

PUBLIC UTILITIES COMMISSION

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April 16, 2010

**Advice Letter 4080**

Ronald van der Leeden, Director  
Rates, Revenues and Tariffs  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**Subject: Modifications to Schedule Nos. G-BSS, G-LTS, and  
G-TBS and Rule No. 32**

Dear Mr. van der Leeden:

Advice Letter 4080 is effective April 1, 2010.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Ronald van der Leeden**  
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February 24, 2010

Advice No. 4080  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Modifications to Schedule Nos. G-BSS, G-LTS, and G-TBS and Rule No. 32**

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions to its Schedule No. G-BSS (Basic Storage Service), Schedule No. G-LTS (Long-Term Storage Service), Schedule No. G-TBS (Transaction Based Storage Service) and Rule No. 32 (Core Aggregation Transportation), applicable throughout its service territory, as shown on Attachment B. The proposed revisions to Schedule Nos. G-BSS, G-LTS, and G-TBS are incorporated in the BCAP version of tariffs<sup>1</sup>, which will become effective beginning April 1, 2010. Since Rule No. 32 was not modified for the BCAP Phase II filing, the proposed Rule 32 revisions are incorporated in the currently effective version of Rule No. 32.

**Purpose**

The purpose of this filing is summarized below.

- 1) To modify Schedule Nos. G-BSS, G-LTS, and G-TBS and Rule No. 32 to ensure a consistent set of rules for the treatment of any storage gas remaining in inventory after the customer's/Energy Service Provider's (ESP's) storage contract term expires or after the customer/ESP trades away some or all of its inventory rights or the customer's/ESP's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract or the ESP's inventory rights are reduced by SoCalGas based on a reduction in the ESP's customer load.
- 2) To delete Special Conditions 12, 13, and 13 in Schedule Nos. G-BSS, G-LTS, and G-TBS, respectively, to avoid customer confusion.
- 3) To modify Special Conditions 11, 12, and 12 in Schedule Nos. G-BSS, G-LTS, and G-TBS, respectively, to avoid customer confusion.

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<sup>1</sup> Reflecting the terms of the Biennial Cost Allocation Proceeding (BCAP) Phase II Settlement Agreement and filed with Advice Letter 4047, which was approved by the Energy Division on January 19, 2010. Except for the storage-related tariffs (i.e., Schedule Nos. G-BSS, G-LTS, G-TBS, G-PAL, and G-SMT), all the tariffs filed with Advice No. 4047 became effective beginning February 1, 2010.

## **Background**

### **Item No. 1:**

Any quantity of storage gas that is in excess of the inventory rights remaining under the following circumstances could encroach on the inventory capacity that is reserved for balancing purposes and/or owned by other storage customers: a) the customer's/ESP's storage contract term expires; or b) the customer/ESP trades away some or all of its inventory rights; or c) the customer's/ESP's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract; or d) the ESP's inventory rights are reduced by SoCalGas based on a reduction in the ESP's customer load. Although these situations may not occur often, it would not be equitable to allow storage customers to maintain inventories at no cost when they no longer have inventory rights. However, the current language in SoCalGas' Schedule Nos. G-BSS, G-LTS, and G-TBS arguably could be read to permit these storage customers to do this. According to Special Conditions 6, 7, and 6 in Schedule Nos. BSS, LTS, and TBS, respectively, any gas remaining in inventory at the conclusion of the customer's storage contract term is considered an imbalance subject to the provisions of Schedule No. G-IMB. Under this provision SoCalGas storage customers can keep gas in storage until the next imbalance trading period—even though they have not paid for any storage inventory capacity over that period.

