

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 1, 2008

Advice Letter 3884

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

Subject: New Schedule No. GW-ECO, Wholesale Natural Gas Service

Dear Mr. Deremer:

Advice Letter 3884 is effective November 21, 2008 by Resolution G-3426.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Lewis".

Kenneth Lewis, Acting Director
Energy Division



Ken Deremer
Director
Tariffs & Regulatory Accounts

8330 Century Park Court CP32C
San Diego, CA 92123-1548
Tel: 858.654.1756
Fax: 858.654.1788
KDeremer@SempraUtilities.com

July 22, 2008

Advice No. 3884
(U 904 G)

Public Utilities Commission of the State of California

Subject: New Schedule No. GW-ECO, Wholesale Natural Gas Service

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) a new Schedule No. GW-ECO, Wholesale Natural Gas Service, as shown on Attachment B.

Purpose

The purpose of this filing is to request Commission authorization to implement a new wholesale transmission service rate schedule, Schedule No. GW-ECO. Under Schedule No. GW-ECO, SoCalGas will offer firm and interruptible transmission service for ECOGAS Mexico, S. de R.L. de C.V (ECOGAS), formerly known as Distribuidora de Gas Natural de Mexicali (DGN).

Background

In November of 1995, the government of Mexico issued regulations that allow for licenses to be granted to private companies to construct and operate natural gas transmission and distribution pipelines in Mexico. On August 12, 1996, after a competitive bidding process, the Mexican government awarded a license for natural gas distribution in the Mexicali area to DGN.

Subsequent to the issuance by the Mexican government of the license for distribution service in the Mexicali region, SoCalGas entered into negotiations with DGN for an agreement for SoCalGas to provide gas transportation service across its system to a border crossing point to be constructed at the California-Mexico border at Mexicali. Gas supplies and transportation upstream of the SoCalGas system would be the responsibility of DGN, not SoCalGas. On January 29, 1997, SoCalGas and DGN entered into an agreement for this transportation service.

For many years there has been a service agreement between SoCalGas and DGN. This agreement was approved by the Commission in Decision (D.) 97-07-062 and D.98-12-024. In 2007, the Commission approved a decrease in the Service Agreement MDQ from 252,000 therms to 199,990 therms.

Requirement for New Rate Schedule

The Service Agreement, approved by D.97-07-062 and D.98-12-024, states that if necessary to provide continued service to DGN after the end of the initial term, SoCalGas is required to file with the Commission, by the end of the eleventh year of the service agreement, a tariff for default service to be applicable after the twelfth year of the contract. SoCalGas deems it necessary to provide continued service and will now offer ECOGAS the transmission service as described in the new rate Schedule No. GW-ECO.

Special Condition

Unlike other wholesale core customers, ECOGAS' customers, being outside California, are not subject to the Commission's or any local government's regulations. The utility shall have no obligation to provide ECOGAS' core customers equal opportunity access to initial reservation of storage capacity on an annual basis as SDG&E core customers and other wholesale customers.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter. 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 (ijn@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

SoCalGas believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) and respectfully requests that the Advice Letter be approved on August 31, 2008, which is more than 30 days after the date filed.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A.

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) #: 3884

Subject of AL: New Schedule GW-ECO, Wholesale Natural Gas Service

Keywords (choose from CPUC listing): Wholesale, Affiliate

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

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

D98-12-024

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: 8/1/08

No. of tariff sheets: 14

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: Preliminary Statement Part II, Schedule No. GW-ECO 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. 3884

(See Attached Service List)

