted on the EBB website.

D. ACCESS AND RESTRICTIONS

1. Once User has satisfactorily met all of Utility's requirements for authorization to access the EBB, including the execution of an Electronic Bulletin Board Agreement (Form 6800) and all necessary Exhibits thereto, Utility will provide such User access to and the capability to enter electronically into the EBB applications selected by User.
2. Use of the EBB shall at all times be subject to Utility's posted EBB "Legal" and "Privacy" policies, which may be changed by Utility without prior notice.
3. All data submitted to the EBB by User and all information related to transactions entered into by User through the system shall be available on a non-exclusive basis by Utility, and both Utility and User shall have the right to use, for normal business operations such information subject to the confidentiality provisions in Section H.2 of this Rule.
4. User shall not modify, duplicate, revise or otherwise manipulate the EBB website, any content posted thereon by Utility, or based on or derived therefrom, or any software programs used in connection with the EBB in any manner. Such prohibited actions shall include without limitation reverse assembling or reverse compiling, translating or converting software programs or any portion thereof to human readable form, or transferring, assigning, distributing or otherwise making available copies of software programs without the express prior written consent of Utility.

(Continued)

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Rule No. 33
Electronic Bulletin Board (EBB)

Sheet 3

(Continued)

D. ACCESS AND RESTRICTIONS (Continued)

5. User shall not in any way infringe upon the proprietary rights of Utility or any other party with said rights or in any way violate the applicable laws, tariffs or regulations of any governmental entity. User's use of the EBB system and any and all software programs and documentation provided therewith is at all times subject to all applicable legal, regulatory, and tariff restrictions, including without limitation trademark and copyright laws, and User shall use the EBB in compliance with all said restrictions.

6. Utility may terminate or suspend User's rights to access the EBB Services and to conduct some or all transactions in accordance with the applicable Tariff Rules and contracts in the event User defaults or breaches its obligations in connection therewith. If User is delinquent in its payments to Utility for a particular type of service transaction, Utility may suspend User's rights to enter into such transactions using the EBB until User cures the default in full.

7. At all times during the term hereof, Utility reserves the right to modify or alter the EBB access and content, add new Services and any software and/or documentation or other materials used in connection with the EBB. Subject to any necessary approvals, all such modifications or alterations shall become subject to this Rule.

E. OPERATIONAL AND INFORMATION POSTINGS

1. Operational Postings

- Transmission Zone and Receipt Point Capacities on a cycle-by-cycle basis;
- Storage capacities on a cycle-by-cycle basis;
- Derivation of system capacities;
- Estimated daily (and hourly if available) pipeline operational and scheduling information;
- Actual daily (and hourly if available) pipeline operational and scheduling information;
- Estimated daily storage operational and scheduling information;
- Actual daily storage operational and scheduling information;
- Daily total physical storage inventory levels;
- Weekly physical core storage inventory levels;
- Daily operational information depicted in graphical form to show storage inventory levels; and,
- Status of system balancing rules (daily, winter, monthly).

2. Hub Services Postings

- Weekly net G-PAL position, weekly G-PAL volumes loaned, and weekly G-PAL volumes parked by its Operations Hub and
- Withdrawal schedules for all G-PAL volumes parked and repayment schedules for all G-PAL volumes loaned.

(Continued)

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Rule No. 33
Electronic Bulletin Board (EBB)

Sheet 4

(Continued)

E. OPERATIONAL AND INFORMATION POSTINGS (Continued)

3. Contractual Maintenance and Regulatory Postings

- An index of firm rights holders for access and storage;
- Planned and actual service pipeline and storage outages through its Maintenance Schedules;
- Terms and conditions regarding secondary market transactions;
- Customers posted information for the marketplace;
- Tariffs and other regulatory filing information; and
- Affiliate transaction information.

F. AUTHORIZED INDIVIDUAL USERS

Authorized User shall allow only its specifically authorized employees and/or agents access to and use of EBB and all Software Programs and Software Documentation. Authorized User shall identify each and every such individual to Utility in writing, through the use of the Exhibit A EBB Logon ID Request Form, (Form 6800-A), prior to their use of the EBB system.

Authorization is limited strictly to such designated individuals until such time as User requests otherwise. In the event such individual's authorization to use system is terminated for whatever reason, including but not limited to a change in employment and/or the necessity to change authorization to another person or persons, authorized User must provide Utility immediate notice thereof and must request any new authorizations required as a consequence. User shall be solely responsible for the actions of any individuals it designates in connection with the EBB system.

