

PUBLIC UTILITIES COMMISSION

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August 27, 2010

Advice Letter 4139

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

**Subject: Revision to Rule No. 30, Transportation of Customer-Owned Gas, and
Rule No. 41, Utility System Operation**

Dear Ms. Prince:

Advice Letter 4139 is effective September 1, 2010.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



Rasha Prince
Director
Regulatory Affairs

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July 28, 2010

Advice No. 4139
(U 904 G)

Public Utilities Commission of the State of California

Subject: Revision to Rule No. 30, Transportation of Customer-Owned Gas, and Rule No. 41, Utility System Operation

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions to its tariff Rule Nos. 30 and 41, applicable throughout its service territory, as shown on Attachment B.

Purpose

This filing requests Commission approval to revise: 1) Section D of Rule No. 30 to modify the allocation of receipt point capacity due to a system capacity limitation during an Operational Flow Order (OFO) event; and 2) Section 4 of Rule No. 41 to modify one of the components used in the Evening Cycle OFO calculation and to provide a minimum one-hour notice for calling an Evening Cycle OFO event prior to the Evening Cycle nomination deadline.

Background

The Commission approved the BCAP Phase II Settlement Decision (D.) 09-11-006, Appendix A, Section B.1.B and B.1.C) that required SoCalGas to hold an annual Utility Customer Forum ("Forum") on matters including review of the timing, method, formulas, and all inputs to formulas by which OFO events are triggered; and to submit any tariff changes proposed in the Forum and agreed to by SoCalGas for Commission approval. In this context, SoCalGas held settlement discussions with all of the parties to the Firm Access Rights (FAR) Update Proceeding (A.10-03-028) who would have attended the Forum concerning the OFO event factors described above. SoCalGas and the FAR Update parties were able to achieve consensus on the changes to Rule Nos. 30 and 41 concerning OFO events requested herein. Accordingly, the tariff changes requested herein fall within the authority to seek OFO-related tariff changes approved by the Commission in D.09-11-006.

Proposed Rule Revisions

Rule No. 30

The following language is added after the second to the last paragraph in Section D, Operational Requirements, subsection 3, Receipt Point Capacity on Sheet 3:

The NAESB elapsed pro rata rules require that the portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination be confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected. As such, the scheduled quantities for each shipper are subject to change in the Intraday 1 Cycle and the Intraday 2 Cycle. However, each shipper's resulting scheduled quantity for the Gas Day will be no less than the elapsed prorated scheduled quantity for that shipper.

The last paragraph has been moved to Sheet 4 with this change: the word "schedule" in this relocated language has been changed to "confirm." The bulleted points immediately following have been divided into two new headings: Confirmation Order and Bumping Rules.

Confirmation Order

The language in the bulleted items below the Confirmation Order heading has been changed from a hierarchy of "will have first priority" through "will have fourth priority" to "will be first" through "will be fourth" to be consistent with the new language added below.

Bumping Rules

The third bulleted item is revised, as follows, to include new language:

Firm Primary and any Firm Alternate can "bump" interruptible scheduled quantities through the Intraday 1 Cycle subject to the NAESB elapsed pro-rata rules.

The last paragraph under Receipt Point Capacity on sheet 4 is deleted and the following new language is added as the last paragraph on this sheet:

The Utility will use the following rules to confirm nominations to the system capacity limitation as defined in Section F for OFO events during the Intraday 1 cycle.

A new sheet 5 has been added as follows:

Intraday 1 Confirmation Order:

- NAESB elapsed pro rata quantity based on Evening Cycle scheduled nominations will be first.
- Scheduled quantities from the Evening Cycle using Firm Primary receipt point access rights will be second; pro-rated if over-nominated.
- Unscheduled or new Intraday 1 nominations using Firm Primary receipt point access rights will be third; pro-rated if over-nominated.
- Scheduled quantities from the Evening Cycle using Firm Alternate receipt point access rights within the associated transmission zone will be fourth ("Firm Alternate Within-the-Zone"); pro-rated if over-nominated.

