

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 25, 2013

Advice Letters:

4516-G
4516-G-A

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

SUBJECT: Revisions to Rule No. 41, Utility System Operation

Dear Ms. Prince:

Advice Letters 4516-G and 4516-G-A are effective November 21, 2013, per Resolution G-3487 Ordering Paragraph.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



Rasha Prince
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.5141
Fax: 213.244.4957
RPrince@semprautilities.com

July 1, 2013

Advice No. 4516
(U 904 G)

Public Utilities Commission of the State of California

Subject: Revisions to Rule No. 41, Utility System Operation

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) proposed revisions to its Rule No. 41, Utility System Operation, applicable throughout its service territory, as shown on Attachment B.

Purpose

SoCalGas requests authorization to revise Rule No. 41 to enable SoCalGas to enter into baseload contracts for Southern System support that meet the criteria recently established by the Commission in Resolution G-3477.

Background

Southern System Minimum Flow Requirements

Pursuant to Decision (D.) 07-12-019, the SoCalGas System Operator is responsible for maintaining minimum flows on the SoCalGas Southern System, with the cost paid for by all customers.¹ SoCalGas needs a certain minimum amount (which can vary depending upon conditions) of flowing supplies on its Southern System for the system to operate effectively.² The amount of this minimum flow requirement is equal to the entire demand on the SoCalGas Southern System, which includes both core and noncore customer demand, less gas supply that is flowed from the Northern System to the South.³ The process that the SoCalGas System Operator follows for purchasing supplies to maintain minimum flows on the Southern System is laid out in SoCalGas Rule No. 41.

¹ D.07-12-019, mimeo., at 116 (Ordering Paragraph No. 15). The System Operator is "broadly defined to constitute the SoCalGas departments responsible for the operation of its transmission system, including storage, hub services, pooling services receipt point access, offsystem deliveries, and system reliability. The System Operator functions explicitly exclude the Gas Procurement Department which will not be involved in any of the system-related operational activities." D.07-12-019, mimeo., at 58.

² Resolution G-3476 at p. 2.

³ Resolution G-3476 at p. 2.

Existing Standards and Criteria for Southern System Support Purchases

Standards and criteria for spot purchases by the System Operator to meet Southern System minimum flow requirements are set forth in Sections 13 and 14 of Rule No. 41. Sections 6, 9, and 10 of Rule No. 41 provide for an annual Request for Offers (RFO) process for additional Southern System reliability contracts, with such contracts subject to Commission approval pursuant to an expedited advice letter process.⁴ Southern System reliability contracts not obtained through an RFO or open season process are subject to Commission approval via regular advice filing.⁵

Resolution G-3477

SoCalGas filed Advice No. (AL) 4399 on August 31, 2012, requesting approval of four baseload contracts to be used to support Southern System minimum flow requirements. Under the contracts, 280,000 dekatherms (dth) of gas would have been supplied each day at an estimated net price of \$0.002/dth plus Backbone Transportation Service (BTS) charges.⁶ In Resolution G-3477, issued by the Commission on May 9, 2013, the Commission approved three of the four proposed baseload contracts, stating:

This Resolution approves three baseload contracts for 255,000 dth per day as proposed by SoCalGas. The Resolution approves the remaining contract for 25,000 dth per day conditioned on the outcome of Resolution 3476. If Resolution 3476 approves the use of a Memorandum in Lieu of Contract (MILC) as a tool to assist in managing minimum flow requirements, the remaining contract to purchase 25,000 dth/day is not needed. Only if the MILC is not approved, does SoCalGas have the authority to purchase the baseload contract for 25,000 dth/day.⁷

In Resolution G-3477 the Commission acknowledged that it was approving the proposed baseload contracts *after* they had ended. The Commission took this unusual step to provide guidance regarding future baseload contract proposals:

Such baseload contracts would have a potential indirect positive impact on safety. The contracts would assure supply of gas for a significant part of Southern System demand. As a result they would reduce the potential for curtailments of noncore customers, some of whom may provide essential services.