According to Special Conditions 7, 8, and 7 in Schedule Nos. BSS, LTS, and TBS, respectively, any gas remaining in inventory after the storage contract is terminated, for whatever reason, can be immediately purchased by SoCalGas at its option 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. The language in this set of Special Conditions is more appropriate. It prevents storage customers from maintaining storage inventories over periods for which they are not paying for storage inventory capacity. Therefore, consistent with the equity issue, discussed above, SoCalGas proposes to replace the existing Special Conditions 6 and 7 in Schedule No. G-BSS, Special Conditions 7 and 8 in Schedule No. G-LTS, and Special Conditions 6 and 7 in Schedule No. G-TBS with the following new Special Condition in each of Schedule Nos. G-BSS, G-LTS, and G-TBS:

Any quantity of storage gas that is in excess of the inventory rights remaining after: a) the customer's storage Contract term expires; or b) the customer trades away some or all of its inventory rights; or c) the customer's storage Contract is terminated, for whatever reason, prior to the completion of the term of such Contract shall be immediately purchased by the Utility 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<sup>2</sup>.

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<sup>2</sup> To be consistent with the rest of the documents, the term "Contract" with upper case "C" is used in Schedule No. G-TBS and the term "contract" with lower case "c" is used in Schedule No. G-BSS and Schedule No. G-LTS.

The same concern exists for Rule No. 32, which currently does not contain any specific language concerning the handling of the storage gas that is in excess of the inventory rights remaining under the four circumstances described in the first paragraph of the Background section above. To solve this concern, SoCalGas proposes to insert the following new Special Condition 6 in Section E "Storage Rights and Obligations" of Rule No. 32 that is similar to the Special Conditions that SoCalGas is proposing to add to Schedule Nos. G-BSS, G-LTS, and GTBS:

6. Storage Gas Remaining in Inventory

Any quantity of storage gas that is in excess of the inventory rights remaining after: a) the ESP's storage contract term expires; or b) the ESP trades away some or all of its inventory rights; or c) or the ESP's inventory rights are reduced by SoCalGas based on a reduction in the ESP's customer load; or d) the ESP's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract shall be immediately purchased by SoCalGas at the applicable Buy-Back Rate stated in Schedule No. G-IMB. The Buy-Back purchase amount paid to the ESP may be reduced by any outstanding amounts owed by the ESP for any other services provided by SoCalGas.

**Item No. 2:**

Special Condition 3 in Schedule Nos. G-BSS, G-LTS, and G-TBS correctly states that "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." As the name suggests, Schedule No. G-IMB (Transportation Imbalance Service) is the governing tariff for handling the transportation imbalances. However, the current language in Schedule Nos. G-BSS, G-LTS, and G-TBS concerning imbalance trading (Special Conditions 12, 13, and 13, respectively) is slightly different from the provisions of Schedule No. G-IMB Special Condition 9, which addresses imbalance trading in detail. To eliminate potential inconsistencies and customer confusion, SoCalGas proposes to delete Special Conditions 12, 13, and 13 from Schedule Nos. G-BSS, G-LTS, and G-TBS, respectively.

**Item No. 3:**

Special Conditions 11, 12, and 12 in Schedule Nos. G-BSS, G-LTS, and G-TBS, respectively, each state that:

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 In-Kind Energy 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.<sup>3</sup>

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<sup>3</sup> The wording in Schedule Nos. G-BSS and G-LTS, is slightly different (see words highlighted in a **bold** font): "For **storage** 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 In-Kind Energy charges set forth herein for such storage operations. For such imbalance trading **activity**, the storage transaction **will** be considered as occurring at the time the imbalance trade is completed by the Utility."

SoCalGas believes the wording of the above paragraph could potentially be confusing for some customers. In order to avoid such confusion, SoCalGas proposes to revise the quoted language to read as follows:

For storage 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 In-Kind Energy Charges, set forth herein for such storage operations, at the time the imbalance trade is completed by the Utility.

For clarity, the red-lined versions of the proposed modifications to Schedule Nos. G-BSS, G-LTS, and G-TBS and Rule No. 32 are shown on Attachment C.

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

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

### **Effective Date**

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests the tariff sheets filed herein be approved on March 26, 2010, which is 30 calendar days from the date filed, but made effective beginning April 1, 2010.

**Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in the 2009 BCAP, A08-02-001.

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Ronald van der Leeden  
Director  
Rates, Revenues & Tariffs

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 904G)**

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) #: 4080

Subject of AL: Modifications to Schedule Nos. G-BSS, G-LTS, and G-TBS and Rule No. 32

Keywords (choose from CPUC listing): Rules, Storage

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

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 AL<sup>1</sup>: N/A

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

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 3/26/10 & 4/1/10

No. of tariff sheets: 14

Estimated system annual revenue effect (%): \_\_\_\_\_

Estimated system average rate effect (%): \_\_\_\_\_

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

Tariff schedules affected: Schedule Nos. G-BSS, G-LTS, G-TBS, Rule No. 32 and TOCs

Service affected and changes proposed<sup>1</sup>: NA

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**

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**Los Angeles, CA 90013-1011**

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<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 4080**

**(See Attached Service Lists)**



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ATTACHMENT B  
Advice No. 4080

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 45767-G	Schedule No. G-BSS, BASIC STORAGE SERVICE, Sheet 3	Revised 45347-G
Revised 45768-G	Schedule No. G-BSS, BASIC STORAGE SERVICE, Sheet 4	Revised 43047-G
Revised 45769-G	Schedule No. G-BSS, BASIC STORAGE SERVICE, Sheet 5	Revised 45348-G
Revised 45770-G	Schedule No. G-BSS, BASIC STORAGE SERVICE, Sheet 6	Revised 43048-G
		Revised 45349-G
		Revised 43049-G
		Revised 45350-G
		Revised 43050-G, 43051-G
Revised 45771-G	Schedule No. G-LTS, LONG-TERM STORAGE SERVICE, Sheet 4	Revised 45352-G
Revised 45772-G	Schedule No. G-LTS, LONG-TERM STORAGE SERVICE, Sheet 5	Revised 43052-G
Revised 45773-G	Schedule No. G-LTS, LONG-TERM STORAGE SERVICE, Sheet 6	Revised 45353-G
		Revised 43053-G
		Revised 45354-G
		Revised 43054-G, 43055-G
Revised 45774-G	Schedule No. G-TBS, TRANSACTION BASED STORAGE SERVICE, Sheet 3	Revised 45356-G
Revised 45775-G	Schedule No. G-TBS, TRANSACTION BASED STORAGE SERVICE, Sheet 4	Revised 43341-G
Revised 45776-G	Schedule No. G-TBS, TRANSACTION BASED STORAGE SERVICE, Sheet 5	Revised 45357-G
		Revised 43342-G
		Revised 45358-G
		Revised 44933-G, 43343-G
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Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 3

(Continued)

SPECIAL CONDITIONS

General

1. The definitions of the principal terms used in the Utility's tariff schedules are contained in Rule No. 1.
2. Storage 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, Schedule D, Basic Storage Service (Form Nos. 6597 and 6597-4) is required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
5. The contract term for service hereunder shall be one year and shall begin on either April 1 or October 1 and continue thereafter for a twelve month period. The twelve month period beginning April 1 shall be termed the Spring storage year, and the twelve month period beginning October 1 shall be termed the Fall storage year with the term "storage year" referring to either a Spring or Fall storage year as appropriate.
6. Any quantity of storage gas that is in excess of the inventory rights remaining after: a) the customer's storage contract term expires;\* or b) the customer trades away some or all of its inventory rights; or c) the customer's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract shall be immediately purchased by the Utility 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.

\* And such inventory is not rolled-over by the customer into the next storage year under the provisions of Special Condition 17 herein.

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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4080  
 DECISION NO.  
 3C18

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Feb 24, 2010  
 EFFECTIVE Apr 1, 2010  
 RESOLUTION NO. \_\_\_\_\_

Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

Storage Nominations

- 7. Storage customers must provide the Utility with their monthly nominations for storage injections and/or withdrawals concurrently with their monthly nominations for transportation service made pursuant to Rule No. 30. During the month, storage customers may request changes to their storage nominations upon two days notice to the Utility. At its discretion and subject to its operational feasibility, the Utility may accept nominations for storage service withdrawals on less notice than set forth above. T
- 8. Basic storage service customers may designate an agent to act on their behalf for the purpose of making storage nominations for their service under this schedule. Such agents may not aggregate the storage rights of the basic storage customer with the rights of any other storage customer. T