If User desires to change or add a type of EBB Service or to change the individuals authorized on its behalf to conduct electronic transactions, User shall fax to Utility a new Logon ID Request Form. Such authorized representative shall be the individual named in a Delegation of Authority Form (Exhibit B to Form 6800) or the sole proprietor, or an authorized officer or partner with authority to bind User. The changes or additions shall be effective as soon as reasonably possible after Utility receives the new Log On ID Request Form, and in any event, not later than the close of Utility's business day if the fax is received at least one hour prior to closing and shall be effective within the first hour of the next business day if received thereafter. Utility may, but is not required to, send written confirmation to User of Utility's receipt of the changes or additions. To revoke the authority of an individual to enter into electronic transactions on behalf of User, User may e-mail Utility with such revocation, which shall be effective upon User's receipt of an e-mail confirmation from Utility.

(Continued)

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Rule No. 33
Electronic Bulletin Board (EBB)

Sheet 5

(Continued)

G. ELECTRONIC TRANSACTIONS

1. By using the EBB, User agrees to enter into and obtain the Services electronically and agrees to all terms and conditions of this Rule and other applicable Tariff Rules and Schedules and applicable contracts. User will be bound by all the applicable terms and conditions of Utility's Tariff Schedules and Rules as in effect from time to time, including the Electronic Bulletin Board Agreement and all Exhibits thereto, which are made available by Utility and selected by User for electronic transactions. User is responsible for any and all costs or expenses associated with its accessing and utilizing the EBB.
2. The Services to be transacted through the EBB and designation of the individuals authorized by User to perform those applications shall be as set forth in the Electronic Bulletin Board Agreement Exhibit A, EBB Logon ID Request Form (Form 6800-A).
3. Any Services or actions taken through the use of a User's Logon ID, regardless of the person initiating such action using User's Logon ID, will be binding on User and all transactions entered into with the User's Logon ID will be legally binding on User in accordance with the Tariff Rules, Schedules and any contract applicable to such transaction, whether or not such applications including transactions or actions were, in fact, authorized by User.
4. All Services which are transactions entered into through the EBB shall be deemed to be "in writing" and to have been "signed" for all purposes and that any record of any such transaction will be deemed to be "in writing". Utility and User will not contest the legally binding nature, validity or enforceability of any transaction executed through the EBB based on the fact that it was entered into and executed electronically, and expressly waive any and all rights either may have to assert any such claim. Accordingly, an electronic signature by a party transmitted to the other party may be relied upon, and is enforceable for all purposes in connection herewith and no manual signature shall be required in lieu thereof. However, additional terms or conditions proposed by User in any transmission involving Utility's services shall be deemed rejected unless accepted by Utility in writing.
5. Customer shall indemnify and hold harmless Utility from and against any actions, claims, liabilities, damages, costs and expenses (including reasonable attorneys' fees and disbursements) arising in connection with its utilization of Utility's EBB or the licensed materials or resulting from or arising out of any act or omission by any person obtaining access to the EBB through User's Logon ID; provided, however, Utility shall be responsible and indemnify and hold harmless User from and against any actions, claims, liabilities, damages, costs and expenses (including reasonable attorneys' fees and disbursements) related to Utility's ownership of the EBB and the licensed materials.

(Continued)

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Rule No. 33
Electronic Bulletin Board (EBB)

Sheet 6

(Continued)