. . .
Contrary to the SCE and SCGC protests, the three approved baseload contracts are a cost effective method to manage minimum flow requirements. The contracts provide for a reliable source of supply given the likelihood of continued high demand

⁴ See D.07-12-019, mimeo., at 116 (Ordering Paragraph 16).

⁵ See Section 18 of SoCalGas Rule No. 41.

⁶ Resolution G-3477 at 1.

⁷ On March 26, 2013, the Commission issued Resolution G-3476 approving the referenced MILC. Accordingly, only three of the four baseload contracts proposed in AL 4399 were actually approved by the Commission.

and a likely reduction in flows previously provided by SoCalGas GA [Gas Acquisition Department].

...
The SCE and SCGC protests consider only the most recent period, 2011/12, and thus overlook three key factors impacting the supply levels and costs of maintaining southern system reliability on an ongoing basis.

...
The Southern System minimum flow requirement has increased overall and is likely to remain higher than prior winter seasons. This reflects, at least in part, the continuing shutdown of the SONGS.

...
It is reasonable to expect that the minimum requirements will increase relative to prior years and require significant purchases beyond those in December to March of 2011/12.

...
Other than the MILC, there is no requirement in D.07-12-019 or in any other Commission decision or resolution that requires that GA make flows on the Southern System and at times there is an economic disincentive to do so. It is reasonable to expect that GA should and would, if uneconomic, decline to use core assets to make flows into the Southern System.

...
Review of past purchase volumes indicates that volumes needed to ensure minimum flow requirements and spot purchase prices can vary greatly over time. It is not prudent to rely on low spot prices and low volumes from a past period in assessing the minimum flow requirements.

...
We agree that BTS discounts may not be sufficient to drive the supply needed to meet the required flows.

...
While the term of the approved contracts expires March 31, 2013, this resolution will provide guidance to SoCalGas if it should enter into similar contracts in the future.⁸

Requested Authorization

SoCalGas respectfully requests that the Commission authorize SoCalGas to enter into baseload contracts for the next five years that meet the price, volume, and term criteria of the three baseload contracts authorized by the Commission in Resolution G-3477. Specifically, the following proposed new Section 18 would be added to Rule No. 41 (and the remaining sections renumbered):

⁸ Resolution G-3477 at 2, 11, 12, 13, 14, and 15.

18. Should the Operational Hub deem it necessary or advisable to enter into baseload contracts for Southern System support at one or more of the Southern System receipt points, the Operational Hub shall be deemed to have made reasonable baseload purchases if: (1) the total cumulative baseload volumes at any time are less than or equal to 255,000 Dth/day; (2) the price is less than or equal to NGI's Bidweek average for "Southern Cal. Bdr. Avg." plus 8.2 cents/Dth for the relevant baseload month(s); and (3) the term is for the December - March period, or any subset of that period. The Operational Hub shall be deemed to have made reasonable sales of such baseload gas if: (1) for baseload sales, the sale price is greater than or equal to 90% of NGI's Bidweek average for "SoCal Citygate" for the relevant baseload month(s); and (2) for spot sales, the sale price is greater than or equal to 90% of the ICE Wtd Avg Index for the relevant trading point and trading period. This provision shall expire on March 31, 2018, unless extended by the Commission. SoCalGas may seek extension or modification of this provision by standard advice filing or application.⁹

This proposed addition to Rule No. 41 would implement the Commission's clear directives in Resolution G-3477, while avoiding the post-contract advice filing process that resulted in approval of the proposed baseload contracts for last winter after they had expired.

SoCalGas believes that this preapproval is crucial since suppliers are unwilling to hold their price commitments for long periods of time while waiting for Commission approval, and will be even less interested in working with SoCalGas after having seen how long it took for its most recent proposed baseload contracts to make it through this approval process.