Storage Imbalance Trading

- 9. Except during any period of system curtailment of transportation service, as described in Rule No. 23, storage 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. T
- 10. For storage 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 In-Kind Energy Charges, set forth herein for such storage operations, at the time the imbalance trade is completed by the Utility. T  
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Storage Inventory Transfers

- 11. 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. T

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4080  
 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
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 RESOLUTION NO. \_\_\_\_\_



Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

Basic Service Storage Rights

- 12. The Utility shall offer a basic storage service package to all of its retail noncore customers. The basic service package shall provide such customers with a limited amount of firm storage inventory, injection and withdrawal capacity. The maximum amount of capacity available for an individual customer under basic storage service shall be based on the customer's average winter daily usage. The average winter daily usage shall be equal to the higher amount of the customer's noncore usage from December 1 through March 31, divided by the average number of operating days of the customer's facility during this time period, for the prior two calendar years. T
- 13. Under basic storage service, noncore customers may contract for firm storage withdrawal capacity. The awarded withdrawal capacity shall be stated as a daily capacity rate and shall be available to the customer throughout the storage year. T
- 14. In addition to withdrawal capacity, the basic storage service customer may contract for storage inventory capacity up to seven times the customer's awarded basic service withdrawal capacity. This inventory capacity shall be available to the customer throughout the storage year. T
- 15. The basic storage service customer must also contract for one month of firm storage injection capacity. The customer must contract for that amount of injection capacity necessary to fill the customer's awarded inventory capacity over a one month period. T
- 16. Basic service injection capacity shall be limited to the months April through November when the Utility is able to make such service available. Prior to the start of the storage year, customers shall be required to designate their order of preference for the available injection months. If a customer's primary choice month is oversubscribed, the customer's awarded injection capacity for that month shall be prorated downward to a level consistent with the injection capacity available. The customer's remaining injection capacity shall be allocated to the customer's second and then third designated choice of injection month and awarded in the same manner as for the primary month. Once established, the customer's awarded injection capacity shall be stated in the customer's contract as a daily capacity rate by month and shall only be available for the designated month or months. T

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4080  
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**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
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 RESOLUTION NO. \_\_\_\_\_

Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

Year-to-Year Participation

- 17. At the end of each storage year, current basic storage customers will automatically have their contracted basic storage service rights rolled over to the following storage year, including any quantities in inventory at the end of the storage year. The amount of the customer's basic storage rights eligible to be rolled over to the next storage year shall be restricted to the limitations on capacity rights described above. T
- 18. Also on or before March 1 of each year for the Spring storage year and September 1 of each year for the Fall storage year, customers not currently receiving basic storage service may request to receive such service for the following storage year. For such customers, service availability shall be limited to that reserved basic service capacity remaining after the requirements of current basic storage customers are met. T
- 19. Once the Utility has initially established the basic storage service capacity to be awarded to both new and current basic service customers for the upcoming storage year, any unsubscribed annual firm withdrawal capacity, and the corresponding inventory and injection capacity rights, shall then be offered on a pro rata basis to all customers who were initially awarded withdrawal capacity in an amount less than their average winter daily usage. If accepted, the additional capacity award shall be reflected in the customer's storage contract. T

Secondary Market

- 20. Basic storage customers may assign their contract storage rights in full to another noncore customer upon 90 days written notice to the Utility. T

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4080  
 DECISION NO.

6C19

ISSUED BY

**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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 EFFECTIVE Apr 1, 2010  
 RESOLUTION NO. \_\_\_\_\_

Schedule No. G-LTS  
LONG-TERM STORAGE SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

General (Continued)

7. Any quantity of storage gas that is in excess of the inventory rights remaining after: a) the customer's storage contract term expires; or b) the customer trades away some or all of its inventory rights; or c) the customer's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract shall be immediately purchased by the Utility 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.