H. UTILITY REPRESENTATION

1. Utility's provision of access to the EBB and any and all use thereof is strictly on an informational basis only.
2. Utility does not represent or warrant that the EBB will meet authorized User's requirements or that their operation will be uninterrupted or error-free, and specifically disclaims any representation of fitness for any particular purpose or use.
3. Utility's provision of access to the EBB and its maintenance thereof shall in no way be construed as to imply or provide any warranty, sponsorship, or approval by Utility as to the efficacy of the EBB nor of any of the arrangements or relationships made by or based on the use of the EBB by authorized User or any representatives acting on User's behalf.
4. Utility expressly disclaims any warranty, representation or opinion, whether expressed or implied, as to the legal enforceability of any relationship which authorized User may enter into associated in any way with information obtained from the EBB.
5. The establishment, maintenance or termination of any commercial or legal relationship(s) between authorized User and any other party or parties ("Third Parties") based in whole or in part on information obtained from the EBB are the sole responsibility of the authorized User and such Third Parties.
6. Authorized User shall indemnify, hold harmless and defend Utility, its officers, agents and employees, from and against any and all loss, damage, expense, cost (including reasonable attorneys' fees, costs and disbursements) and/or liability arising out of or in any way connected with the performance or non-performance of the EBB, however caused, except to the extent caused by active negligence or willful misconduct of Utility, its officers, agents and employees.
7. User is solely responsible for the selection of Services, particular transactions and products to achieve User's intended results. Utility disclaims any warranty, and makes no opinion, express or implied, as to the advisability or enforceability of any arrangement or relationship User may enter into with any third party based upon the EBB or information obtained from or through the EBB, or the suitability or fitness of such third party. Utility also disclaims any responsibility for any loss or injury attributable in whole or in part to its actions or inactions in connection with the EBB (but any separate contract entered into by Utility and User through the EBB shall be governed by the terms thereof). Such disclaimer by Utility includes without limitation any actions or inactions of Utility related to the design and operation of the EBB, User utilization of the EBB for any purpose or any error or malfunction related thereto, including its availability at times desired by User.

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Rule No. 33
Electronic Bulletin Board (EBB)

Sheet 7

(Continued)

H. UTILITY REPRESENTATION (Continued)

- 8. If any transmission/communication is received in an unintelligible, electronically unreadable, or garbled form, the receiving party shall promptly notify the originating party (if identifiable from the received transmission) in a reasonable manner. The sending party shall make reasonable efforts to promptly transmit a corrected, non-garbled communication in lieu of the original message.
- 9. In the event of a dispute, Utility’s electronic records (or a “hard copy” downloaded therefrom) are conclusive evidence of any transaction or data applicable thereto.

I. GENERAL CONDITIONS

- 1. Access to and utilization of the EBB by User may be monitored by Utility for purposes of monitoring levels of activity in categories of transactions, for purposes of maintaining the functional and operational integrity of the EBB and for purposes of determining compliance with applicable laws and regulations.
- 2. The information obtained by Utility from monitoring the transactions of Users shall remain confidential and shall not be disclosed by Utility to third parties except as may be required to comply with regulatory reporting requirements or otherwise required by law. Information submitted by a User regarding bids, offers, or transactions may be displayed by Utility on the EBB provided such displays will not identify User by any identifying information prohibited by the Commission.
- 3. In no event will Utility or User be liable for any special, indirect, incidental, punitive, or consequential damages in connection herewith as provided in Rule No. 04, even if one party has advised the other of the possibility of such damages.

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ACCESS TO THE SOCALGAS PIPELINE SYSTEM

The Utility shall provide nondiscriminatory open access to its system to any party (hereinafter "Interconnector") for the purpose of physically interconnecting with the Utility and effectuating the delivery of natural gas, subject to the terms and conditions set forth in this Rule and the applicable provisions of the Utility's other tariff schedules including, but not limited to, the gas quality requirements set forth in Rule No. 30, Section I. None of the provisions in this Rule shall be interpreted so as to unduly discriminate against or in favor of gas supplies coming from any source.

A. Terms of Access

1. The interconnection and physical flows shall not jeopardize the integrity of, or interfere with, normal operation of the Utility's system and provision of service to its customers.
2. The Interconnector and Utility must execute Form No. 6450, Interconnection Agreement (IA) and Form No. 6435, Operational Balancing Agreement (OBA).
3. The Interconnector shall pay for all equipment necessary to effectuate deliveries at point of interconnection, including, but not limited to, valves, separators, meters, quality measurement, odorant and other equipment necessary to regulate and deliver gas at the interconnection point. The Interconnector shall also pay for computer programming changes to the Utility's Electronic Bulletin Board (EBB) scheduling system, if any, required to add the Interconnector's new interconnection point. The Interconnector and the Utility must execute Form No. 6430, Exhibit D, Interconnect Collectible System Upgrade Agreement.
4. The point of interconnection shall be established as a transportation scheduling point, pursuant to the provisions of Rule No. 30, if the Interconnector abides by the standards of the North American Energy Standards Board.
5. The maximum physical capacity of the interconnection will be determined by the sizing of the point of receipt, including the metering and odorization capacities, but is not the capacity of the Utility's pipeline system to transport gas away from the interconnection point and is not, nor is it intended to be, any commitment by the Utility of takeaway capacity. The Utility separately provides takeaway services, including the option to expand system capacity to increase takeaway services, through its otherwise applicable tariffs.
6. The available receipt capacity for any particular day may be affected by physical flows from other points of receipt, physical pipeline and storage conditions for that day, and end-use demand on the Utility's system.