In addition, preapproval will enable SoCalGas to obtain better pricing for baseload contracts. Potential suppliers add a risk premium whenever SoCalGas asks them to hold an offer open while it seeks regulatory approval.¹⁰ Preapproval would remove this risk premium from some potential future baseload contracts.

Under SoCalGas' proposal, potential counterparties would know the volume, price, and term limits that new baseload contracts would need to meet in order to qualify for preapproval. But the publication of these limits will not hamper SoCalGas' ability to obtain the best terms for those contracts. There are a number of potential suppliers of baseload supplies for delivery into SoCalGas' Southern System, and they compete against each other. Publication of baseload contract preapproval criteria will not change this fact. Suppliers will continue to compete against each other, not the tariff criteria.

⁹ The NGI bidweek index was used for the baseload contracts approved by the Commission in Resolution G-3477. SoCalGas is proposing to use that same index for future baseload purchases, as well as sales done on a baseload basis. Spot sales of baseload gas would be judged by the same ICE weighted average as spot sales under Rule No. 41 Section 13.a.

¹⁰ In essence, the potential supplier is giving SoCalGas an option -- if market price changes during the approval process make the contract more valuable, the supplier leaves money on the table; if market changes in the interim make the contract less valuable, Commission approval is unlikely, and the supplier again loses money. Suppliers charge a premium for this optionality, and, just as with most other options, the longer the option is open, the greater the premium.

Only contracts which satisfy the narrow range of criteria deemed reasonable by the Commission in Resolution G-3477 would be eligible for approval without the standard post-contract advice filing. In addition, this provision will automatically expire in early 2018 unless extended by the Commission. Accordingly, this proposal will allow SoCalGas to potentially obtain favorable baseload arrangements while still ensuring the future contracts satisfy price, volume, and term criteria that have already been deemed reasonable by the Commission.

These preapproval criteria do not apply to all potential baseload contracts that SoCalGas may seek to propose to the Commission. For example, contracts for summer deliveries would not qualify. Neither would contracts for greater volumes, nor contracts involving greater price spreads from index.

Protest

Anyone may protest this AL 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 July 21, 2013. 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 the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). 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

SoCalGas believes that this filing is subject to Energy Division disposition, and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. This filing is consistent with D.07-12-019 and therefore SoCalGas respectfully requests that this filing be approved on July 31, 2013, which is thirty (30) calendar days after the date filed.

Notice

A copy of this AL is being sent to the parties listed on Attachment A, which includes parties in the 2009 BCAP, A.08-02-001, and the 2013 TCAP, A.11-11-002.

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) #: 4516

Subject of AL: Revisions Rule No. 41, Utility System Operation

Keywords (choose from CPUC listing): Capacity, Reliability,

AL filing type: Monthly Quarterly Annual One-Time Other

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

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

Summarize differences between the AL and the prior withdrawn or rejected 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: 7/31/13 No. of tariff sheets: 8

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: Rule No. 41 and TOCs

Service affected and changes proposed¹ See Advice Letter

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
EDTariffUnit@cpuc.ca.gov

Southern California Gas Company
Attention: Sid Newsom
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
SNewsom@semprautilities.com
tariffs@socalgas.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 4516

(See Attached Service Lists)

ATTACHMENT B
Advice No. 4516

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 49391-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 3	Revised 48077-G
Revised 49392-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 5	Revised 48078-G
Revised 49393-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 6	Revised 48308-G
Revised 49394-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 7	Revised 48080-G Revised 48308-G
Revised 49395-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 8	Revised 48080-G Revised 48081-G
Original 49396-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 9	Revised 48081-G
Revised 49397-G	TABLE OF CONTENTS	Revised 48988-G
Revised 49398-G	TABLE OF CONTENTS	Revised 49382-G