Aglet Consumer Alliance
James Weil
jweil@aglet.org

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

Alcantar & Kahl
Seema Srinivasan
sls@a-klaw.com

Alcantar & Kahl LLP
Annie Stange
sas@a-klaw.com

Ancillary Services Coalition
Jo Maxwell
jomaxwell@ascoalition.com

Ancillary Services Coalition
Nick Planson
nplanson@ascoalition.com

Ancillary Services Coalition
Terry Rich
TRich@ascoalition.com

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

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

Beta Consulting
John Burkholder
burkee@cts.com

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

CPUC
Pearlie Sabino
pzs@cpuc.ca.gov

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

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

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

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

California Energy Market
Lulu Weinzimer
luluw@newsdata.com

Calpine Corp
Avis Clark
aclark@calpine.com

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

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

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

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

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

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

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

City of Pasadena - Water and Power
Dept.
G Bawa
GBawa@cityofpasadena.net

City of Riverside
Joanne Snowden
jsnowden@riversideca.gov

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

Commerce Energy
Brian Patrick
BPatrick@commerceenergy.com

Commerce Energy
Glenn Kinser
gkinser@commerceenergy.com

Commerce Energy
Lynelle Lund
llund@commerceenergy.com

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

Crossborder Energy
Tom Beach
tomb@crossborderenergy.com

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

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

Davis Wright Tremaine, LLP
Edward W. O'Neill
505 Montgomery Street, Ste 800
San Francisco, CA 94111

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

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

Douglass & Liddell
Dan Douglass
douglass@energyattorney.com

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

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

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

Dynegy
Joseph M. Paul
jmpa@dynegy.com

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

Gas Transmission Northwest
Corporation
Bevin Hong
Bevin_Hong@transcanada.com

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

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

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

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

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

JBS Energy
Jeff Nahigian
jeff@jbsenergy.com

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

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

LADWP
Nevenka Ubavich
nevenka.ubavich@ladwp.com

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

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

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

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

MRW & Associates
Robert Weisenmiller
mrw@mrwassoc.com

Manatt Phelps Phillips
Randy Keen
rkeen@manatt.com

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

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

Matthew Brady & Associates
Matthew Brady
matt@bradylawus.com

Julie Morris
Julie.Morris@PPMEnergy.com

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

Navigant Consulting, Inc.
Ray Welch
ray.welch@navigantconsulting.com

PG&E Tariffs
Pacific Gas and Electric
PGETariffs@pge.com

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

Praxair Inc
Rick Noger
rick_noger@praxair.com

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

R. W. Beck, Inc.
Catherine Elder
celder@rwbeck.com

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

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

Sempra Global
William Tobin
wtobin@sempraglobal.com

Sierra Pacific Company
Christopher A. Hilén
chilen@sppc.com

Southern California Edison Co
Fileroom Supervisor
2244 Walnut Grove Ave., Rm 290, G01
Rosemead, CA 91770

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

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

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

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

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

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

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

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

TURN
Marcel Hawiger
marcel@turn.org

TURN
Mike Florio
mflorio@turn.org

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

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

ATTACHMENT B
Advice No. 3884

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 43594-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 7	Revised 43565-G 43301-G
Revised 43595-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 8	Revised 43301-G Revised 43565-G, 43045- G
Revised 43596-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 9	Revised 43301-G Revised 43302-G
Revised 43597-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 10	Revised 43302-G Revised 43303-G
Original 43598-G	Schedule No. GW-ECO, WHOLESAL NATURAL GAS SERVICE, Sheet 1	
Original 43599-G	Schedule No. GW-ECO, WHOLESAL NATURAL GAS SERVICE, Sheet 2	
Original 43600-G	Schedule No. GW-ECO, WHOLESAL NATURAL GAS SERVICE, Sheet 3	
Original 43601-G	Schedule No. GW-ECO, WHOLESAL NATURAL GAS SERVICE, Sheet 4	
Original 43602-G	Schedule No. GW-ECO, WHOLESAL NATURAL GAS SERVICE, Sheet 5	
Original 43603-G	Schedule No. GW-ECO, WHOLESAL NATURAL GAS SERVICE, Sheet 6	
Original 43604-G	Schedule No. GW-ECO, WHOLESAL NATURAL GAS SERVICE, Sheet 7	
Original 43605-G	Schedule No. GW-ECO, WHOLESAL NATURAL GAS SERVICE, Sheet 8	
Revised 43606-G	TABLE OF CONTENTS	Revised 43400-G*
Revised 43607-G	TABLE OF CONTENTS	Revised 43407-G*