- Unscheduled or new Intraday 1 nominations using Firm Alternate receipt point access rights within the associated transmission zone will be fifth (“Firm Alternate Within-the-Zone”); pro-rated if over-nominated.
- Scheduled quantities from the Evening Cycle using Firm Alternate receipt point access rights outside the associated transmission zone will be sixth (“Firm Alternate Outside-the-Zone”); pro-rated if over-nominated.
- Unscheduled or new Intraday 1 nominations using Firm Alternate receipt point access rights outside the associated transmission zone will be seventh (“Firm Alternate Outside-the-Zone”); pro-rated if over-nominated.
- Nominations using Interruptible receipt point access rights will be eighth, pro-rated if over-nominated.

Bumping Rules:

- Firm Primary rights can “bump” any Firm Alternate scheduled quantities through the Intraday 1 Cycle subject to the NAESB elapsed pro rata rules.
- Firm Alternate Within-the-Zone rights can “bump” Firm Alternate Outside-the-Zone scheduled quantities through the Intraday 1 Cycle subject to the NAESB elapsed pro rata rules.
- Firm Primary and any Firm Alternate can “bump” interruptible scheduled quantities through the Intraday 1 Cycle.
- Bumping will not be allowed in the Intraday 2 Cycle.

The following language is revised on Sheet 10 of Rule No. 30. Under F, Nominations in Excess of System Capacity, item 3, the phrase that begins with “on a pro rata basis” up to the end is deleted and replaced with “as defined in Section D.”

Rule No. 41

- Under Structure, Procedures, and Protocols, in the second to the last sentence under Section 4, the phrase, “, with the exception of the Evening Cycle when the forecasted system capacity shall be compared to confirmed nominations from the Timely Cycle” has been deleted.
- In the table that follows, item 2 under Cycle named Evening, an asterisk is added and the word “Confirmed” is changed to “Scheduled.” The explanation for the added asterisk has been added before Section 5.
- The asterisk at the end of the second paragraph following the table has been deleted and the explanation for it that follows.

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 of this Advice Letter, which is August 17, 2010. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is given below.

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas (mas@cpuc.ca.gov) and Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest 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) pursuant to GO 96-B. SoCalGas respectfully requests that this filing be approved no earlier than September 1, 2010, which is more than 30 calendar days from the date filed.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in A.08-02-001, 2009 BCAP Proceeding.

Rasha Prince
Director- Regulatory Affairs

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) #: 4139

Subject of AL: Revision to Rule Nos. 30 and 41

Keywords (choose from CPUC listing): Rules

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.09-11-006

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: 9/1/10

No. of tariff sheets: 20

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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: Rules and TOCs

Service affected and changes proposed¹: _____

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 5th Street, GT14D6

Los Angeles, CA 90013-1011

SNewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 4139

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 4139

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 46255-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 3	Original 42295-G
Revised 46256-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 4	Revised 45386-G
Original 46257-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 5	Revised
Revised 46258-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 6	Revised 45386-G
Revised 46259-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 7	Revised 45555-G
Revised 46260-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 8	Revised 43373-G
Revised 46261-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 9	Revised 43374-G
Revised 46262-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 10	Revised 43375-G
Revised 46263-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 11	Revised 45388-G
Revised 46264-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 12	Revised 45389-G
Revised 46265-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 13	Revised 45390-G
Revised 46266-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 14	Revised 45391-G
Revised 46267-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 15	Revised 43380-G
Revised 46268-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 16	Revised 43381-G
Revised 46269-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 17	Revised 45010-G
Revised 46270-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 18	Revised 43383-G
Revised 46271-G	RULE NO. 41, UTILITY SYSTEM OPERATION, Sheet 1	Revised 43384-G
Revised 46272-G	RULE NO. 41, UTILITY SYSTEM OPERATION, Sheet 2	Original 45399-G
Revised 46273-G	TABLE OF CONTENTS	Original 45400-G
Revised 46274-G	TABLE OF CONTENTS	Revised 46065-G
		Revised 46254-G