Storage Nominations

8. Storage customers must provide the Utility with their monthly nominations for storage injections and/or withdrawals concurrently with their monthly nominations for transportation service made pursuant to Rule No. 30, or their targeted sales nominations made pursuant to Schedule No. G-TARG. During the month, storage customer may request changes to their storage nominations upon two days notice to the Utility.

9. Long-term storage service 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

10. Except during any period of system curtailment of transportation service, as described in Rule No. 23, storage 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.

11. For storage 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 In-Kind Energy Charges, set forth herein for such storage operations, at the time the imbalance trade is completed by the Utility.

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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4080  
 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Feb 24, 2010  
 EFFECTIVE Apr 1, 2010  
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Schedule No. G-LTS  
LONG-TERM STORAGE SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

Storage Inventory Transfers

12. 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.

Contract Approval

13. All contracts for service under this schedule shall be filed by advice letter for CPUC approval. The Utility and the customer may negotiate special provisions for long-term storage service. Such provisions may include reservation charges other than those stated in this schedule. Any such special provisions or reservation charges shall be set forth in the customer's long-term storage contract filed with the CPUC.

Service Availability

14. Service under this schedule shall be subject to the availability of the Utility's existing unsubscribed firm storage capacity. The Utility shall not be obligated to provide firm long-term storage service in the event the Utility would have to expand its storage capacity in order to provide such service.
15. Customers may request the Utility to expand its firm storage capacity and thereby provide long-term firm storage service under this schedule. Any such expansion of the Utility's storage capacity shall be subject to the requesting customer providing sufficient financial guarantees, to the sole satisfaction of the Utility, for the recovery of any and all costs associated with the expansion of the Utility's storage facilities.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4080  
DECISION NO.

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**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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EFFECTIVE Apr 1, 2010

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Schedule No. G-LTS  
LONG-TERM STORAGE SERVICE

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

Advance Reservation Charges

16. Customers, other than end-use customers of the Utility, awarded service under this schedule shall be required to pay one-quarter (25%) of their total annual reservation charge in the first month of the storage year. The balance of the total annual reservation charge shall be billed in equal monthly installments over the remaining storage year.

Creditworthiness

17. For service under this schedule, the customer shall be required to undergo a creditworthiness check whereby the Utility shall establish the customer's credit limit. Customers shall be required to pay the Utility \$500 per year for an annual credit check to be performed by an agency of the Utility's choice. The credit review will establish a credit limit for the customer based upon the customer's expected annual participation for long-term storage service. If the customer's credit limit is less than the customer's obligations for service under this schedule, the Utility shall require the customer to advance a larger portion of the reservation charges hereunder to compensate for such credit deficiency.

Secondary Market

18. Long-term storage customers may assign their contract storage rights in full to another customer upon 90 days notice to the Utility. Such assignment shall be subject to the storage assignee meeting all of the Utility's creditworthiness requirements.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4080  
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6C18

ISSUED BY

**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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RESOLUTION NO. \_\_\_\_\_

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Schedule No. G-TBS  
TRANSACTION BASED STORAGE SERVICE

Sheet 3

(Continued)

RATES (Continued)

In-Kind Energy Charges

In-Kind Energy Charge, applied to all quantities delivered for injection during the year

Rate, percent reduction ..... 2.400%

The In-Kind Energy Charge shall be the same for all core and noncore injections and be adjusted as necessary on the basis of a three-year rolling average of actual fuel use.

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. Any quantity of storage gas that is in excess of the inventory rights remaining after: a) the customer's storage Contract term expires; or b) the customer trades away some or all of its inventory rights; or c) the customer's storage Contract is terminated, for whatever reason, prior to the completion of the term of such Contract shall be immediately purchased by the Utility 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.

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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4080  
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ISSUED BY  
**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Feb 24, 2010  
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 RESOLUTION NO. \_\_\_\_\_

Schedule No. G-TBS  
TRANSACTION BASED STORAGE SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

Secondary Market Rights

7. 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.

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Storage Nominations

8. Storage customers must provide the Utility with their nominations for storage injections and/or withdrawals pursuant to Rule No. 30.
9. 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.