PRELIMINARY STATEMENT
PART II
SUMMARY OF RATES AND CHARGES

Sheet 7

(Continued)

WHOLESALE SERVICE (Continued)

Schedule GW-VRN (City of Vernon, GT-F10 & GT-I10)

Transmission Charge 2.276¢
 ITCS-VRN (0.005¢)

Schedule GW-ECO (ECOGAS, GT-F-12 & GT-I12)

Transmission Charge 2.471¢
 ITCS-ECO (0.005¢)

PROCUREMENT CHARGE

Schedule G-CP

Non-Residential Core Procurement Charge, per therm 122.663¢
 Non-Residential Cross-Over Rate, per therm 125.535¢
 Residential Core Procurement Charge, per therm 122.663¢
 Residential Cross-Over Rate, per therm 125.535¢
 Adjusted Core Procurement Charge, per therm 122.475¢

IMBALANCE SERVICE

Standby Procurement Charge

Core Retail Standby (SP-CR)

April 2008 162.526¢
 May 2008 190.388¢
 June 2008 TBD*

Noncore Retail Standby (SP-NR)

April 2008 162.604¢
 May 2008 190.466¢
 June 2008 TBD*

Wholesale Standby (SP-W)

April 2008 162.604¢
 May 2008 190.466¢
 June 2008 TBD*

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

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3884
 DECISION NO. 98-12-024

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 22, 2008
 EFFECTIVE Nov 21, 2008
 RESOLUTION NO. _____

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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

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¢

Variable Withdrawal Charges (November through March only)

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

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)

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

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3884
 DECISION NO. 98-12-024

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 22, 2008
 EFFECTIVE Nov 21, 2008
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PRELIMINARY STATEMENT
 PART II
SUMMARY OF RATES AND CHARGES

Sheet 10

(Continued)

STORAGE SERVICE (Continued)

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

Variable Injection Charges (April through November only)

In-Kind Energy Charge, percent reduction	2.440%
Operating and Maintenance Charge	
Rate, per decatherm applied to all quantities injected (less In-Kind Energy)	1.27¢

Variable Withdrawal Charges (November through March only)

Operating and Maintenance Charge	
Rate, per decatherm applied to all quantities withdrawn	1.77¢

TAX SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS

Schedule G-PPPS

Tax Surcharge

For all service, per meter, per month

Customer Class	CARE Customer	Non-CARE Customer
	(¢/therm)	(¢/therm)
Core		
Residential	2.695	5.074
Commercial/Industrial	4.001	6.380
Gas Air Conditioning	4.173	6.553
Gas Engine	N/A	6.505
Natural Gas Vehicle	N/A	2.379
Noncore		
Commercial/Industrial	N/A	2.807

SURCHARGE TO FUND PUC UTILITIES REIMBURSEMENT ACCOUNT

Schedule G-SRF

Surcharge, per therm	0.068¢
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TRANSPORTED GAS MUNICIPAL SURCHARGE

Schedule G-MSUR

Outside the City of Los Angeles	1.4620%
Within the City of San Buenaventura (City of Ventura)	2.4620%
Within the City of Los Angeles	2.0000%

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3884
 DECISION NO. 98-12-024

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 22, 2008
 EFFECTIVE Nov 21, 2008
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Schedule No. GW-ECO
WHOLESALE NATURAL GAS SERVICE

Sheet 2

(Continued)