Rule No. 41

Sheet 3

UTILITY SYSTEM OPERATION

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

6. The Operational Hub will use the tools authorized by the Commission to support the Southern System minimum flow requirement, including the purchase/sale of spot gas supplies, and the issuance of "Requests For Offers" (RFOs) for proposals to enable the Utility to manage its minimum flow requirements to the Southern System delivery points (in accordance with Sections 9 and 10 below), and the movement of supplies between the Blythe and Otay Mesa Southern System delivery points. All purchases and sales of spot gas to support the minimum flow requirement will be made subject to Sections 11 and 12 below, and the movement of supplies between the Blythe and Otay Mesa Southern System delivery points will be made subject to Section 15 below. The initial daily quantity of needed supplies will be determined by the Gas Control Department based on the following formula:

Minimum Flowing Supply Requirement minus

Best Available Scheduled Quantities Reflecting Customer Flows into the Southern System =

Additional Supplies Needed by the Gas Control Department

"Best Available Scheduled Quantities" are the last available scheduled quantities. The last available scheduled quantities will be adjusted by the Gas Control Department to account for revised customer nominations for a particular day if the last available scheduled quantities cannot be achieved on the day in question. On those days a lower number would be utilized to reflect expected deliveries. The same would apply if the Gas Control Department becomes aware of pipeline issues such as approaching maintenance or lack of upstream pipeline/supplier performance, in which case the last available scheduled quantities would be reduced to reflect the expected deliveries.

7. Whenever the Gas Control Department determines that additional supplies are needed for the Southern System, the Gas Control Department will promptly contact the Operational Hub for assistance. The Operational Hub will attempt to acquire needed supplies in accordance with Sections 9 through 19 below.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4516
 DECISION NO.

ISSUED BY

Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jul 1, 2013
 EFFECTIVE Nov 21, 2013
 RESOLUTION NO. _____

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UTILITY SYSTEM OPERATION

(Continued)

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES (Continued)

12. The Utility Gas Procurement Department will act on a best-efforts basis to provide gas supplies based on the Operational Hub's request if called upon as a provider of last resort. "Provider of last resort" relates to the circumstance in which the Operational Hub has attempted to use all other available tools, has entered the open market for gas commodity purchases, has been unsuccessful in meeting its need to receive a required volume of flowing supplies at a specific location, and system reliability is therefore jeopardized. If the Operational Hub has exhausted its other options available to acquire the required flowing supplies, it will contact the Utility Gas Procurement Department and request that it provide gas to meet the remaining minimum flow requirement. Such requests will occur as soon as possible during the actual flow day. The Utility Gas Procurement Department will charge the Operational Hub the actual incremental costs incurred to provide the specific supplies. Verification that the Utility has followed this procedure will be included in the annual compliance report provided to the CPUC in conjunction with the Advice Letter addressed in Section 25 below.
13. Standards and criteria for spot purchases or sales of gas commodity for which standards and criteria are not specified in CPUC-approved contracts shall be as follows:
- a. Should it be necessary for the Operational Hub to purchase or sell spot supplies of gas in the day-ahead market, the Operational Hub shall be deemed to have made reasonable (1) spot purchases if the purchase price is less than or equal to 110% of the ICE Wtd Avg Index for the flow date for the relevant trading point and (2) spot sales if the sale price is greater than or equal to 90% of the ICE Wtd Avg Index for the flow date for the relevant trading point.
 - b. Should it be necessary for the Operational Hub to purchase or sell spot supplies of gas in the intraday market, the Operational Hub shall be deemed to have made reasonable (1) spot purchases if the purchase price is less than or equal to 110% of the ICE High for the current flow date for the relevant trading point and (2) spot sales if the sale price is greater than or equal to 90% of the ICE Low for the current flow date for the relevant trading point.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4516
DECISION NO.