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Storage Imbalance Trading

10. 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.
11. For storage 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 In-Kind Energy Charges, set forth herein for such storage operations, at the time the imbalance trade is completed by the Utility.

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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4080  
 DECISION NO.

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**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

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Schedule No. G-TBS  
TRANSACTION BASED STORAGE SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

Storage Inventory Transfers

12. 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. T

Storage Open Season

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

Rules Concerning Posted Transactions

14. 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. T

Firm Inventory

15. 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. T

Allocations for Wholesale Customers

16. The Utility will allocate unbundled storage capacities to the City of Long Beach and Southwest Gas in a manner consistent with D.08-12-020 and any applicable CPUC decisions relating to storage allocations to these customers. T

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4080  
DECISION NO.

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ISSUED BY

**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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 Regulatory Affairs

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 Regulatory Affairs

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**ATTACHMENT C**

**Advice No. 4080**

**Redlines of Storage Schedule No. G-BSS, No. G-LTS,  
and No. G-TBS and Rule No. 32**

Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 3

(Continued)

SPECIAL CONDITIONS

General

1. The definitions of the principal terms used in the Utility's tariff schedules are contained in Rule No. 1.
2. Storage 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, Schedule D, Basic Storage Service (Form Nos. 6597 and 6597-4) is required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
5. The contract term for service hereunder shall be one year and shall begin on either April 1 or October 1 and continue thereafter for a twelve month period. The twelve month period beginning April 1 shall be termed the Spring storage year, and the twelve month period beginning October 1 shall be termed the Fall storage year with the term "storage year" referring to either a Spring or Fall storage year as appropriate.

6. ~~For transportation customers served hereunder, a~~Any quantity of storage gas that is in excess of the remaining-in-inventory rights remaining after : a) at the conclusion of the customer's storage contract term expires;\* or b) the customer trades away some or all of its inventory rights; or c) the customer's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract shall be immediately purchased by the Utility 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.~~considered an imbalance subject to the provisions of Schedule No. G-IMB, unless such inventory is rolled over by the customer into the next storage year under the provisions of Special Condition 19 herein.~~

\* And such inventory is not rolled-over by the customer into the next storage year under the provisions of Special Condition 17 herein.

~~7. In the event any 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.~~

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4047  
DECISION NO. 09-11-006

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

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Dec 8, 2009  
EFFECTIVE Apr 1, 2010  
RESOLUTION NO. \_\_\_\_\_

Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

Storage Nominations

78. Storage customers must provide the Utility with their monthly nominations for storage injections and/or withdrawals concurrently with their monthly nominations for transportation service made pursuant to Rule No. 30. During the month, storage customers may request changes to their storage nominations upon two days notice to the Utility. At its discretion and subject to its operational feasibility, the Utility may accept nominations for storage service withdrawals on less notice than set forth above.
89. Basic storage service customers may designate an agent to act on their behalf for the purpose of making storage nominations for their service under this schedule. Such agents may not aggregate the storage rights of the basic storage customer with the rights of any other storage customer.

Storage Imbalance Trading

940. Except during any period of system curtailment of transportation service, as described in Rule No. 23, storage 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.
104. For storage 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 In-Kind Energy eCharges, set forth herein for such storage operations. ~~For such storage trading activity, the storage transaction will be considered as occurring~~ at the time the imbalance trade is completed by the Utility.
- ~~12. 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

113. 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)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4047  
DECISION NO. 09-11-006