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

2. Receipt Points

Utility accepts nominations from transportation customers or their representatives at the following Receipt Points into the SoCalGas system, as referenced in Schedule No. G-RPA*:

- El Paso Pipeline at Blythe (Southern Transmission Zone)
- North Baja Pipeline at Blythe (Southern Transmission Zone)
- Transportadora de Gas Natural de Baja California at Otay Mesa (Southern Transmission Zone)
- Kern River Pipeline and Mojave Pipeline (Wheeler Transmission Zone)
- PG&E at Kern River Station (Wheeler Transmission Zone)
- Occidental of Elk Hills at Gosford (Wheeler Transmission Zone)
- Transwestern Pipeline at North Needles (Northern Transmission Zone)
- Transwestern Pipeline at Topock (Northern Transmission Zone)
- El Paso Pipeline at Topock (Northern Transmission Zone)
- Questar Southern Trails Pipeline at North Needles (Northern Transmission Zone)
- Kern River Pipeline at Kramer Junction (Northern Transmission Zone)
- Line 85 (California Supply)
- North Coastal (California Supply)
- Other CA Producers (California Supply)
- Storage

* Additional Receipt Points will be added as they are established in the future.

3. Receipt Point Capacity

Each day, Receipt Point and Transmission Zone capacities will be set at their physical operating maximums under the operating conditions for that day. The Utility will schedule nominations for each Receipt Point and Transmission Zone to the maximum operating capacity of that individual Receipt Point or Transmission Zone. The maximum operating capacity is defined as the facility design or contractual limitation to deliver gas into the Utility's system adjusted for operational constraints (i.e. maintenance, localized restrictions, and upstream delivery pressures) as determined each day.

The NAESB elapsed pro rata rules require that the portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination be confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected. As such, the scheduled quantities for each shipper are subject to change in the Intraday 1 Cycle and the Intraday 2 Cycle. However, each shipper's resulting scheduled quantity for the Gas Day will be no less than the elapsed prorated scheduled quantity for that shipper.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4139
 DECISION NO. 09-11-006

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 28, 2010
 EFFECTIVE Sep 1, 2010
 RESOLUTION NO. _____

Rule No. 30

Sheet 4

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

3. Receipt Point Capacity (Continued)

The Utility will use the following rules to confirm nominations to the Receipt Point and Transmission Zone maximum operating capacities.

Confirmation Order:

- Nominations using Firm Primary receipt point access rights will be first; pro-rated if over-nominated*.
- Nominations using Firm Alternate receipt point access rights within the associated transmission zone will be second (“Firm Alternate Within-the-Zone”); pro-rated if over-nominated.
- Nominations using Firm Alternate receipt point access rights outside the associated transmission zone will be third (“Firm Alternate Outside-the-Zone”); pro-rated if over-nominated.
- Nominations using Interruptible receipt point access right will be fourth, pro-rated if over-nominated.

Bumping Rules:

- Firm Primary rights can “bump” any Firm Alternate scheduled quantities through the Evening Cycle.
- Firm Alternate Within-the-Zone rights can “bump” Firm Alternate Outside-the-Zone scheduled quantities through the Evening Cycle.
- Firm Primary and any Firm Alternate can “bump” interruptible scheduled quantities through the Intraday 1 Cycle subject to the NAESB elapsed pro-rata rules.
- Bumping will not be allowed in the Intraday 2 Cycle.