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ACCESS TO THE SOCALGAS PIPELINE SYSTEM

(Continued)

A. Terms of Access (Continued)

- 7. The Utility will expand specific receipt point capacity and/or takeaway capacity at the request and expense of a supply source, third party storage providers, CPUC-regulated intrastate pipelines, interconnecting interstate pipelines, or other parties. The Interconnector and the Utility must execute a Collectible System Upgrade Agreement (Form 6420) prior to any work being completed.
- 8. As defined in the IA, the Interconnector shall pay all costs associated with the odorant of the delivered natural gas less the historical costs, on a per unit basis; the Utility has paid for odorant required for existing interstate supplies being delivered as of the date of D.06-09-039. The historical cost is \$0.0003 per Dth.

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B. Interconnection Capacity Studies

- 1. Any party, including an interconnecting pipeline or a supply source, may request an Interconnection Capacity Study to determine the Utility's downstream capability to take natural gas away from the interconnection point and the associated Utility facility enhancement costs. Upon the request of an entity to establish or increase takeaway capacity from a receipt point, the Utility will make a timely determination of the facilities (and facility modifications) and associated costs that are required to add the requested takeaway capacity on both a Displacement Receipt Point Capacity basis and Expansion Receipt Point Capacity basis. The Utility shall make this determination on a nondiscriminatory and transparent basis, without favoring any region of its territory and without favoring any entity.
- 2. All analyses shall take into consideration new supplies and facilities that have been or will be installed pursuant to a previously executed Collectible System Upgrade Agreements (CSUA) in effect. Priority for purposes of determining facility costs will be established on the basis of the date a party executes a CSUA. The CSUA shall include the activities from initial study through construction under terms mutually agreeable to the Utility and the party in Appendix "B" to the CSUA. In order to keep its place in the priority established by D.06-12-031 for determining facilities costs, an Appendix "B" must be completed within 90 days of the Commission Resolution approving Advice Letter 3706-A. The Utility shall maintain a queue of executed CSUAs with completed Appendix "B", including project milestones and completion dates. Any CSUA party will be subject to replacement in the queue if any date for performance within its CSUA has expired. The Utility will be provided a 30-day notice of cancellation and allow for a subsequent 60-day period to cure any non-performance. The Utility will file an Advice Letter for Commission approval to re-order the queue due to the non-performance of a CSUA holder.

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 12, 2008
 EFFECTIVE Jul 18, 2008
 RESOLUTION NO. _____

ACCESS TO THE SOCALGAS PIPELINE SYSTEM

(Continued)

B. Interconnection Capacity Studies (Continued)

3. Any party interested in funding an Interconnection Capacity Study must submit a written request for access, which includes where and when the new supply will be delivered to the Utility and the volume required to be received. Within 30 business days, the Utility will provide a written proposal to the party to evaluate the system impact of the new supplies including the estimated time and cost to perform this analysis.

4. The party and the Utility must execute a Consulting Services Agreement (Form 6440) or Collectible System Upgrade Agreement (Form 6420) and Confidentiality Agreement (Form 6410) prior to any work being completed and provide payment equal to the estimated cost of the Interconnection Capacity Study prior to the Utility proceeding with the Interconnection Capacity Study. The party will be responsible for the actual costs of the analysis; to this end, an invoice or refund will be issued to the supplier at the completion of the analysis for any difference between the actual costs and the estimate.

5. The cost estimate provided in the Interconnection Capacity Study will not include cost estimates for land acquisition, site development, right-of-way, metering, gas quality, permitting, regulatory, environmental, unusual construction costs, and operating and maintenance costs. Upon completion of the Interconnection Capacity Study and for an additional charge, the Utility will perform a more detailed Preliminary Engineering Study that will include such cost estimates associated with these elements, if requested by the party in writing. As with the Interconnection Capacity Study, the party will be responsible for the actual costs to perform the Preliminary Engineering Study.

6. In addition, upon formal written request by any party, the Utility will prepare a Detailed Engineering Study, which will: (1) describe all costs of construction, (2) develop complete engineering construction drawings, and (3) prepare all construction and environmental permit applications and right-of-way acquisition requirements. The party shall pay an estimated charge before the Utility will begin the Detailed Engineering Study. As with the Interconnection Capacity Study, the party will be responsible for the actual costs to perform the Detailed Engineering Study.

