

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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October 6, 2011

Advice Letters 4258 and 4258-A

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

Subject: Expansion of Off-System Delivery, D.11-03-029 and Partial Supplement

Dear Ms. Prince:

Southern California Gas Company (SoCalGas) Advice Letter (AL) 4258-A is approved. With the exception of the modifications made in AL 4258-A, AL 4258 is also approved. The effective date of Tariff Sheet No. 47343-G is March 10, 2011. The effective date of all of the other approved tariff pages submitted with AL 4258 and AL 4258-A will be determined at a later time. SoCalGas shall notify the Energy Division and the service list for AL 4258 and 4258-A at least 20 days in advance of the requested effective date for such tariff pages, and SoCalGas shall re-submit the approved tariff pages to the Energy Division at the time of the notification.

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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RPrince@semprautilities.com

July 15, 2011

Advice No. 4258
(U 904 G)

Public Utilities Commission of the State of California

Subject: Expansion of Off-System Delivery, Decision (D.)11-03-029

In compliance with Ordering Paragraphs (OP) 1 through 4 of Decision (D.)11-03-029, dated March 10, 2011 and OP 38 of D.11-04-032 dated April 14, 2011, Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its tariffs as shown on Attachment B.

Purpose

This compliance filing seeks approval to modify Rule No. 23, Rule No. 30, Rule No. 41, Schedule No. G-BTS, Schedule No. G-POOL, Schedule No. G-OSD, Form No. 6597-19, Preliminary Statement - Part V (Balancing Accounts) and Preliminary Statement - Part VI (Memorandum Accounts), to implement the expansion of off-system delivery services as adopted in D.11-03-029 and D.11-04-032. The proposed redlined revisions to these tariffs are incorporated herein as Attachment C. Additionally, Schedule No. GIT and Form No. 6400 are no longer needed and therefore should be eliminated.

Background

In D.11-03-029, the Commission authorized San Diego Gas & Electric Company (SDG&E) and SoCalGas to: 1) expand their interruptible off-system delivery (OSD) service to all other interconnections on the terms and conditions set forth in sections 3.3.2 and 3.4 of D.11-03-029; and 2) offer firm OSD service to all interconnections on the terms and conditions set forth in sections 3.3.2 and 3.4 of D.11-03-029 utilizing the process proposed by SDG&E and SoCalGas and which was approved in D.06-12-031. D.11-03-029 found that the provisions of firm and interruptible OSD services will have no adverse impact on on-system customers and established that the offering of interruptible OSD service shall not result in any increased costs being passed on to on-system customers.

Revisions to Preliminary Statements

- Since this advice letter is being filed subsequent to AL 4240 (which was filed to comply with D.11-04-032), the proposed revisions to the preliminary statements for the existing and currently authorized regulatory accounts are to clarify the recording of revenues for OSD service pursuant to D.11-03-029 in conjunction with D.11-04-032.

- Preliminary Statement - Part VI (Memorandum Accounts): Pursuant to OP 1 and OP 2 of D.11-03-029, the System Reliability Memorandum Account (SRMA) has been revised to record the cost for gas purchases, resulting from firm and interruptible OSD services, to maintain integrity of the Southern System. In addition, the Firm Access and Storage Rights Memorandum Account (FASRMA) has been revised to record the system modification costs associated with providing the OSD services. On any given day Southern System OSD service net revenues will first be credited to the SRMA for recovery of the costs of the fixed deliveries for that particular flow day. The remainder of the OSD service revenues from the Southern System plus OSD service revenues from SoCalGas' other transmission systems will be credited to the FASRMA for recovery of system modification costs. The proposed changes to the FASRMA to record system modification costs for implementing the OSD services will be made effective March 10, 2011, the effective date of D.11-03-029.
- Preliminary Statement - Part V (Balancing Accounts): OP 38 of D.11-04-032 authorized SoCalGas to record all OSD revenues in the Backbone Transmission Balancing Account (BTBA) instead of the Integrated Transmission Balancing Account (ITBA). Therefore, pursuant to D.11-04-032 and D.11-03-029, the BTBA has been revised to record all OSD revenues in excess of any OSD revenues that have been recorded in the SRMA to offset the costs of the fixed deliveries for system reliability and in the FASRMA to recover system modification costs. These "excess" OSD service revenues, recorded in the BTBA, will be allocated to SoCalGas' backbone transportation customers.

Revisions to Rules

- Rule No. 23 (Continuity of Service and Interruption of Delivery) has been revised to clarify that the firm and interruptible OSD services would: 1) have lower priority than on-system services; and 2) be curtailed after Standby Procurement service, but before on-system services. In addition, firm OSD service would not qualify for the Service Interruption Credit (SIC) in the event of any curtailment.
- Rule No. 30 (Transportation of Customer-owned Gas) has been revised to state that both firm and interruptible OSD rights can be curtailed (subject to the NAESB elapsed pro rata rules) to avoid SoCalGas having to bring additional gas into its system at an additional cost. This rule has also been revised to: 1) clarify that Kramer Junction is a receipt point for Mojave Pipeline (in addition to Kern River Pipeline); 2) state that curtailments/reductions of OSD nominations within their service priority (i.e., firm or interruptible) at a particular delivery point will be prorated at that particular delivery point; 3) clarify that "Receipt Point Access Contract" will now be called "Backbone Transportation Service Contract;" 4) clarify that customers can nominate only from their Citygate Pool Accounts or from Storage Accounts to their OSD Contracts; and 5) list the OSD points that could receive nominations from customers' Off-System Delivery Contracts.
- Rule No. 41 (Utility System Operation) has been revised to state that SoCalGas' Gas Scheduling Department will not confirm, to the upstream pipeline(s) in the Southern System, any OSD service that would potentially reduce the physical flows below the minimum flowing supply requirements for the Southern System.

Revisions to Rate Schedules

- Schedule No. G-BTS (Backbone Transportation Service) has been revised to clarify that customers cannot nominate directly from their Receipt Point Access Contracts to their OSD Contracts.
- Schedule No. G-POOL (Pooling Service) has been revised to clarify that “Customer Pool Account” will now be called “Citygate Pool Account” and “Receipt Point Access Contract” will now be called “Backbone Transportation Service Contract.”
- Schedule No. G-OSD (Off-System Delivery Service) has been revised to: 1) summarize the applicable OSD points; 2) clarify OSD service rates; 3) indicate that SoCalGas will terminate all OSD services if the continued provision of such services would adversely impact SoCalGas’ Hinshaw exemption; 4) that SoCalGas will post on its Envoy Electronic Bulletin Board the daily interruptible OSD rate for each Delivery Point and charge all interruptible OSD customers at any given Delivery Point the same rate for any given flow day; 5) clarify that any discounting of the OSD charges will be non-discriminatory and compliant with affiliate transaction rules; 6) show how all OSD shipper imbalances will be resolved; 7) clarify how OSD service revenues will be treated not only to avoid any subsidization (of OSD services) by on-system customers, but also to benefit on-system customers; and 8) briefly describe the application process for requesting the Commission’s approval for firm OSD service.