ISSUED BY
Lee Schavrien
Senior Vice President

(TO BE INSERTED BY CAL. PUC)
DATE FILED Jul 1, 2013
EFFECTIVE Nov 21, 2013
RESOLUTION NO. _____

Rule No. 41

UTILITY SYSTEM OPERATION

(Continued)

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES (Continued)

14. Purchases or sales at prices that are outside the ranges specified in Section 13 (a) and (b) above shall nevertheless be deemed reasonable if the Operational Hub abides by the following procedure: When the Gas Control Department determines that spot purchases are necessary to meet minimum flow requirements, the Operational Hub shall monitor ICE and record the relevant price information, if available, for deliveries of gas at all relevant trading points. If volumes available on ICE meet or exceed the minimum flow requirements, transactions for the volumes offered through ICE shall be deemed reasonable. The Operational Hub may also post an offer/bid on ICE for volumes. When less than the required volumes are available on ICE, the Operational Hub shall contact gas suppliers (other than the Utility Gas Procurement Department or affiliates), request offers for the necessary supplies, and record their offers for gas delivered to the relevant trading points to ensure at least three offers from three different suppliers are available for comparison. The Operational Hub shall compare prices posted on ICE and, if applicable, prices quoted by its supplier contacts, and select the best prices available to meet the quantities required to meet minimum flow requirements. Verification that the Operational Hub has followed this procedure shall be provided to the CPUC in the Annual Compliance Report described in Section 25 below.
15. When the Gas Control Department determines that deliveries at Otay Mesa are necessary to meet minimum flow requirements, such requirements may be satisfied either through spot purchases at Otay Mesa or through the movement of supplies from Blythe to Otay Mesa. Standards and criteria for spot purchases are set forth above. Should it be necessary for the Operational Hub to move supplies from Blythe to Otay Mesa, the movement shall be deemed to be reasonable if (1) the cost of moving the supplies is less than or equal to the difference between the ICE Wtd Avg Index for the Blythe and the cost of spot gas available for purchase at Otay Mesa for the relevant flow date, or (2) if sufficient spot supplies are not available for purchase at Otay Mesa for the relevant flow date, and the movement fills some or all of the shortfall between supplies needed at Otay Mesa and supplies available for purchase at Otay Mesa.
16. Purchases and sales other than those described in Sections 14 and 15 above will not be deemed unreasonable but shall be subject to review and any requests for explanation by the CPUC Energy Division in conjunction with the Annual Compliance Report described in Section 25 below.
17. Standards, criteria and procedures set forth in Sections 13, 14, 15 and 16 apply to Operational Hub's purchases and sales as of April 1, 2009.
18. Should the Operational Hub deem it necessary or advisable to enter into baseload contracts for Southern System support at one or more of the Southern System receipt points, the Operational Hub shall be deemed to have made reasonable baseload purchases if: (1) the total cumulative baseload volumes at any time are less than or equal to 255,000 Dth/day; (2) the price is less than or equal to

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4516
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 1, 2013
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Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 7

(Continued)

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES (Continued)

18. (Continued)

NGI's Bidweek average for "Southern Cal. Bdr. Avg." plus 8.2 cents/Dth for the relevant baseload month(s); and (3) the term is for the December - March period, or any subset of that period. The Operational Hub shall be deemed to have made reasonable sales of such baseload gas if: (1) for baseload sales, the sale price is greater than or equal to 90% of NGI's Bidweek average for "SoCal Citygate" for the relevant baseload month(s); and (2) for spot sales, the sale price is greater than or equal to 90% of the ICE Wtd Avg Index for the relevant trading point and trading period. This provision shall expire on March 31, 2018, unless extended by the Commission. SoCalGas may seek extension or modification of this provision by standard advice filing or application.

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19. The Utility shall seek CPUC authority for any additional tools (other than system modifications that can be completed without an application under current rules) necessary to meet the Southern System minimum flow requirement through an application. Any contracts that are not obtained through an RFO process relating to already-approved tools (i.e., gas purchases, gas exchanges) will be submitted to the CPUC for approval by Advice Letter. Advice Letters seeking approval of the Operational Hub contractual arrangements shall identify the order in which contracts will be implemented to ensure system reliability and integrity at least cost.