7. Customers will have three funding options for increasing receipt point capacity. First, a customer may elect to pay 100% of the costs, including applicable CIAC taxes, to the Utility to complete the installation of the necessary facility without any refund of the advanced funds and not be charged an incremental reservation rate on a going forward basis. Second, a customer may elect to pay 100% of the costs to the Utility to complete the installation of the necessary facility, receive a refund of those advanced funds after gas first flows through the receipt point, and be charged an incremental reservation rate on a going forward basis. Third, a customer may elect to install the necessary facility themselves under the direction of the Utility, transfer ownership of the necessary facilities, along with any payment of applicable CIAC taxes, and not be charged incremental reservation rate on a going forward basis.

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MASTER SERVICES CONTRACT - SCHEDULE O
OPERATIONS PARK AND LOAN SERVICES AGREEMENT
(Form No. 6597-22)

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(See Attached Form)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3818-A
DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED May 12, 2008
EFFECTIVE Jul 18, 2008
RESOLUTION NO. _____

MASTER SERVICES CONTRACT

Schedule O

OPERATIONS PARK AND LOAN SERVICES AGREEMENT

THIS OPERATIONS PARK AND LOAN SERVICES AGREEMENT (“Agreement”) is entered into as of the ____ day of _____, _____, by and between Southern California Gas Company (“Utility”) and _____ (“Customer”) and sets forth the terms and conditions under which Utility will provide Operations Park and Loan Services to Customer. This Agreement shall be attached to and incorporated as Schedule O to the Master Services Contract (“MSC”) entered into by the parties, constituting an independent Agreement.

SECTION 1 – SERVICES

After execution of this Agreement, Customer may request specific Operations Park and Loan Services pursuant to the terms set forth in Utility’s applicable Rate Schedule G-PAL and other applicable tariff rules, and their legal successors, as in effect from time to time, and the terms of this Agreement.

Other: _____

SECTION 2 - OPERATIONS PARK AND LOAN TRANSACTIONS

In the event that at any time Customer’s request for specific service is accepted by Utility, Utility shall record such agreement in the form attached as Exhibit A (“Transaction Confirmation”) and each Transaction Confirmation is incorporated herein and made an integral part of this Agreement. Utility shall confirm such Transaction Confirmation to Customer by facsimile, or other mutually agreeable electronic means, no later than close of the first Business Day (a day during which Federal Reserve banks in New York City are open for business) immediately following the date of the agreement. Customer shall identify any error in such Transaction Confirmation and shall immediately provide written notice to Utility. If no such notice is received by Utility within two (2) Business Days from Customer’s receipt of such Transaction Confirmation, the Transaction Confirmation will be deemed correct. Both parties hereby agree that the Transaction Confirmation sent electronically to Customer forms a binding and enforceable contract. Such arrangement shall be referred to as a “Transaction”.

SECTION 3 - TERM

The term of this Agreement shall run from _____ through _____, and shall continue month to month thereafter until terminated by either party on thirty days prior written notice. No termination of the Agreement by such written notice shall terminate any executory Transaction prior to such Transaction’s designated termination.

SECTION 4 - BILLING AND PAYMENT

(a) Rates and charges specified in the Transaction Confirmation shall be applied as the applicable services are provided. For interruptible service, rates and charges shall be applied to service quantities specified in Transaction Confirmation less Utility interrupted service, unless otherwise agreed to between Utility and Customer.

(b) All bills shall be timely paid in accordance with the provisions of the MSC and Rule No. 9.

(c) In the event of a billing dispute, the bill must be paid in full by Customer pending resolution of the dispute. Such payment shall not be deemed a waiver of Customer's right to a refund. All bills shall be sent to Customer and paid to Utility at the address specified in the MSC.

SECTION 5 – RECEIPT AND DELIVERY POINTS

(a) The Points of Receipt and Delivery for Transactions are specified by the Transaction Confirmation.

(b) Customer is responsible for all applicable transportation charges to move gas to and from the Points of Receipt and Delivery.