Revisions to Form

- Form No. 6597-19 (Off-System Delivery Service) has been revised to: 1) accommodate expanded delivery points for interruptible OSD service; and 2) indicate that SoCalGas will terminate all OSD services if the continued provision of such services would adversely impact SoCalGas’ Hinshaw exemption.

Termination

- Schedule No. GIT (Interruptible Interutility Transportation) and Form No. 6400 (Interruptible Interutility Transportation Agreement) should be eliminated because they are no longer applicable with the adoption of the OSD service to PG&E and the Commission’s approval for this elimination.

System Modifications

SoCalGas will have to modify Envoy and other related systems to expand the interruptible OSD service at the new delivery points. SoCalGas will make every reasonable effort to complete these system modifications but does not expect them to be completed until some time in 2012, and will notify the Commission at least 20 days prior to the actual implementation date for the interruptible OSD service to the new delivery points.

Protest

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the Commission which is August 4, 2011. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

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

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

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

Effective Date

OP 3 of D.11-03-029 authorized SoCalGas to file a Tier 1 AL for interruptible OSD service. As discussed in the System Modifications section above, the necessary system modifications will not be ready until some time in 2012. Therefore, SoCalGas respectfully requests that this filing be approved on August 14, 2011, which is thirty (30) calendar days after the date filed; but the tariffs be made effective beginning with the implementation date that will be communicated by SoCalGas at least 20 days in advance, except for the FASRMA (CAL. P.U.C. Sheet No. 47343-G) which should be made effective on March 10, 2011, the date of D.11-03-029.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in A.08-06-006 and A.10-03-028.

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) #: 4258

Subject of AL: Expansion of Off-System Delivery

Keywords (choose from CPUC listing): Balancing Account, Memorandum Account, Forms

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.11-03-029

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

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

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 8/14/11

No. of tariff sheets: 38

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: PS V, PS VI, G-BTS, G-OSD, G-POOL, Rule Nos. 23, 30, 41, Sample Forms, TOCs

Service affected and changes proposed¹: 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

555 West 5th Street, GT14D6

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¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 4258

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 4258

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 47342-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA), Sheet 1	Revised 47162-G
Revised 47343-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNT, FIRM ACCESS AND STORAGE RIGHTS MEMORANDUM ACCOUNT (FASRMA), Sheet 1	Revised 45284-G
Revised 47344-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, SYSTEM RELIABILITY MEMORANDUM ACCOUNT (SRMA), Sheet 1	Revised 45285-G
Revised 47345-G	Schedule No. G-OSD, OFF-SYSTEM DELIVERY SERVICE, Sheet 1	Original 42257-G
Revised 47346-G	Schedule No. G-OSD, OFF-SYSTEM DELIVERY SERVICE, Sheet 2	Original 42258-G
Revised 47347-G	Schedule No. G-OSD, OFF-SYSTEM DELIVERY SERVICE, Sheet 3	Original 42258-G Original 42259-G
Revised 47348-G	Schedule No. G-OSD, OFF-SYSTEM DELIVERY SERVICE, Sheet 4	Original 42259-G
Revised 47349-G	Schedule No. G-BTS, BACKBONE TRANSPORTATION SERVICE, Sheet 2	Revised 47173-G
Revised 47350-G	Schedule No. G-POOL, POOLING SERVICE, Sheet 2	Original 42277-G
Revised 47351-G	Rule No. 23, CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY, Sheet 1	Revised 45385-G
Revised 47352-G	Rule No. 23, CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY, Sheet 2	Revised 43367-G
Revised 47353-G	Rule No. 23, CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY, Sheet 11	Revised 44942-G
Revised 47354-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 3	Revised 46255-G
Revised 47355-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 4	Revised 46256-G
Revised 47356-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 6	Revised 46258-G
Revised 47357-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 7	Revised 46259-G
Revised 47358-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 8	Revised 46259-G Revised 46260-G
Revised 47359-G	Rule No. 30, TRANSPORTATION OF	Revised 46260-G

ATTACHMENT B
Advice No. 4258

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 47360-G	CUSTOMER-OWNED GAS, Sheet 9	Revised 46261-G
Revised 47361-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 10	Revised 46261-G
Revised 47362-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 11	Revised 46262-G
Revised 47363-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 12	Revised 46262-G
Revised 47364-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 13	Revised 46263-G
Revised 47365-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 14	Revised 46263-G
Revised 47366-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 15	Revised 46264-G
Revised 47367-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 16	Revised 46264-G
Revised 47368-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 17	Revised 46265-G
Revised 47369-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 18	Revised 47200-G
Revised 47370-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 19	Revised 46265-G
Revised 47370-G	RULE NO. 41, UTILITY SYSTEM OPERATION, Sheet 2	Revised 47200-G
Revised 47371-G	MASTER SERVICES CONTRACT - SCHEDULE N, OFF-SYSTEM DELIVERY SERVICE CONTRACT - EXHIBIT B, Form No. 6597-19 (2012)	Revised 46267-G
Revised 47372-G	TABLE OF CONTENTS	Revised 46267-G
Revised 47373-G	TABLE OF CONTENTS	Revised 46268-G
Revised 47374-G	TABLE OF CONTENTS	Revised 46268-G
Revised 47375-G	TABLE OF CONTENTS	Revised 46268-G
Revised 47376-G	TABLE OF CONTENTS	Revised 46269-G
Revised 47377-G	TABLE OF CONTENTS	Revised 46269-G
Revised 47378-G	TABLE OF CONTENTS	Revised 46270-G
Revised 47379-G	TABLE OF CONTENTS	Revised 46270-G
		Revised 46272-G
		Original 42319-G
		Revised 47340-G
		Revised 47131-G
		Revised 47211-G
		Revised 47212-G
		Revised 47134-G
		Revised 47213-G
		Revised 47341-G
		Revised 47136-G*

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA)

Sheet 1

1. Purpose

The BTBA is an interest-bearing balancing account that is recorded on the Utility's financial statements pursuant to D.06-04-033, D.06-12-031, Resolution G-3407, and D.11-04-032. The purpose of the BTBA is to record the difference between the authorized Backbone Transportation Service (BTS) revenue requirement and the actual BTS revenues from firm and interruptible access to SoCalGas' transmission system. Pursuant to D. 11-03-029, the BTBA will also record interruptible and firm off-system deliveries in excess of any applicable system reliability costs and system implementation costs associated with providing off-system delivery service. Pursuant to D.11-04-032, SoCalGas establishes the IT Cost Subaccount to record and recover information technology costs incurred to enhance Backbone Transportation Service.

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2. Applicability

The BTBA shall apply to all customers with firm or interruptible Backbone Transportation Service rights.