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ACCOUNTING TREATMENT

20. The cost and revenues of Operational Hub transactions (e.g., natural gas purchases, sales, or exchanges resulting from approved contracts) that are necessary to meet minimum flow requirements shall be recorded in the System Reliability Memorandum Account (SRMA). Prospective changes to the types of the Operational Hub natural gas transactions ("tools") to meet minimum flow requirements shall be considered in conjunction with the annual Utility Customer Forum described below.

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UTILITY CUSTOMER FORUM

21. The Utility shall hold an annual Utility Customer Forum (the "Forum"), which shall be held around April - May. The Forum will provide an opportunity for the Utility to provide information on, and to address, the following matters with interested parties:

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- i. Review of the timing, method, formulas, and all inputs to formulas by which OFO events are triggered;
- ii. Review of requests for the Operational Hub to acquire additional supplies to meet minimum flow requirements;

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4516
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 Senior Vice President

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UTILITY SYSTEM OPERATION

(Continued)

UTILITY CUSTOMER FORUM (Continued)

- iii. Review of Operational Hub purchases/actions to meet minimum flow requirements and plans for the coming year by providing information regarding the individual transactions, including transactions executed pursuant to the Operational Hub contractual arrangements. Transaction-specific information shall identify price, volume, date, delivery/receipt points, and any special terms; L
 - iv. Review the need for any additional minimum flow requirements on the Utility system beyond then-current defined requirements; |
 - v. Review potential additional tools to support system operations and potential system improvements to reduce or eliminate the need for any minimum flowing supply requirements. |
 - vi. Review of the priority rules set forth in Rule No. 30, Section D.3. in the 2012 Forum only. L
22. To facilitate an informed discussion of the issues identified in Section 21 above, the Utility shall prepare an annual report (Report) of system reliability issues. The Report shall: (a) identify the need for new minimum flow requirements, (b) identify potential tools and/or infrastructure improvements that can be used to mitigate new or existing reliability problems (e.g. minimum flow requirements and OFOs), and (c) provide information on the matters identified in Section 21 (i) through (v) above. T,L
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23. The Utility and participants in each Forum shall collaborate in good faith to develop a post-Forum report. Each post-Forum report shall summarize the matters discussed at the relevant Forum and shall identify any action items, tariff changes and/or procedural modifications that were found to be necessary by parties participating in the Forum. The post-Forum report shall include descriptions of the proposals presented by parties. If a party's proposal is rejected by the Utility, the post-Forum report shall provide the basis for the rejection of the proposal. If any party is dissatisfied with the description of its proposal set forth in the post-Forum report or with the Utility's basis for the rejection of the proposal, the Utility shall include that party's own description of its proposal and comments on the rejection of the proposal in an appendix to the post-Forum Report. T

CPUC REPORTING REQUIREMENTS

24. The Utility shall file each post-Forum report resulting from the Forum with the CPUC by Advice Letter no later than 60 days after conclusion of the relevant Forum. The Utility shall also submit any tariff changes proposed in the Forum and agreed-to by the Utility for the CPUC approval by Advice Letter no later than 60 days after conclusion of each Forum. T

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4516
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

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

Sheet 9

(Continued)

CPUC REPORTING REQUIREMENTS (Continued)

25. On October 1 of each year, the Utility shall provide a report (“Annual Compliance Report”) demonstrating that the Operational Hub’s procurement activities during the preceding twelve months ending August 31 were in compliance with the standards, criteria and procedures described in Sections 9 through 19 above. The Annual Compliance Report shall be submitted to the Energy Division by Advice Letter and shall be subject to comment or protest. Upon Energy Division review and verification of the Annual Compliance Report and the CPUC Resolution approving the Annual Compliance Report, all the transactions entered into the SRMA balance for the year in question that are found reasonable by the Energy Division shall be amortized in customer transportation rates over the following year.

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(TO BE INSERTED BY UTILITY)

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(TO BE INSERTED BY UTILITY)
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 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
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