SPECIAL CONDITIONS

GENERAL

1. Definitions: The definitions of principal terms used in this schedule are found herein or in Rule No. 1, Definitions.
2. Number of therms: The number of therms to be billed shall be determined in accordance with Rule No. 2.
3. Utility Service Agreement: As a condition precedent to service under this schedule, an executed Master Services Contract, Schedule A, Intrastate Transmission Service (Form Nos. 6597 and 6597-1) is required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
4. Affiliate Transaction Rules. Customer is an affiliate of Sempra Energy and as such, the CPUC Affiliate Transaction Rules apply regarding the relationships and activities occurring between SoCalGas, SDG&E and Customer.
5. Curtailment: In the event of curtailment, Customer will be curtailed in accordance with Rule No. 23. Penalties for violation of curtailment shall apply as set forth in Rule No. 23.
6. Gas Imbalance: All terms and conditions of Rule No. 30 and Schedule No. G-IMB shall apply to the transportation of customer-owned gas under this schedule.
7. Electronic Bulletin Board (EBB): Any affiliate of the Utility shipping gas on the Utility's system for use in electric generation shall use the 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.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3884
DECISION NO. 98-12-024

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Jul 22, 2008
EFFECTIVE Nov 21, 2008
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Schedule No. GW-ECO
WHOLESALE NATURAL GAS SERVICE

Sheet 3

(Continued)

SPECIAL CONDITIONS (Continued)

SET ASIDES FOR WHOLESALE CUSTOMERS

8. Set Asides: Special Condition 20 of Schedule No. G-TBS shall not be applicable.

FIRM SERVICE

9. Contract Term: The contract term for firm intrastate service shall be two years. In the event Customer does not subsequently execute an agreement electing an additional term, service may continue to be provided on an interruptible basis under this schedule.

Full Requirements Firm Service

10. Usage Requirements: 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 Customer as requesting such service; as set forth in the Customer's Contract. Customer must provide the Utility sufficient information to establish the usage requirements of its designated full requirements load.
11. Displacement of Service Loads: 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, (3) or 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.
12. Customer Notification: In the event of any unauthorized alternate fuel use or bypass which displaces Customer's full requirement 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 unauthorized alternate fuel or bypass 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.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3884
DECISION NO. 98-12-024

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Jul 22, 2008
EFFECTIVE Nov 21, 2008
RESOLUTION NO. _____

Schedule No. GW-ECO
WHOLESALE NATURAL GAS SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

FIRM SERVICE (Continued)

Partial Requirements Firm Service

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

Firm Service in Potentially Capacity-Constrained Areas

16. Open Season: The Utility will conduct an open season to solicit contractually binding bids from noncore eligible customers for firm service in potentially capacity-constrained areas, as defined in Rule No. 1.
17. 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).

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3884
DECISION NO. 98-12-024

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

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Schedule No. GW-ECO
WHOLESALE NATURAL GAS SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

FIRM SERVICE (Continued)

Firm Service in Potentially Capacity-Constrained Areas (Continued)

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.
19. Monthly Scheduled Quantity (MSQ): The MSQ under this rate schedule is equivalent to the summation of HSQs for the month.
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.
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. 26 and must be allocated by hour into HSQs for each contract year during the contract term.
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.

(Continued)

(TO BE INSERTED BY UTILITY)
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DECISION NO. 98-12-024

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Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
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Schedule No. GW-ECO
WHOLESALE NATURAL GAS SERVICE

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

FIRM SERVICE (Continued)

Firm Service in Potentially Capacity-Constrained Areas (Continued)

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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Schedule No. GW-ECO
WHOLESALE NATURAL GAS SERVICE

Sheet 7

(Continued)

SPECIAL CONDITIONS (Continued)

FIRM SERVICE (Continued)

Firm 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. 26.
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.

(Continued)

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Schedule No. GW-ECO
WHOLESALE NATURAL GAS SERVICE

Sheet 8

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(Continued)

SPECIAL CONDITIONS (Continued)

N

INTERRUPTIBLE SERVICE

- 31. Contract Term: 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.
- 32. Negotiable Transmission Charges: 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.

PEAKING SERVICE

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

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