3. Rates

The projected year-end BTBA balance will be applied as described in item 5 below.

4. Accounting Procedures

SoCalGas shall maintain the BTBA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to one-twelfth of the BTS revenue requirement;
- b. A credit entry equal to the recorded BTS revenues;
- c. An entry to amortize the previous year's balance;
- d. A credit entry equal to any net revenues from off-system delivery services (i.e., that were made available in the Southern System for the flow days where fixed deliveries were made into the Southern System to maintain system reliability) in excess of system reliability costs for these flow days and system implementation costs associated with providing off-system delivery service;
- e. A credit entry equal to 100% of the recorded revenues from interruptible and firm off-system delivery services not reflected in entry "d" and in excess of system implementation costs associated with providing off-system delivery service; and
- f. An entry equal to interest on the average of the balance in the BTBA during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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(TO BE INSERTED BY UTILITY)
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 DECISION NO. 11-03-029

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Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNT Sheet 1
FIRM ACCESS AND STORAGE RIGHTS MEMORANDUM ACCOUNT (FASRMA)

The FASRMA is an interest bearing memorandum account that is recorded on SoCalGas' financial statements. The FASRMA shall record costs incurred by SoCalGas to implement a firm, tradable access and storage rights structure to provide customers with an opportunity to obtain firm access into the utility system at a specific receipt point and storage capacity throughout the year and off-system and pooling services. In addition, the FASRMA shall record the reasonable costs of establishing and maintaining new postings on the Electronic Bulletin Board (EBB), a new fifth nomination cycle, new optional enhanced balancing services, and system expansion studies (plus any related third-party review). In addition, pursuant to Decision (D.) 11-03-029, the FASRMA will record system modification costs in providing interruptible and firm Off-System Delivery (OSD) services and any related OSD revenues to recover these costs.

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

- a. A debit entry to record incremental O&M (Operating and Maintenance) and capital-related costs (i.e., depreciation, return on investment and related taxes) associated with expenditures incurred that are directly related to implementing new or enhanced computer systems to comply with D.06-12-031 and D. 07-12-019.
- b. A debit entry to record incremental O&M and capital-related costs (i.e., depreciation, return on investment, and related taxes) for system modification costs related to OSD services.
- c. A credit entry equal to OSD revenues to recover up to the maximum amount of system modification costs as described in entry b. Any excess OSD revenues are recorded to the Backbone Transmission Balancing Account (BTBA).
- d. An entry to amortize the previous year's balance, and
- e. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

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The costs for implementing a citygate pooling service is limited to a maximum \$0.5 million, to the extent the costs of pooling services are not included in SoCalGas' \$3.5 million estimate of the FAR system implementation costs.

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance (excluding transactions identified in entries b. and c.) effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Cents Per Therm (ECPT) basis.

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1
SYSTEM RELIABILITY MEMORANDUM ACCOUNT (SRMA)

The SRMA is an interest bearing account that is recorded on the Utility's financial statements. The purpose of this account is to record certain costs associated with the Utility System Operator's purchase and delivery of gas to sustain operational flows on the SoCalGas/SDG&E system. Pursuant to D.11-03-029 and D.11-04-032, certain off-system delivery revenues will be recorded to the SRMA to offset system reliability costs as described in entry "d" below. System reliability costs include the costs that are associated with the following:

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

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

- a. A debit entry for the cost of gas delivered to various receipt points on the SoCalGas/SDG&E system, including any other O&M and incremental capital-related costs (e.g., depreciation, return on investment and related taxes) associated with any other tools approved by the Commission through a regular or expedited advice letter process as described above that were incurred for maintaining system reliability.
- b. A credit entry equal to the revenues from the sale of gas that was originally purchased for system reliability purposes as described in entry "a." which is no longer necessary and therefore made available for sale in the marketplace.
- c. An entry equal to amortization as authorized by the Commission.
- d. A credit entry equal to the net revenues from off-system delivery services, that are available in the Southern System for the flow days when there are fixed deliveries into the Southern System to maintain system reliability. Any off-system delivery service revenues in excess of system reliability costs for these flow days will be recorded first to the Firm Access and Storage Rights Memorandum Account (FASRMA) to recover system implementation costs associated with providing off-system delivery service with any residual amount recorded to the Backbone Transmission Balancing Account (BTBA).
- e. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

Upon approval by the Commission of transactions recorded in the SRMA, SoCalGas will amortize the approved transactions in transportation rates effective January 1 of the following year. The transactions will be allocated on an Equal Cents Per Therm (ECPT) basis.

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Schedule No. G-OSD
OFF-SYSTEM DELIVERY SERVICE

Sheet 1

APPLICABILITY

Applicable to transportation of natural gas on the Utility's Transmission System to the interconnection points with the Pacific Gas & Electric Company (PG&E) system and with all interstate and international pipelines ("Upstream Pipelines"), but excluding California-produced gas supply lines. Service under this Schedule is available to any creditworthy party. All eligible participants are collectively referred to herein as "Customers" unless otherwise specified.

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TERRITORY

Applicable throughout the service territory.

RECEIPT POINTS

The Receipt Points available for service under this schedule are a Citygate Pool agreement as described in Schedule No. G-POOL or a SoCalGas storage account.

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OFF-SYSTEM DELIVERY POINTS

The Delivery Points available for service under this schedule are the Utility Transmission System's interconnection points with the Upstream Pipelines as described above and listed in Section D.6. of Rule No. 30.

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RATES

<u>Rate Designation</u>	<u>Description of Service</u>	<u>Rate Structure</u>	<u>Rate (per Dth)</u>		
			<u>Minimum</u>	<u>Base</u>	<u>Maximum</u>
G-OSDI	Interruptible	100% Volumetric	\$0.015	\$0.050	\$0.150
G-OSDF	Firm	To be determined ^(a)	To be determined ^(a)		

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(a) Through a separate application to the CPUC (see "Firm Off-System Delivery Service" Section below).