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

The Utility will use the following rules to confirm nominations to the system capacity limitation as defined in Section F for OFO events during the Intraday 1 cycle.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4139
 DECISION NO. 09-11-006

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 28, 2010
 EFFECTIVE Sep 1, 2010
 RESOLUTION NO. _____

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Rule No. 30

Sheet 5

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

3. Receipt Point Capacity (Continued)

Intraday 1 Confirmation Order:

- NAESB elapsed pro rata quantity based on Evening Cycle scheduled nominations will be first.
- Scheduled quantities from the Evening Cycle using Firm Primary receipt point access rights will be second; pro-rated if over-nominated.
- Unscheduled or new Intraday 1 nominations using Firm Primary receipt point access rights will be third; pro-rated if over-nominated.
- Scheduled quantities from the Evening Cycle using Firm Alternate receipt point access rights within the associated transmission zone will be fourth (“Firm Alternate Within-the-Zone”); pro-rated if over-nominated.
- Unscheduled or new Intraday 1 nominations using Firm Alternate receipt point access rights within the associated transmission zone will be fifth (“Firm Alternate Within-the-Zone”); pro-rated if over-nominated.
- Scheduled quantities from the Evening Cycle using Firm Alternate receipt point access rights outside the associated transmission zone will be sixth (“Firm Alternate Outside-the-Zone”); pro-rated if over-nominated.
- Unscheduled or new Intraday 1 nominations using Firm Alternate receipt point access rights outside the associated transmission zone will be seventh (“Firm Alternate Outside-the-Zone”); pro-rated if over-nominated.
- Nominations using Interruptible receipt point access rights will be eighth, pro-rated if over-nominated.

Bumping Rules:

- Firm Primary rights can “bump” any Firm Alternate scheduled quantities through the Intraday 1 Cycle subject to the NAESB elapsed pro rata rules.
- Firm Alternate Within-the-Zone rights can “bump” Firm Alternate Outside-the-Zone scheduled quantities through the Intraday 1 Cycle subject to the NAESB elapsed pro rata rules.
- Firm Primary and any Firm Alternate can “bump” interruptible scheduled quantities through the Intraday 1 Cycle.
- Bumping will not be allowed in the Intraday 2 Cycle.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4139
DECISION NO. 09-11-006

5H24

ISSUED BY

Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jul 28, 2010
EFFECTIVE Sep 1, 2010

RESOLUTION NO. _____

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

4. Storage Service Capacity

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

- Nominations using Firm rights will have first priority, pro-rated to the available firm capacity.
- All other nominations using Interruptible rights will have second priority, pro-rated if over-nominated based on the daily volumetric price paid.
- Firm rights can "bump" interruptible scheduled quantities through the Intraday 3 cycle.

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

5. Off-System Delivery (OSD) Service

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

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

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

6. Nominations

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

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4139
DECISION NO. 09-11-006

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

6. Nominations (Continued)

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

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

Intraday nominations do not roll from day to day.

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

Nominations may be made in the following manner:

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

(Continued)

(TO BE INSERTED BY UTILITY)
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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

7. Timing

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

Timely Cycle

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

Evening Cycle

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

Intraday 1 Cycle

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

Intraday 2 Cycle

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

Intraday 3 Cycle

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

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

7. Timing (Continued)

Intraday 3 Cycle (Continued)