SECTION 6 - MISCELLANEOUS

(a) Notices - All notices and requests under this Agreement shall be deemed to have been duly given if sent by facsimile (fax) properly addressed, and with confirming original copy thereof being sent by postage prepaid, certified mail properly addressed, as follows:

<u>CUSTOMER</u>		<u>UTILITY</u>	
<u>Operating Matters</u>			
Contact Name	_____	Contact Name	_____
Contact Title	_____	Contact Title	_____
Telephone	_____	Telephone	_____
Fax No.	_____	Fax No.	_____
<u>Billing Matters</u>			
Contact Name	_____	Contact Name	_____
Contact Title	_____	Contact Title	_____
Telephone	_____	Telephone	_____
Fax No.	_____	Fax No.	_____
<u>Contract Matters</u>			
Contact Name	_____	Contact Name	_____
Contact Title	_____	Contact Title	_____
Telephone	_____	Telephone	_____
Fax No.	_____	Fax No.	_____

Either party may change its designation set forth above by giving the other party at least seven (7) days prior written notice.

(b) Governing Law - This Agreement shall be construed in accordance with the laws of the State of California and the orders, rules and regulations of the Public Utilities Commission of the State of California in effect from time to time.

(c) Creditworthiness - At all times during this Agreement, Customer shall be subject to the Utility's creditworthiness requirements.

(d) Limited Storage Liability - Utility shall not be responsible for any loss of gas in storage, including, without limitation, losses due to the inherent qualities of gas (including leakage and migration) or due to physical or legal inability to withdraw gas from storage, unless such loss is caused by failure of Utility to exercise the ordinary care and diligence required by law. In the event of any such loss, the portion of such loss which is attributable to Customer shall be determined based on Customer's pro rata share of the total recoverable working gas inventory in Utility's storage facilities at the time of the loss.

(e) Customer may assign Transaction rights in whole upon approval by Utility. Customer may not assign Transaction rights in part unless it is specifically provided in the Transaction Confirmation.

(f) Incorporated Provisions - All provisions of the MSC are incorporated by reference herein as if set forth in full herein.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed two (2) duplicate original copies of this Agreement as of the date first written above.

CUSTOMER

SOUTHERN CALIFORNIA GAS COMPANY

By _____

By _____

Title: _____

Title: _____

OPERATIONS PARK AND LOAN SERVICES AGREEMENT
EXHIBIT A - TRANSACTION CONFIRMATION
(Form 6597-22a)

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(See Attached Form)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3818-A
DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED May 12, 2008
EFFECTIVE Jul 18, 2008
RESOLUTION NO. _____

OPERATIONS PARK AND LOAN SERVICES AGREEMENT
EXHIBIT A
TRANSACTION CONFIRMATION

VIA FACSIMILE
Date:

I. CONFIRMATION FROM UTILITY TO CUSTOMER

To: _____ Transaction No. _____
Attn.: _____ Operations Park and Loan Services Agreement dated _____
Fax No: _____

This is to confirm that _____ (“Customer”) has requested and will receive the following services from the Utility:

Services: _____
Negotiation Date: _____
Effective Date: _____
Termination Date: _____
Quantity, Dth: _____

	<u>Start Date</u>	<u>End Date</u>	<u>Max Daily Quantity, Dth</u>	<u>Delivery Location</u>
<u>Delivery to Utility System</u>	_____	_____	_____	_____
<u>Delivery from Utility System</u>	_____	_____	_____	_____

Special Provisions: _____

Rates and Charges: \$_____/Dth
Fuel Use: _____%

This Transaction Confirmation is subject to the terms of the Operations Park and Loan Services Agreement as amended from time to time, which has been received by Customer and which is incorporated herein by reference and is an integral part of this Agreement. Performance pursuant to this Transaction Confirmation by Customer confirms acceptance to both the terms of the Operations Park and Loan Services Agreement and the specific terms of the Transaction Confirmation.

This Transaction Confirmation is deemed a legal writing by both parties and is effective as of date set forth above without further signed documentation by the parties. Any exception or change to this Transaction Confirmation must be made by facsimile or other electronic means to Utility and in any event must be received by Utility within two (2) Business Days of receipt of this Transaction Confirmation by Customer unless otherwise specified in the Operations Park and Loan Services Agreement.