BILLING CALCULATION

Monthly Volumetric Charge:

The Volumetric Charge for each billing period shall be calculated using the applicable volumetric rate multiplied by the scheduled quantities during the billing period.

$$\text{Monthly Volumetric Charge} = \text{Volumetric Rate} * \text{Quantities of Gas scheduled during billing period}$$

(Continued)

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Schedule No. G-OSD
OFF-SYSTEM DELIVERY SERVICE

Sheet 2

(Continued)

SPECIAL CONDITIONS

GENERAL

- 1. The definitions of the principal terms used in this schedule are found either herein or in Rule No. 1, Definitions.
- 2. Service under this schedule shall be curtailed in accordance with the provisions of Rule No. 23. N
- 3. Any disputed bill will be treated in accordance with Rule No. 11, Disputed Bills. T
- 4. As a condition precedent to service under this schedule, an executed Master Services Contract (Form No. 6597), and an executed Receipt Point Master Agreement (RPMA, Form No. 6597-18), and an executed Off-System Delivery (OSD) Service Contract (Form No. 6597-19) are required. All contracts, rates and conditions are subject to revision and modification as a result of CPUC order or rules. T,N
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- 5. Customer must meet the Utility's applicable credit requirements. T
- 6. The term of OSD service shall be for a minimum of one day. T
- 7. If the Federal Energy Regulatory Commission or any court of competent jurisdiction issues a decision or a preliminary determination that the Utility's provision of OSD service adversely impacts the Utility's Hinshaw exemption, all OSD services shall be terminated immediately. N
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NOMINATIONS AND BALANCING

- 8. Nominations are required for gas transported under this rate schedule. See Rule No. 30, Transportation of Customer-Owned Gas, and Rule No. 41, Utility System Operation, for details. T
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- 9. A Customer may opt to designate one and only one nominating agent in addition to itself at any one time to nominate on all OSD service under a Customer's RPMA. The nominating agent shall be specified in the Customer's RPMA and shall apply to all OSD service under that Customer's RPMA. Customer must provide appropriate written authorization to the Utility of its intent to add or change a designated nominating agent via the Nomination and Trading Authorization Form (Form No. 9924). Such designation shall be subject to that nominating agent complying with applicable tariff and contractual provisions. Customer shall provide appropriate written notice to the Utility of its intent to terminate a nominating agent via the Termination of Nominating or Trading Agent Form (Form No. 9926). T

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Schedule No. G-OSD
OFF-SYSTEM DELIVERY SERVICE

Sheet 4

(Continued)

FIRM OFF-SYSTEM DELIVERY SERVICE

15. The Utility shall hold an open season for firm OSD service to the Upstream Pipelines whenever there is an actual or potential Customer interest. If the open season is successful, the Utility shall seek CPUC approval through a separate application, which shall include a description of the open season process and an estimate of the new facility costs along with the resulting contracts with reservation and volumetric charges.

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Schedule No. G-BTS
BACKBONE TRANSPORTATION SERVICE

Sheet 2

(Continued)

RECEIPT POINTS (Continued)

EPN – El Paso Natural Gas Pipeline
TGN – Transportadora de Gas Natural de Baja California
NBP – North Baja Pipeline
TW – Transwestern Pipeline
MP – Mojave Pipeline
QST – Questar Southern Trails Pipeline
KR – Kern River Pipeline
PG&E – Pacific Gas and Electric
OEHI – Occidental of Elk Hills

Transmission Zone Contract Limitations:

Southern Zone – In total EPN Ehrenberg and NBP Blythe cannot exceed 1210 MMcfd.
Southern Zone – In total EPN Ehrenberg, NBP Blythe and TGN Otay Mesa cannot exceed 1210 MMcfd.
Northern Zone – In total TW at Topock and EPN at Topock cannot exceed 540 MMcfd.
Northern Zone – In total TW at North Needles and QST at North Needles cannot exceed 800 MMcfd.
Northern Zone – In total TW North Needles, TW Topock, EPN Topock, QST North Needles, and KR/MP Kramer Junction cannot exceed 1590 MMcfd.
Wheeler Ridge Zone – In total PG&E at Kern River Station and OEHI at Gosford cannot exceed 520 MMcfd.
Wheeler Ridge Zone – In total PG&E Kern River Station, OEHI Gosford, and KR/MP Wheeler Ridge cannot exceed 765 MMcfd.

DELIVERY POINTS

Delivery Points available for service under this schedule are:

1. End-User's Local Transportation Agreement
2. Citygate Pool Account
3. Storage Account
4. Contracted Marketer or Core Aggregator Transportation Account

(Continued)

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Rule No. 23

Sheet 1

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

A. General

The Utility will exercise reasonable diligence and care to furnish and deliver service to its customers, and to avoid any interruption of same. The Utility shall not be liable for damages or otherwise for any failure to deliver gas or provide service to its customers, which failure in any way or manner results from breakage of its facilities, however caused, war, riots, acts of God, strikes, failure of or interruption in service, operating limitations or other conditions beyond its reasonable control.

B. Priority of Service

In the event of a curtailment, as defined in Rule No. 1, the Utility shall curtail gas service to customers as described in Section C, Curtailment of Service, herein. Customer usage will be assigned to appropriate end-use priority or service classifications as set forth below.

Core Service

Priority 1 All residential usage regardless of size. All nonresidential usage less than 20,800 therms per active month*, excluding usage reclassified to noncore service pursuant to customer request. All electric generation, refinery and enhanced oil recovery (EOR) usage less than 20,800 therms per active month* electing core service.

Priority 2A All nonresidential usage of 20,800 therms or greater per active month* eligible for core service, not electing noncore service.

Noncore Service

Noncore Service includes: (1) commercial and industrial usage electing noncore service, (2) electric generation, EOR, and refinery usage less than 20,800 therms per active month* electing noncore service, and (3) all usage ineligible for core service, including (a) refinery and EOR usage of 20,800 therms or greater per active month* and (b) all electric generation usage from generators greater than 1 megawatt (MW) system rated generating capacity, based on net continuous power output with usage of 20,800 therms or greater per active month*.

Firm Service All usage served through firm intrastate transmission service.

Interruptible Service All usage served through interruptible intrastate transmission service. Interutility deliveries shall be considered interruptible intrastate service.

* A customer shall be considered to meet the size criteria of 20,800 therms or greater per active month when on an annualized basis, for any period of 12 contiguous months within the most recent 24-month period, the customer's active month consumption averages 20,800 therms or greater. An active month is one in which consumption exceeds 1,000 therms.

(Continued)

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Rule No. 23

Sheet 2

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

B. Priority of Service (Continued)

Off-System Delivery Service

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| Firm Service | All transportation served through firm off-system delivery service. |
| Interruptible Service | All transportation served through interruptible off-system delivery service. |

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C. Curtailement of Service

1. Effectuation of Curtailment

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

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

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CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

J. Curtailement Violations (Continued)

3. Authorized Curtailement Quantity (Continued)

The customer's total authorized curtailement quantity for the applicable period of curtailement shall be equal to the sum of the authorized curtailement quantities for each of the customer's services which are not subject to curtailement during such period. For each such service, the authorized curtailement quantity shall be equal to the monthly contract quantity divided by the customer's actual number of operating days for such service during the month in which the curtailement occurs, multiplied by the customer's actual number of operating days during the curtailement period.

The customer's actual operating days for the month shall be determined based on the operating-day information set forth in the customer's contract. For service designated as operating seven days per week, the operating days shall be all calendar days in the month. For service designated as less than seven operating days per week, the operating days shall be all designated days in the month excluding national holidays. Customers with non-uniform operating schedules for any particular month shall be required to designate in the contract the actual operating-day schedule for such months. The customer may request a change to the operating schedule on a month-to-month basis. All operating schedules shall be subject to the Utility's acceptance and the Utility may adjust such schedules as it deems necessary based on the customer's operations.