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

8. Confirmation and Ranking Process

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

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

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

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

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

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

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

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

G. Winter Deliveries

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

1. From November 1 through March 31 customers are required to deliver (flowing supply and storage withdrawal) at a minimum of 50% of burn over a 5-day period. In other words, for each 5-day period, the Utility will calculate the total burn and the total delivery. If the total delivery is less than 50% of the total burn, a daily balancing standby charge is applied. The daily balancing standby rate is 150% of the highest Southern California Border price during the five day period as published by Natural Gas Intelligence in "NGI's *Daily Gas Price Index*," including authorized franchise fees and uncollectible expenses (F&U) and brokerage fees. Authorized F&U will not be added to any daily stand-by balancing charge for the Utility Gas Procurement Department to the extent it is collected elsewhere. Imbalance trading may not be used to offset the delivery minimums.
 - a. "Burn" means usage and is defined as metered throughput or an estimated quantity such as Minimum Daily Quantity (MinDQ), as defined in Rule No. 1, for customers without automated meters, the Daily Contract Quantity for core aggregators, or the Daily Forecast Quantity for the Utility Gas Procurement Department.
 - b. Example five-day periods are: Nov. 1 through Nov. 5, Nov. 6 through Nov. 10, Nov. 11 through Nov. 15 and so on. November with 30 days has six 5-day periods. December, January and March with 31 days have a 6-day period at the end of the month. February has a shortened 3 or 4-day period at the end of the month. The current 5-day period will run its course fully before the implementation of the 70% daily requirement. In the event that inventories rise above the 70% daily trigger levels by 1 Bcf, then a new, 5-day period will be implemented on the following day.
 - c. Example calculations for determining volumes subject to the daily balancing standby rate are: if over 5 days, total burn is 500,000 therms and total deliveries (including withdrawal) are 240,000 therms, then 10,000 therms is subject to daily balancing standby rate. (50% times 500,000 minus 240,000 equals 10,000).

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Winter Deliveries (Continued)

1. (continued)

- d. Example calculations in using NGI's Daily Gas Price Index for determining the daily balancing standby rate are: If for Jan. 6 through Jan. 10 the NGI Southern California Border quoted price ranges are \$2.36- 2.39, \$2.36-2.44, \$2.38-2.47, \$2.36-2.42, and \$2.37- 2.45, respectively, then the daily balancing standby rate becomes \$3.71 (\$2.47 times 150%).
 - e. With the exception of weekends and holidays, the Utility will use quotes from the NGI publication dated on the same day as the flow date. Weekend or holiday flow dates will use the first available publication date after the weekend or holiday.
2. When total inventory declines to the "peak day minimum + 20 Bcf trigger," the minimum daily delivery requirement increases to 70%. Customers are then required to be balanced (flowing supply plus storage withdrawal) at a minimum of 70% of burn on a daily basis. The 5-day period no longer applies since the system can no longer provide added flexibility. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including authorized F&U and brokerage fees) and is applied to each day's deliveries which are less than the 70% requirement. Authorized F&U will not be added to any daily stand-by balancing charge for the Utility Gas Procurement Department to the extent it is collected elsewhere. In this regime interruptible storage withdrawal is cut in half subject to the scheduling priorities established in Section D.8. All Operational Hub Services contributing to the underdelivery situation (i.e., Operational Hub deliveries greater than Operational Hub receipts) are suspended. All of the requirements in this paragraph are waived for the days that an OFO is in effect.
- a. Peak day minimums are calculated annually before November 1 as part of normal winter operations planning. The peak day minimum is that level of total inventory that must be in storage to provide deliverability for the core 1-in-35 year peak day event, firm withdrawal commitments and noncore balancing requirement.
 - b. Example calculations in this regime for determining volumes subject to the daily balancing standby rates are: If on January 6 total burn is 500,000 therms, and total deliveries (including withdrawal) are 300,000 therms then 50,000 therms is subject to the daily balancing standby charge (70% times 500,000 minus 300,000 equals 50,000).
 - c. Example calculations in using NGI's Daily Gas Price Index for daily balancing standby rates in this regime are: if for January 6 and January 7, the NGI Southern California Border quoted price ranges are \$2.36-2.39 and \$2.36-2.44, then the daily balancing standby rates become \$3.59 (150% of 2.39) for January 6, and \$3.66 (150% times 2.44) for January 7, respectively.