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

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RESOLUTION NO. \_\_\_\_\_

Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

Basic Service Storage Rights

124. The Utility shall offer a basic storage service package to all of its retail noncore customers. The basic service package shall provide such customers with a limited amount of firm storage inventory, injection and withdrawal capacity. The maximum amount of capacity available for an individual customer under basic storage service shall be based on the customer's average winter daily usage. The average winter daily usage shall be equal to the higher amount of the customer's noncore usage from December 1 through March 31, divided by the average number of operating days of the customer's facility during this time period, for the prior two calendar years.
135. Under basic storage service, noncore customers may contract for firm storage withdrawal capacity. The awarded withdrawal capacity shall be stated as a daily capacity rate and shall be available to the customer throughout the storage year.
146. In addition to withdrawal capacity, the basic storage service customer may contract for storage inventory capacity up to seven times the customer's awarded basic service withdrawal capacity. This inventory capacity shall be available to the customer throughout the storage year.
157. The basic storage service customer must also contract for one month of firm storage injection capacity. The customer must contract for that amount of injection capacity necessary to fill the customer's awarded inventory capacity over a one month period.
168. Basic service injection capacity shall be limited to the months April through November when the Utility is able to make such service available. Prior to the start of the storage year, customers shall be required to designate their order of preference for the available injection months. If a customer's primary choice month is oversubscribed, the customer's awarded injection capacity for that month shall be prorated downward to a level consistent with the injection capacity available. The customer's remaining injection capacity shall be allocated to the customer's second and then third designated choice of injection month and awarded in the same manner as for the primary month. Once established, the customer's awarded injection capacity shall be stated in the customer's contract as a daily capacity rate by month and shall only be available for the designated month or months.

(Continued)

(TO BE INSERTED BY UTILITY)  
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Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 6

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(Continued)

SPECIAL CONDITIONS (Continued)

Year-to-Year Participation

179. At the end of each storage year, current basic storage customers will automatically have their contracted basic storage service rights rolled over to the following storage year, including any quantities in inventory at the end of the storage year. The amount of the customer's basic storage rights eligible to be rolled over to the next storage year shall be restricted to the limitations on capacity rights described above.

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1820. Also on or before March 1 of each year for the Spring storage year and September 1 of each year for the Fall storage year, customers not currently receiving basic storage service may request to receive such service for the following storage year. For such customers, service availability shall be limited to that reserved basic service capacity remaining after the requirements of current basic storage customers are met.

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1921. Once the Utility has initially established the basic storage service capacity to be awarded to both new and current basic service customers for the upcoming storage year, any unsubscribed annual firm withdrawal capacity, and the corresponding inventory and injection capacity rights, shall then be offered on a pro rata basis to all customers who were initially awarded withdrawal capacity in an amount less than their average winter daily usage. If accepted, the additional capacity award shall be reflected in the customer's storage contract.

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Secondary Market

202. Basic storage customers may assign their contract storage rights in full to another noncore customer upon 90 days written notice to the Utility.

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(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4047  
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ISSUED BY  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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RESOLUTION NO. \_\_\_\_\_

Schedule No. G-LTS  
LONG-TERM STORAGE SERVICE

Sheet 4

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(Continued)

SPECIAL CONDITIONS (Continued)

General (Continued)

7. ~~For customers served under this schedule, a~~Any quantity of storage gas that is in excess of the remaining in inventory rights remaining after: a) at the conclusion of the customer's storage contract term expires; or b) the customer trades away some or all of its inventory rights; or c) the customer's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract shall be immediately purchased by the Utility 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, considered an imbalance subject to the provisions of Schedule No. G-IMB, unless the customer has obtained sufficient inventory capacity rights for the following storage year.
8. ~~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.~~

Storage Nominations

89. Storage customers must provide the Utility with their monthly nominations for storage injections and/or withdrawals concurrently with their monthly nominations for transportation service made pursuant to Rule No. 30, or their targeted sales nominations made pursuant to Schedule No. G-TARG. During the month, storage customer may request changes to their storage nominations upon two days notice to the Utility.
940. Long-term storage service 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

104. Except during any period of system curtailment of transportation service, as described in Rule No. 23, storage 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.
112. For storage 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 In-Kind Energy eCharges, set forth herein for such storage operations. ~~For such storage trading activity, the storage transaction will be considered as occurring~~ at the time the imbalance trade is completed by the Utility.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4047  
DECISION NO. 09-11-006

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

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Schedule No. G-LTS  
LONG-TERM STORAGE SERVICE

Sheet 5

T

(Continued)

SPECIAL CONDITIONS (Continued)

~~Storage Imbalance Trading (Continued)~~

~~13. If gas is to be injected by the storage customer as a result on 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

124. 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.