K. Service Interruption Credit

A qualifying service interruption of firm intrastate transmission service is defined as any curtailement which is not (1) the result of either force majeure or scheduled maintenance, as described below, (2) a curtailement of Standby Procurement service, or (3) a curtailement of firm off-system delivery service. If a firm intrastate transmission customer experiences more than one qualifying interruption during the ten-year period beginning on the implementation date of the CPUC's Capacity Brokering Rules, the Utility shall provide such customer with a Service Interruption Credit (SIC) of \$0.25 per therm of gas curtailed or diverted.

For the customer's first qualifying interruption during the ten-year period, the SIC shall only apply to the volume of curtailed or diverted gas over and above 72 consecutive hours of full curtailement or the volumetric equivalent thereof during a five day period. For subsequent qualifying interruptions during this period, the SIC shall apply to all of the customer's curtailed or diverted volumes resulting from the subsequent interruptions regardless of the duration or extent of the customer's initial interruption.

(Continued)

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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-BTS*:

- 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 and Mojave Pipeline at Kramer Junction (Northern Transmission Zone)
- Line 85 (California Supply)
- North Coastal (California Supply)
- Other (California Supply)
- Storage

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

3. Backbone Transmission Capacity

Each day, Receipt Point and Backbone 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 Backbone Transmission Zone to the maximum operating capacity of that individual Receipt Point or Backbone 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.

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D

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 rights 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-BTS, 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)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

6. Nominations (Continued)

Citygate Pool Account	Storage Account	
Storage Account	Citygate Pool Account	
Storage Account	Storage Account	
Storage Account	Off-System Delivery Contract	
Citygate Pool Account	Off-System Delivery Contract	
End User, Contracted Marketer, ESP	Storage Account	
Off-System Delivery Contract	PG&E Pipeline (at Kern River Station)	
Off-System Delivery Contract	Mojave Pipeline (at Wheeler Ridge)	
Off-System Delivery Contract	Mojave Pipeline (at Kramer Junction)	
Off-System Delivery Contract	Kern River Pipeline (at Wheeler Ridge)	
Off-System Delivery Contract	Kern River Pipeline (at Kramer Junction)	
Off-System Delivery Contract	Questar Southern Trails Pipeline (at North Needles)	
Off-System Delivery Contract	Transwestern Pipeline (at North Needles)	
Off-System Delivery Contract	Transwestern Pipeline (at Topock)	
Off-System Delivery Contract	El Paso Pipeline (at Topock)	
Off-System Delivery Contract	El Paso Pipeline (at Blythe)	
Off-System Delivery Contract	North Baja Pipeline (at Blythe)	
Off-System Delivery Contract	Transportadora de Gas Natural de Baja California (at Otay Mesa)	

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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.

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Rule No. 30

Sheet 9

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

7. Timing (Continued)

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.

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.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4258
DECISION NO. 11-03-029

ISSUED BY
Lee Schavrien
Senior Vice President

(TO BE INSERTED BY CAL. PUC)
DATE FILED Jul 15, 2011
EFFECTIVE Oct 1, 2012
RESOLUTION NO. _____

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

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

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4258
DECISION NO. 11-03-029

ISSUED BY
Lee Schavrien
Senior Vice President

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Jul 15, 2011
EFFECTIVE Oct 1, 2012
RESOLUTION NO. _____

Rule No. 30

Sheet 11

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

E. Interruption of Service

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

F. Nominations in Excess of System Capacity

1. The Utility System Operator's protocol for declaring an Operational Flow Order (OFO) is described in Rule No. 41. Any OFO shall apply to all customers, including wholesale customers and the Utility Gas Procurement Department.
2. The OFO period shall begin on the flow date(s) indicated by the Utility Gas Control Department. Customers shall be allowed to reduce their nominations or adjust their supply ranking in response to the OFO.
3. In the event customers fail to adequately reduce their transportation nominations, the Utility shall reduce the confirmed receipt point access nominations as defined in Section D.
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.

(Continued)

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

(Continued)

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).
 - 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.

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Winter Deliveries (Continued)

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.
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.

(Continued)

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 ADVISE LETTER NO. 4258
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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Winter Deliveries (Continued)

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:
 - 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.

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

H. Accounting and Billing (Continued)

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 Decatherm 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.
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:

(Continued)

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Rule No. 30
TRANSPORTATION OF CUSTOMER-OWNED GAS

Sheet 16

(Continued)

I. Gas Delivery Specifications (Continued)

3. (Continued)

- 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.

(Continued)

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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.

(Continued)

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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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DECISION NO. 11-03-029

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Lee Schavrien
Senior Vice President

(TO BE INSERTED BY CAL. PUC)
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Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 2

(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 < On-system Scheduled Quantities.

Where,

$$\begin{aligned} \text{Forecasted System Capacity} = & \text{Forecasted Sendout} \\ & + \text{Physical Storage Injection Capacity} \\ & + \text{Off-System Scheduled Quantities} \end{aligned}$$

* 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.

The Gas Scheduling Department will not confirm (subject to the NAESB elapsed pro rata rule), to the upstream pipeline(s) in the Southern System, any off-system delivery (OSD) services that would, in the sole judgment of the Utility, potentially reduce physical flows below the minimum flowing supply requirements for the Southern System.

(Continued)

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ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
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MASTER SERVICES CONTRACT - SCHEDULE N
OFF-SYSTEM DELIVERY SERVICE CONTRACT - EXHIBIT B
Form No. 6597-19 (2012)

T

(See Attached Form)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4258
DECISION NO. 11-03-029

ISSUED BY

Lee Schavrien
Senior Vice President

(TO BE INSERTED BY CAL. PUC)

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MASTER SERVICES CONTRACT
 SCHEDULE N
 OFF-SYSTEM DELIVERY (OSD) SERVICE
 OSD No. _____

This Agreement, also referred to as Exhibit B, is entered into as of the ____ day of _____, by and between Southern California Gas Company (“Utility”) and _____ (“Customer”) and is subject to the terms and conditions of the Customer’s Receipt Point Master Agreement (RPMA) No. _____. The terms of this OSD are binding unless disputed in writing as provided in the RPMA.

TERM:

The Effective Date of this Agreement shall be on _____ and extend through _____.

RATE DESIGNATION, OSD POINT, DAILY CONTRACT QUANTITY, AND RATE:

The applicable rate and quantity are specified as follows:

Rate	OSD Point	Daily Contract Quantity	Rate
<u>Designation</u>		<u>(Dth/Day)</u>	
G-OSDI	All Applicable *		Per Tariff**

* See Rule No. 30 for all applicable OSD points.

** See Schedule No. G-OSD. The Utility shall post on its Electronic Bulletin Board (EBB) the daily applicable rate for each OSD point before the deadline for Cycle 1 nominations for the flow day.