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Winter Deliveries (Continued)

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

H. Accounting and Billing

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

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4139
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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

H. Accounting and Billing (Continued)

1. (Continued)

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

I. Gas Delivery Specifications

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

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4139
DECISION NO. 09-11-006

ISSUED BY
Lee Schavrien
Senior Vice President
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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Delivery Specifications (Continued)

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

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Delivery Specifications (Continued)

3. (Continued)

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

Acceptable specification ranges are:

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

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

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Delivery Specifications (Continued)

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

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Termination or Modification

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

K. Regulatory Requirements

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

L. Warranty and Indemnification

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

(TO BE INSERTED BY UTILITY)

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Lee Schavrien
Senior Vice President
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Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 1

The Utility's operational organization, procedures, and reporting requirements are described herein.

STRUCTURE, PROCEDURES, AND PROTOCOLS

1. The mission of the Utility System Operator is to maintain system reliability and integrity while minimizing costs at all times.
2. The term "Utility System Operator" as defined in Rule No.1 denotes all of the applicable departments within Southern California Gas Company and San Diego Gas & Electric Company responsible for the physical and commercial operation of the pipeline and storage systems specifically excluding the Utility Gas Procurement Department. The Utility System Operator's organizational structure is described below.

The daily overall physical transmission and storage system reliability operations within the Utility System Operator are conducted by the Gas System Operations Department, which is located in the Gas Operations organization. The Gas System Operations Department contains the Gas Control Department and the Gas Scheduling Department. The activities involved in meeting any physical flowing gas supply requirements as determined by the Gas Control Department are conducted by the Operational Hub, which is located in the Storage and Hub Products Department within the Energy Markets and Capacity Products Department. The Energy Markets and Capacity Products Department is located in the Customer Services organization. The Gas Operations and Customer Services organizations report to different Vice Presidents.

3. The Gas Control Department is the sole authority for: operating the pipeline and storage system, developing the system sendout (i.e., demand) forecasts to be used for purposes of determining on a daily basis Southern System minimum flow requirements, and for issuing Operational Flow Orders ("OFOs").
4. The Gas Control Department will fully utilize storage injection capacity prior to issuing an OFO. The Gas Control Department is responsible for calculating forecasted sendout and physical storage injection capacity. For every nomination cycle, the Gas Scheduling Department shall calculate the system capacity as the sum of forecasted sendout, physical storage injection capacity, and available off-system nominations. "Available" off-system nominations are the nominations that have been made by customers and in the SoCalGas scheduling system. The forecasted system capacity shall then be compared to the latest scheduled quantities. The following table summarizes which quantities are used in each cycle for the OFO calculation:

(Continued)

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Rule No. 41

Sheet 2

UTILITY SYSTEM OPERATION

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

4. (Continued)

<u>Cycle</u>	<u>Quantity Used for OFO Calculation</u>
1) Timely	Prior Flow Day - Evening Cycle Scheduled Quantity
2) Evening*	Current Flow Day - Timely Cycle Scheduled Quantity
3) Intraday 1	Current Flow Day - Evening Cycle Scheduled Quantity
4) Intraday 2	Current Flow Day - Intraday 1 Cycle Scheduled Quantity

An OFO may be issued only if the level of quantities, from the table above, exceeds the forecasted system capacity. System linepack will not be part of the formula used to determine when an OFO shall be issued. The conditions for issuing an OFO are summarized below.

An OFO is issued if Forecasted System Capacity < Scheduled Quantities.

Where,

Forecasted System Capacity = Forecasted Sendout
 + Physical Storage Injection Capacity
 + Available Off-System Nominations

* The Utility will provide a minimum one-hour notice prior to the Evening Cycle nomination deadline when calling an Evening Cycle OFO.

5. The minimum flowing supply for the Southern System is a function of the forecasted gas demand for the Southern System, including SDG&E demand, less the capability to provide additional supplies to the Southern System from the Northern System or storage via the Chino and Prado crossovers, and other factors, such as but not limited to: the state of the Southern System, demand and supply available on the remainder of the Utility system, and expectations of changing demand patterns. The Gas Control Department estimates the level of demand and the Chino/Prado crossover capability each day. The Utility System Operator will use all of its available transmission facilities to move gas from the Northern System to the Southern System.

(Continued)

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