Contract Approval

135. All contracts for service under this schedule shall be filed by advice letter for CPUC approval. The Utility and the customer may negotiate special provisions for long-term storage service. Such provisions may include reservation charges other than those stated in this schedule. Any such special provisions or reservation charges shall be set forth in the customer's long-term storage contract filed with the CPUC.

Service Availability

146. Service under this schedule shall be subject to the availability of the Utility's existing unsubscribed firm storage capacity. The Utility shall not be obligated to provide firm long-term storage service in the event the Utility would have to expand its storage capacity in order to provide such service.

157. Customers may request the Utility to expand its firm storage capacity and thereby provide long-term firm storage service under this schedule. Any such expansion of the Utility's storage capacity shall be subject to the requesting customer providing sufficient financial guarantees, to the sole satisfaction of the Utility, for the recovery of any and all costs associated with the expansion of the Utility's storage facilities.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4047  
DECISION NO. 09-11-006

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**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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RESOLUTION NO. \_\_\_\_\_

Schedule No. G-LTS  
LONG-TERM STORAGE SERVICE

Sheet 6

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(Continued)

SPECIAL CONDITIONS (Continued)

Advance Reservation Charges

168. Customers, other than end-use customers of the Utility, awarded service under this schedule shall be required to pay one-quarter (25%) of their total annual reservation charge in the first month of the storage year. The balance of the total annual reservation charge shall be billed in equal monthly installments over the remaining storage year.

Creditworthiness

179. For service under this schedule, the customer shall be required to undergo a creditworthiness check whereby the Utility shall establish the customer's credit limit. Customers shall be required to pay the Utility \$500 per year for an annual credit check to be performed by an agency of the Utility's choice. The credit review will establish a credit limit for the customer based upon the customer's expected annual participation for long-term storage service. If the customer's credit limit is less than the customer's obligations for service under this schedule, the Utility shall require the customer to advance a larger portion of the reservation charges hereunder to compensate for such credit deficiency.

Secondary Market

1820. Long-term storage customers may assign their contract storage rights in full to another customer upon 90 days notice to the Utility. Such assignment shall be subject to the storage assignee meeting all of the Utility's creditworthiness requirements.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4047  
DECISION NO. 09-11-006

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ISSUED BY

**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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RESOLUTION NO. \_\_\_\_\_



Schedule No. G-TBS  
TRANSACTION BASED STORAGE SERVICE

Sheet 3

(Continued)

~~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.~~

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4047  
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ISSUED BY  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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Schedule No. G-TBS  
TRANSACTION BASED STORAGE SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

Storage Inventory Transfers

124. 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.

Storage Open Season

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

Rules Concerning Posted Transactions

146. 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.

Firm Inventory

157. 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.

Allocations for Wholesale Customers

168. The Utility will allocate unbundled storage capacities to the City of Long Beach and Southwest Gas in a manner consistent with D.08-12-020 and any applicable CPUC decisions relating to storage allocations to these customers.

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Rule No. 32

Sheet 19

CORE AGGREGATION TRANSPORTATION

(Continued)

E STORAGE RIGHTS AND OBLIGATIONS (Continued)

6. Storage Gas Remaining in Inventory

Any quantity of storage gas that is in excess of the inventory rights remaining after: a) the ESP's storage contract term expires; or b) the ESP trades away some or all of its inventory rights; or c) or the ESP's inventory rights are reduced by SoCalGas based on a reduction in the ESP's customer load; or d) the ESP's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract shall be immediately purchased by SoCalGas at the applicable Buy-Back Rate stated in Schedule No. G-IMB. The Buy-Back purchase amount paid to the ESP may be reduced by any outstanding amounts owed by the ESP for any other services provided by SoCalGas.

F. CURTAILMENT

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.

G. SERVICES PROVIDED BY SOCALGAS

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.

H. OTHER TARIFFS

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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