If the Federal Energy Regulatory Commission or any court of competent jurisdiction issues a decision or a preliminary determination that the Utility’s provision of OSD service adversely impacts the Utility’s Hinshaw exemption, all OSD services shall be terminated immediately.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed this Off-System Delivery Service Contract.

Southern California Gas Company
 “Utility”

 “Customer”

By _____

By May be electronically executed

Title _____

Title _____

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4258
 DECISION NO. 11-03-029

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 15, 2011
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(TO BE INSERTED BY UTILITY)

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ISSUED BY

Lee Schavrien
 Senior Vice President

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DATE FILED Jul 15, 2011
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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4258
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ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4258
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ISSUED BY

Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jul 15, 2011
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ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4258
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ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 15, 2011
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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4258
 DECISION NO. 11-03-029

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 15, 2011
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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4258
 DECISION NO. 11-03-029

ISSUED BY
Lee Schavrien
 Senior Vice President

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ATTACHMENT C

Advice No. 4258

Redlined Tariff Revisions

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA)

Sheet 1

1. Purpose

The BTBA is an interest-bearing balancing account that is recorded on the Utility's financial statements pursuant to D.06-04-033, D.06-12-031, Resolution G-3407, and D.11-04-032. The purpose of the BTBA is to record the difference between the authorized Backbone Transportation Service (BTS) revenue requirement and the actual BTS revenues from firm and interruptible access to SoCalGas' transmission system. ~~The BTBA will also record revenues from interruptible off-system delivery service to the Pacific Gas and Electric Company (PG&E) system.~~ Pursuant to D. 11-03-029, the BTBA will also record interruptible and firm off-system deliveries in excess of any applicable system reliability costs and system implementation costs associated with providing off-system delivery service. Pursuant to D.11-04-032, SoCalGas establishes the IT Cost Subaccount to record and recover information technology costs incurred to enhance Backbone Transportation Service.

2. Applicability

The BTBA shall apply to all customers with firm or interruptible Backbone Transportation Service rights.

3. Rates

The projected year-end BTBA balance will be applied as described in item 5 below.

4. Accounting Procedures

SoCalGas shall maintain the BTBA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to one-twelfth of the BTS revenue requirement;
- b. A credit entry equal to the recorded BTS revenues;
- ~~e. A credit entry equal to 100% of the recorded interruptible backbone transportation charges;~~
- ~~cd.~~ d. A credit entry equal to any net revenues from off-system delivery services (i.e., that were made available in the Southern System for the flow days where fixed deliveries were made into the Southern System to maintain system reliability) in excess of system reliability costs for these flow days and system implementation costs associated with providing off-system delivery service;
- e. A credit entry equal to 100% of the recorded revenues from interruptible and firm off-system delivery services not reflected in entry "d" and in excess of system implementation costs associated with providing off-system delivery service; and
- f. An entry equal to interest on the average of the balance in the BTBA during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4240
 DECISION NO. 11-04-032

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 6, 2011
 EFFECTIVE Apr 14, 2011
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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNT Sheet 1
FIRM ACCESS AND STORAGE RIGHTS MEMORANDUM ACCOUNT (FASRMA)

The FASRMA is an interest bearing memorandum account that is recorded on SoCalGas' financial statements. The FASRMA shall record costs incurred by SoCalGas to implement a firm, tradable access and storage rights structure to provide customers with an opportunity to obtain firm access into the utility system at a specific receipt point and storage capacity throughout the year and off-system and pooling services. In addition, the FASRMA shall record the reasonable costs of establishing and maintaining new postings on the Electronic Bulletin Board (EBB), a new fifth nomination cycle, new optional enhanced balancing services, and system expansion studies (plus any related third-party review). In addition, pursuant to Decision (D.) 11-03-029, the FASRMA will record system modification costs in providing interruptible and firm Off-System Delivery (OSD) services and any related OSD revenues to recover these costs.

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

- a. A debit entry to record incremental O&M (Operating and Maintenance) and capital-related costs (i.e., depreciation, return on investment and related taxes) associated with expenditures incurred that are directly related to implementing new or enhanced computer systems to comply with D.06-12-031 and D. 07-12-019.
- b. A debit entry to record incremental O&M and capital-related costs (i.e., depreciation, return on investment, and related taxes) for system modification costs related to OSD services.
- c. A credit entry equal to OSD revenues to recover up to the maximum amount of system modification costs as described in entry b. Any excess OSD revenues are recorded to the Backbone Transmission Balancing Account (BTBA).
- db. An entry to amortize the previous year's balance, and
- ee. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

The costs for implementing a citygate pooling service is limited to a maximum \$0.5 million, to the extent the costs of pooling services are not included in SoCalGas' \$3.5 million estimate of the FAR system implementation costs.

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance (excluding transactions identified in entries b. and c.) effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Cents Per Therm (ECPT) basis.

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(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 Feb 1, 2010
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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
SYSTEM RELIABILITY MEMORANDUM ACCOUNT (SRMA)

Sheet 1

The SRMA is an interest bearing account that is recorded on the Utility's financial statements. The purpose of this account is to record certain costs associated with the Utility System Operator's purchase and delivery of gas to sustain operational flows on the SoCalGas/SDG&E system. Pursuant to D.11-03-029 and D.11-04-032, certain off-system delivery revenues will be recorded to the SRMA to offset system reliability costs as described in entry "d" below. System reliability cCosts include the costs that are associated with the following:

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

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

- a. A debit entry for the cost of gas delivered to various receipt points on the SoCalGas/SDG&E system, including any other O&M and incremental capital-related costs (e.g., depreciation, return on investment and related taxes) associated with any other tools approved by the Commission through a regular or expedited advice letter process as described above that were incurred for maintaining system reliability.
- b. A credit entry equal to the revenues from the sale of gas that was originally purchased for system reliability purposes as described in entry "a." which is no longer necessary and therefore made available for sale in the marketplace.
- c. An entry equal to amortization as authorized by the Commission.
- d. A credit entry equal to the net revenues from off-system delivery services, that are available in the Southern System for the flow days when there are fixed deliveries into the Southern System to maintain system reliability. Any off-system delivery service revenues in excess of system reliability costs for these flow days will be recorded first to the Firm Access and Storage Rights Memorandum Account (FASRMA) to recover system implementation costs associated with providing off-system delivery service with any residual amount recorded to the Backbone Transmission Balancing Account (BTBA).
- d.e. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

Upon approval by the Commission of transactions recorded in the SRMA, SoCalGas will amortize the approved transactions in transportation rates effective January 1 of the following year. The transactions will be allocated on an Equal Cents Per Therm (ECPT) basis.