SOUTHERN CALIFORNIA GAS COMPANY

By: _____
Title: _____

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY

Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 12, 2008
 EFFECTIVE Apr 1, 2009
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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
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(TO BE INSERTED BY CAL. PUC)
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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

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ISSUED BY

Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED May 12, 2008
 EFFECTIVE Apr 1, 2009
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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
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ISSUED BY
Lee Schavrien
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ATTACHMENT C

Advice No. 3818-A

**Redlines of NSBA, SRMA, Schedule Nos. G-TBS and G-SMT
Showing Revisions to Advice No. 3818**

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE STORAGE BALANCING ACCOUNT (NSBA)

Sheet 1

The NSBA is a balancing account. The purpose of this account is to (1) balance the authorized at-risk non-gas costs for unbundled storage service as authorized in Decision No.00-04-060 and the reservation revenues collected from customers who contract for these unbundled storage services, and (2) record the ~~unallocated~~ fully scaled unbundled noncore storage revenue requirement. Pursuant to D.07-12-019 and as filed in Advice No. 3812-A, 100% of storage costs, including the unallocated-scalar, and revenues (entries a through de below) associated with the ~~at-risk portion of the~~ Unbundled Storage Program shall be recorded in the Noncore Storage Memorandum Account (NSMA) effective January 1, 2008.

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The Utility shall maintain the NSBA by making entries at the end of the month as follows:

- a. A credit entry equal to 50% of all reservation and variable O&M charge revenues less (a) the allowance for F&U on net revenue, as applicable, and (b) the reservation charge revenues collected for subscribed unbundled storage service from expansion storage facilities;
- b. A debit entry equal to 50% of one-twelfth of the authorized at-risk non-gas costs allocated to unbundled storage service (i.e., \$21 million annually pursuant to D.00-04-060), less the allowance for F&U on net revenue, as applicable;
- c. A debit entry equal to 50% of well incidents allocated to the unbundled storage programs;
- d. A debit entry equal to the difference between 100% of one-twelfth of the authorized fully scaled unbundled noncore storage revenue requirement and one-twelfth of the \$21 million at-risk unbundled storage level pursuant to D.00-04-060, less the allowance for F&U on net revenue, as applicable;
- e. An entry equal to the authorization of the forecasted remaining balance less F&U; and
- f. An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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The balance of the NSBA shall be allocated in the Utility's cost allocation proceedings to all customers.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
SYSTEM RELIABILITY MEMORANDUM ACCOUNT (SRMA)

Sheet 1

The SRMA is an interest bearing account that is recorded on the Utility's financial statements. The purpose of this account is to record certain costs associated with the Utility System Operator's purchase and delivery of gas to sustain operational flows on the SoCalGas/SDG&E system. Costs include the costs that are associated with the following:

- 1) Purchases and sales of gas on a spot basis;
- 2) Contracts related to Requests for Offers (RFO) or open season process consistent with System Operator needs and approved through the Expedited Advice Letter Process;
- 3) Other System Operator tools approved by the Commission through the regular advice letter process.

The Utility shall maintain the SRMA by making entries at the end of each month as follows:

- a. A debit entry for the cost of gas delivered to various receipt points on the SoCalGas/SDG&E system, including any other O&M and incremental capital-related costs (e.g., depreciation, return on investment and related taxes) associated with any other the tools approved by the Commission through a regular or expedited advice letter process as described above that were incurred for maintaining system reliability.
- b. A credit entry equal to the revenues from the sale of gas that was originally purchased for system reliability purposes as described in entry "a." which is no longer necessary and therefore made available for sale in the marketplace.
- c. An entry equal to amortization as authorized by the Commission.
- d. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

~~Upon approval of these costs through an annual Commission reasonableness review, T~~the disposition of the SRMA balance, which will be subject to an annual Commission reasonableness review, shall be determined in a Biennial Cost Allocation Proceeding (BCAP) or, if between BCAPs, through a separate application. Once approved, the SRMA balance will be allocated consistent with the methodology adopted by the Commission and incorporated in rates on a cold-year throughput basis and allocated to all customers in connection with SoCalGas' next annual regulatory account balance update filing for rates effective January 1st of the following year.

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Schedule No. G-TBS
TRANSACTION BASED STORAGE SERVICE

Sheet 2

(Continued)

RATES (Continued)

Component Rate Caps

The Utility's per-unit reservation charges for a storage transaction may not exceed the following annual amounts for each component (i.e., inventory, injection, or withdrawal) of the package for packages with terms of one year or less. Customer preferences for annual packages in lieu of shorter-term packages will be honored to the extent annual capacity is available.