(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
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Schedule No. G-OSD
OFF-SYSTEM DELIVERY SERVICE

Sheet 1

APPLICABILITY

Applicable to transportation of natural gas on the Utility's Transmission System ~~off-system~~ to the interconnection points with the Pacific Gas & Electric Company (PG&E) system and with all interstate and international pipelines ("Upstream Pipelines"), but excluding California-produced gas supply lines. Service under this Schedule is available to any creditworthy party. All eligible participants are collectively referred to herein as "Customers" unless otherwise specified.

TERRITORY

Applicable throughout the service territory.

RECEIPT POINTS

The Receipt Points available for service under this schedule are ~~a Receipt Point Access Contract, a City gate Gate-Pool agreement as described~~ defined in Schedule No. G-POOL or a SoCalGas storage account.

OFF-SYSTEM DELIVERY POINTS

The Delivery Points available for service under this schedule ~~is-are~~ are the Utility Transmission System's interconnection points with the Upstream Pipelines as described above and listed in Section D.6. of Rule No. 30. Kern River Station delivery point for PG& E or other PG&E interconnection points that may be added in the future.

RATES

Rate	Description of Service	Rate Structure	Rate (per Dth)		
G-OSDI	Interruptible	100% Volumetric	\$0.05		
G-OSDF	Firm	To be determined	To be determined		
		in open season	in open season		
<u>Rate</u>	<u>Description of Service</u>	<u>Rate Structure</u>	<u>Rate (per Dth)</u>		
<u>Designation</u>	<u>of Service</u>	<u>Rate Structure</u>	<u>Minimum</u>	<u>Base</u>	<u>Maximum</u>
<u>G-OSDI</u>	<u>Interruptible</u>	<u>100% Volumetric</u>	<u>\$0.015</u>	<u>\$0.050</u>	<u>\$0.150</u>
<u>G-OSDF</u>	<u>Firm</u>	<u>To be determined^(a)</u>	<u>To be determined^(a)</u>		

(a) Through a separate application to the CPUC (see "Firm Off-System Delivery Service" Section below).

BILLING CALCULATION

Monthly Volumetric Charge:

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3706-A
 DECISION NO. 06-12-031, 07-06-003

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Schedule No. G-OSD
OFF-SYSTEM DELIVERY SERVICE

Sheet 2

(Continued)

SPECIAL CONDITIONS

GENERAL

1. The definitions of the principal terms used in this schedule are found either herein or in Rule No. 1, Definitions.
- ~~2.~~ Service under this schedule shall be curtailed in accordance with the provisions of Rule No. 23.
- ~~23.~~ Any disputed bill will be treated in accordance with Rule No. 11, Disputed Bills.
- ~~34.~~ As a condition precedent to service under this schedule, an executed Master Services Contract (Form No. 6597), an executed Receipt Point Master Agreement (RPMA, Form Nos. 6597-18), and an executed Off-System Delivery (OSD) Service Contract (OSD) (Form Nos. 6597-18 and 6597-19) are required. All contracts, rates and conditions are subject to revision and modification as a result of CPUC order or rules.
- ~~54.~~ Customer must meet the Utility's applicable credit requirements.
- ~~65.~~ The term of OSD service shall be for a minimum of one day.
- ~~7.~~ If the Federal Energy Regulatory Commission or any court of competent jurisdiction issues a decision or a preliminary determination that the Utility's provision of OSD service adversely impacts the Utility's Hinshaw exemption, all OSD services shall be terminated immediately.

NOMINATIONS AND BALANCING

- ~~86.~~ Nominations are required for gas transported under this rate schedule. See Rule No. 30, Transportation of Customer-Owned Gas, and Rule No. 41, Utility System Operation, for details.
- ~~97.~~ A eCustomer may opt to designate one and only one nominating agent in addition to itself at any one time to nominate on all OSD service under a eCustomer's RPMA. The nominating agent shall be specified in the eCustomer's RPMA and shall apply to all OSD service under that eCustomer's RPMA. Customer must provide appropriate written authorization to the Utility of its intent to add or change a designated nominating agent via the Nomination and Trading Authorization Form (Form No. 9924). Such designation shall be subject to that nominating agent complying with applicable tariff and contractual provisions. Customer shall provide appropriate written notice to the Utility of its intent to terminate a nominating agent via the Termination of Nominating or Trading Agent Form (Form No. 9926).
- ~~108.~~ The Utility will make available physical displacement capability at the Delivery receipt pPoints on an interruptible basis at the applicable G-OSDI rate as shown above.

(Continued)

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ADVICE LETTER NO. 3706-A
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Schedule No. G-BTS
BACKBONE TRANSPORTATION SERVICE

Sheet 2

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(Continued)

RECEIPT POINTS (Continued)

EPN – El Paso Natural Gas Pipeline
TGN – Transportadora de Gas Natural de Baja California
NBP – North Baja Pipeline
TW – Transwestern Pipeline
MP – Mojave Pipeline
QST – Questar Southern Trails Pipeline
KR – Kern River Pipeline
PG&E – Pacific Gas and Electric
OEHI – Occidental of Elk Hills

Transmission Zone Contract Limitations:

Southern Zone – In total EPN Ehrenberg and NBP Blythe cannot exceed 1210 MMcfd.
Southern Zone – In total EPN Ehrenberg, NBP Blythe and TGN Otay Mesa cannot exceed 1210 MMcfd.
Northern Zone – In total TW at Topock and EPN at Topock cannot exceed 540 MMcfd.
Northern Zone – In total TW at North Needles and QST at North Needles cannot exceed 800 MMcfd.
Northern Zone – In total TW North Needles, TW Topock, EPN Topock, QST North Needles, and KR/MP Kramer Junction cannot exceed 1590 MMcfd.
Wheeler Ridge Zone – In total PG&E at Kern River Station and OEHI at Gosford cannot exceed 520 MMcfd.
Wheeler Ridge Zone – In total PG&E Kern River Station, OEHI Gosford, and KR/MP Wheeler Ridge cannot exceed 765 MMcfd.

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DELIVERY POINTS

Delivery Points available for service under this schedule are:

1. End-User's Local Transportation Agreement
2. Citygate Pool Account
3. Storage Account
4. Contracted Marketer or Core Aggregator Transportation Account
5. ~~Off System Delivery Service Agreement~~

(Continued)

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Rule No. 23

Sheet 1

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

A. General

The Utility will exercise reasonable diligence and care to furnish and deliver service to its customers, and to avoid any interruption of same. The Utility shall not be liable for damages or otherwise for any failure to deliver gas or provide service to its customers, which failure in any way or manner results from breakage of its facilities, however caused, war, riots, acts of God, strikes, failure of or interruption in service, operating limitations or other conditions beyond its reasonable control.

B. Priority of Service

In the event of a curtailment, as defined in Rule No. 1, the Utility shall curtail gas service to customers as described in Section C, Curtailment of Service, herein. Customer usage will be assigned to appropriate end-use priority or service classifications as set forth below.

Core Service

Priority 1 All residential usage regardless of size. All nonresidential usage less than 20,800 therms per active month*, excluding usage reclassified to noncore service pursuant to customer request. All electric generation, refinery and enhanced oil recovery (EOR) usage less than 20,800 therms per active month* electing core service.

Priority 2A All nonresidential usage of 20,800 therms or greater per active month* eligible for core service, not electing noncore service.

Noncore Service

Noncore Service includes: (1) commercial and industrial usage electing noncore service, (2) electric generation, EOR, and refinery usage less than 20,800 therms per active month* electing noncore service, and (3) all usage ineligible for core service, including (a) refinery and EOR usage of 20,800 therms or greater per active month* and (b) all electric generation usage from generators greater than 1 megawatt (MW) system rated generating capacity, based on net continuous power output with usage of 20,800 therms or greater per active month*.

Firm Service All usage served through firm intrastate transmission service.

Interruptible Service All usage served through interruptible intrastate transmission service. Interutility deliveries shall be considered interruptible intrastate service.

Off-System Delivery Service

Firm Service All transportation served through firm off-system delivery service.

Interruptible Service All transportation served through interruptible off-system delivery service.

(Continued)

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Rule No. 23

Sheet 2

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

C. Curtailment of Service

1. Effectuation of Curtailment

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

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

(Continued)

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CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

J. Curtailement Violations (Continued)

3. Authorized Curtailement Quantity (Continued)

The customer's total authorized curtailement quantity for the applicable period of curtailement shall be equal to the sum of the authorized curtailement quantities for each of the customer's services which are not subject to curtailement during such period. For each such service, the authorized curtailement quantity shall be equal to the monthly contract quantity divided by the customer's actual number of operating days for such service during the month in which the curtailement occurs, multiplied by the customer's actual number of operating days during the curtailement period.

The customer's actual operating days for the month shall be determined based on the operating-day information set forth in the customer's contract. For service designated as operating seven days per week, the operating days shall be all calendar days in the month. For service designated as less than seven operating days per week, the operating days shall be all designated days in the month excluding national holidays. Customers with non-uniform operating schedules for any particular month shall be required to designate in the contract the actual operating-day schedule for such months. The customer may request a change to the operating schedule on a month-to-month basis. All operating schedules shall be subject to the Utility's acceptance and the Utility may adjust such schedules as it deems necessary based on the customer's operations.

K. Service Interruption Credit

A qualifying service interruption of firm intrastate transmission service is defined as any curtailement which is not (1) the result of either force majeure or scheduled maintenance, as described below, ~~or~~ (2) a curtailement of Standby Procurement service, or (3) a curtailement of firm off-system delivery service. If a firm intrastate transmission customer experiences more than one qualifying interruption during the ten-year period beginning on the implementation date of the CPUC's Capacity Brokering Rules, the Utility shall provide such customer with a Service Interruption Credit (SIC) of \$0.25 per therm of gas curtailed or diverted.

For the customer's first qualifying interruption during the ten-year period, the SIC shall only apply to the volume of curtailed or diverted gas over and above 72 consecutive hours of full curtailement or the volumetric equivalent thereof during a five day period. For subsequent qualifying interruptions during this period, the SIC shall apply to all of the customer's curtailed or diverted volumes resulting from the subsequent interruptions regardless of the duration or extent of the customer's initial interruption.

(Continued)

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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-BTSG-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 and Mojave 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)

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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 rights 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-BTSG-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)

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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) Services

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 and Section D.6. "Nominations" below, for deliveries to the PG&E system and to the Utility Transmission system's interconnection points with all interstate and international pipelines, but excluding California-produced gas supply lines.

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 of Interruptible OSD rights by Firm OSD rights will not be allowed in the Intraday 2 Cycle.
- Both Firm and Interruptible OSD rights, at any Delivery Point, can be curtailed/reduced in any cycle (subject to the NAESB elapsed pro rata rules) if, in the sole judgment of the Utility, the provision of OSD service at that Delivery Point would result in the Utility having to bring additional gas into the Utility's system at an additional cost.
- Curtailed/reduction of Interruptible OSD nominations at any Delivery Point will be prorated at that particular Delivery Point.
- Curtailed/reduction of Firm OSD nominations at any Delivery Point will be prorated at that particular Delivery Point.

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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 Contract	Backbone Transportation Service Receipt Point Access
Backbone Transportation Service Receipt Point Access Contract	End User, Contracted Marketer, ESP
Backbone Transportation Service Receipt Point Access Contract	Citygate Pool Account
Backbone Transportation Service Receipt Point Access Contract	Storage Account
Receipt Point Access Contract	Off System Delivery Agreement
Citygate Pool Account	End User, Contracted Marketer, ESP
Citygate Pool Account	Citygate Pool Account
Storage Account	End User, Contracted Marketer, ESP
End User, Contracted Marketer, ESP	Storage Account
Citygate Pool Account	Storage Account
Storage Account	Citygate Pool Account
Storage Account	Storage Account
Storage Account	Off-System Delivery Contract Agreement
Citygate Pool Account	Off-System Delivery Contract Agreement
Off-System Delivery Contract Agreement	PG&E Pipeline (at Kern River Station PG&E)
Off-System Delivery Contract	Mojave Pipeline (at Wheeler Ridge)
Off-System Delivery Contract	Mojave Pipeline (at Kramer Junction)
Off-System Delivery Contract	Kern River Pipeline (at Wheeler Ridge)
Off-System Delivery Contract	Kern River Pipeline (at Kramer Junction)

(Continued)

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Rule No. 30
TRANSPORTATION OF CUSTOMER-OWNED GAS

Sheet 7

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(Continued)

Off-System Delivery Contract Questar Southern Trails Pipeline (at North Needles)

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

<u>Off-System Delivery Contract</u>	<u>Transwestern Pipeline (at North Needles)</u>
<u>Off-System Delivery Contract</u>	<u>Transwestern Pipeline (at Topock)</u>
<u>Off-System Delivery Contract</u>	<u>El Paso Pipeline (at Topock)</u>
<u>Off-System Delivery Contract</u>	<u>El Paso Pipeline (at Blythe)</u>
<u>Off-System Delivery Contract</u>	<u>North Baja Pipeline (at Blythe)</u>
<u>Off-System Delivery Contract</u>	<u>Transportadora de Gas Natural de Baja California (at Otay Mesa)</u>

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

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RULE NO. 41
UTILITY SYSTEM OPERATION

Sheet 2

(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,

$$\begin{aligned} \text{Forecasted System Capacity} = & \text{Forecasted Sendout} \\ & + \text{Physical Storage Injection Capacity} \\ & + \text{Available Off-System Nominations} \end{aligned}$$

* 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.

The Gas Scheduling Department will not confirm (subject to the NAESB elapsed pro rata rule), to the upstream pipeline(s) in the Southern System, any off-system delivery (OSD) services that would, in the sole judgment of the Utility, potentially reduce physical flows below the minimum flowing supply requirements for the Southern System.

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