Inventory

Rate, per decatherm \$1.63

Injection Capacity

Rate, per decatherm per day \$60.00

Withdrawal Capacity

Rate, per decatherm per day \$30.00

For example, inventory-only could be sold for \$1.63/dth for any term up to one year. The maximum price for a package of 1,000,000 dth inventory with 5,000 dth/day of firm injection, and 10,000 dth/day of firm withdrawal will be \$2,230,000 for any term of up to and including one year, \$4,460,000 for any term more than one year but not more than two years, and \$6,690,000 for any term more than two years but not more than three years, ~~subject to the yearly escalation provisions described below.~~ Similarly, the maximum price for a package of 1,000,000 dth inventory with 10,000 dth/day of firm injection, and 20,000 dth/day of firm withdrawal will be \$2,830,000 for any term of up to and including one year, \$5,660,000 for any term more than one year but not more than two years, and \$8,490,000 for any term more than two years but not more than three years, ~~subject to the yearly escalation provisions described below.~~

Escalation of Component Rate Caps

~~The component rate caps above shall go into effect on April 1, 2007 the effective date of this schedule. They shall change at the beginning of each storage year by the following formulas:~~

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Schedule No. G-TBS
TRANSACTION BASED STORAGE SERVICE

Sheet 3

(Continued)

RATES (Continued)

~~Component Rate Caps (Continued)~~

~~Escalation of Component Rate Caps (Continued)~~

~~1. Inflation, The Higher Of:~~

~~—(Most recent annual U.S. All Urban CPI / Prior year's annual U.S. All Urban CPI for same month) times rate caps, or~~

~~—(1 + (Annual percentage change in overall utility margin)) times rate caps.~~

~~2. Storage Expansion Investment~~

~~—(1 + (Annual revenue requirement of unbundled storage expansion facility cost ÷ Annual at risk revenue requirement of existing unbundled storage)) times rate caps.~~

Interruptible Storage Service

Interruptible storage services for injection and withdrawal may be sold on a negotiated volumetric basis. The maximum rates for these services for each day of the service shall be \$2.00/dth for withdrawal and \$2.00/dth for injection. ~~These interruptible service rate caps are subject to the yearly escalation provisions described above.~~ Interruptible services will be prioritized on the basis of price each day. Zero-priced, lowest-priority, interruptible injection and withdrawal service shall be included with all sales of inventory, whether that inventory is sold on a stand-alone or bundled basis.

Variable Storage Charges

Injection Service

Peak Season (April through November)

In-Kind Energy Charge, applied to all quantities delivered for injection
 Rate, percent reduction 2.440%

O&M Injection Charge, applied to all quantities injected (less In-Kind Charge)
 Rate, per decatherm 1.27¢

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Schedule No. G-SMT
SECONDARY MARKET TRANSACTIONS OF STORAGE RIGHTS

Sheet 2

(Continued)

SPECIAL CONDITIONS (Continued)

SECONDARY MARKET ASSIGNMENTS

8. Utility will schedule interruptible nominations up to available storage capacity subject to Rule No. 30, Transportation of Customer-Owned Gas.

9. Customers who hold firm storage rights may release (i.e., transfer) all or a portion of those rights to any creditworthy party in the secondary market through Utility's EBB (see Special Condition 12 below for exception). The minimum duration for the released storage rights shall be one day. The maximum duration for the released storage rights shall be equal to the remaining duration of the storage rights being released. The transfer of any storage rights must be completed no later than 24 hours prior to the nomination cycle in which the released storage rights are to be used. Any creditworthy party may purchase firm storage rights in the secondary market. Any party releasing firm storage rights will be referred to as "Releasing Customer" and those purchasing firm storage rights through the secondary market will be referred to as "Acquiring Customer." Rights may be re-released any number of times under the same rules applicable to releases by customers who originally obtained the rights directly from Utility. Releases may consist of all or part of the customer's storage rights and all or part of the remaining contract term. Utility will bill the Acquiring Customer and credit the Releasing Customer subject to the provisions in Special Condition 12. If the Acquiring Customer's reservation rate is less than the Releasing Customer's reservation rate, the Releasing Customer will continue to be responsible for payment of the difference.

10. A customer may opt to designate one trading agent in addition to itself at any one time to buy or sell firm storage rights in the secondary market. The trading agent shall be specified in the customer's Contract or in the Nomination and Trading Authorization Form (Form 9924) and shall apply to all of the customer's Contracts. Such designation shall be subject to that trading agent complying with applicable tariff and contractual provisions. Customer shall provide appropriate written notice to Utility of its intent to terminate a trading agent via the Form to Terminate a Nominating or Trading Agent (Form 9926).

11. Contract releases of firm storage rights must be ~~done~~ completed electronically using Utility's EBB.

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