

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 27, 2016

**Advice Letter 4973-G**

Ronald van der Leeden  
Director, Regulatory Affairs  
Southern California Gas  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**SUBJECT: Temporary Modification of Tariffs Necessary to Implement Assigned  
Commissioner's May 27, 2016 Ruling in A.15-06-020**

Dear Mr. van der Leeden:

Advice Letter 4973-G is effective as of June 1, 2016.

Sincerely,

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

Edward Randolph  
Director, Energy Division



**Ronald van der Leeden**  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.2009  
Fax: 213.244.4957  
*RvanderLeeden@semprautilities.com*

June 1, 2016

Advice No. 4973  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Temporary Modification of Tariffs Necessary to Implement Assigned Commissioner's May 27, 2016 Ruling in A.15-06-020**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission or CPUC) proposed revisions to its tariffs, applicable throughout its service territory, as shown on Attachment A.

**Purpose**

This filing complies with Ordering Paragraph (OP) 2 of the Assigned Commissioner's Ruling (ACR) issued on May 27, 2016, in Application (A.)15-06-020, which says:

Southern California Gas Company and San Diego Gas & Electric Company are granted authority to implement the terms of the "Daily Balancing Proposal" Settlement Agreement by submitting Tier 1 Advice Letters consistent with the tariff sheet amendments included in the Settlement Agreement.<sup>1</sup>

The tariff modifications included as Attachment A are those necessary to implement the ACR. San Diego Gas & Electric Company (SDG&E) is concurrently making a related advice filing, AL 2478-G, implementing substantially the same modifications to its tariffs.

**Background**

On June 26, 2015, SoCalGas and SDG&E filed A.15-06-020, which requested authority to revise their curtailment procedures. On March 1, 2016, SoCalGas and

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<sup>1</sup> ACR at 4.

SDG&E filed a Motion for Interim Order to Establish Daily Balancing Requirements. Numerous parties filed comments on the Motion. On April 29, 2016, SoCalGas, SDG&E, and twenty-four parties filed a Joint Motion for Adoption of Daily Balancing Proposal Settlement Agreement (Settlement Agreement). The Settlement Agreement presented a package of temporary reliability improvement measures to help deal with the limited availability of the Aliso Canyon storage field. During the Settlement term, which would end no later than November 30, 2016 (earlier if certain operational capacities are recovered at Aliso Canyon), SoCalGas and SDG&E would deal with supply shortages and surpluses using Operational Flow Order (OFO) tariff procedures rather than daily balancing procedures. A number of temporary changes would be made to the existing low and high OFO tariff provisions to facilitate this, including changing the existing 110% high OFO tolerance to a default of 105% and revising the current Low OFO formula so that the balancing trigger is based on operational constraints. A subsequent phase of the same CPUC proceeding would consider reliability measures that may be needed beyond November 30, 2016.

On May 18, 2016, an Assigned Commissioner's Second Amended Scoping Memo and Ruling (Second Scoping Ruling) was issued in A.15-06-020. The Second Scoping Ruling set May 23, 2016 as the date for parties to file and serve comments on the Settlement Agreement and noted that, if there were no material disputes, an ACR would be issued as soon as practicable granting interim approval of the Settlement Agreement, pending Commission action on a proposed decision. The Second Scoping Ruling further noted that SoCalGas and SDG&E were to file a Tier 1 Advice Letter (AL) as soon as practicable following the ACR to implement the Settlement Agreement, effective on filing. Finally, the Second Scoping Ruling noted that a proposed decision approving the Settlement Agreement would be placed on the next Commission agenda following the ACR.

As explained above, the ACR was ultimately issued on May 27, 2016, granting the unopposed motion for adoption of the Settlement Agreement on interim basis pending Commission action on a proposed decision and directing SoCalGas and SDG&E to implement the necessary tariff provisions by Tier 1 AL, effective the date filed. The tariff modifications provided in this AL are those that were presented as an Attachment to the Settlement Agreement.

### **Tariff Modifications**

Pursuant to OP 2 of the ACR, the following rules, rate schedules, and preliminary statements are being temporarily modified as described:

#### **Rules**

- **Rule 30**

The following sentence is temporarily added to Section D.4 (Storage Service Capacity):

Injection nominations will be held to the injection capacity specified in the Operational Flow Order (OFO) calculation on the EBB in every flowing cycle regardless of OFO status.\*

The following conditions are temporarily added to Section F (Nominations in Excess of System Capacity – High Operational Flow Order):

6. If a Balancing Agent's High OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by 10,000 therms or less, Buy-Back service will not be applied. If the High OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by more than 10,000 therms, Buy-Back service will apply to the entire daily imbalance amount that exceeds the Balancing Agent's High OFO daily imbalance tolerance.\*
7. SoCalGas will have the discretion to waive High OFO Buy-Back Service for an electric generation customer under the terms specified in Section G.1.j.\*

The following conditions are temporarily added to Section G.1 (Low Operational Flow Order):

- i. Low OFO noncompliance charges for the gas flow day will be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled BTS nominations during any of the Intraday 1-3 Cycles.\*
- j. SoCalGas will have the discretion to waive OFO noncompliance charges for an electric generation customer who was dispatched after the Intraday 1 (Cycle 3) nomination deadline in response to (1) a SoCalGas System Operator request to an Electric Grid Operator to reallocate dispatched electric generation load to help maintain gas system reliability and integrity, or (2) an Electric Grid Operator request to the SoCalGas System Operator to help maintain electric system reliability and integrity that can be accommodated by the SoCalGas System Operator at its sole discretion. For electric generators served by a contracted marketer, OFO noncompliance charges can be waived under this section only to the extent the contracted marketer nominates their electric generation customer's gas to the electric generation customer's Order Control Code.\*

The following condition in new Section N defines the Temporary Settlement Term:

1. The Sections of this Rule italicized and followed by an asterisk (\*) are temporary and will end upon the expiration of the term in the settlement

approved by a May 27, 2016 Assigned Commissioner's Ruling in Application (A.)15-06-020. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.

- Rule 41

The following sentences are temporarily added to Section 5:

*Utility will revise their current Low OFO formula so that the balancing trigger is based on operational constraints. Utility will have the sole discretion to set the level of withdrawal capacity available for balancing based on operational conditions. To the extent operationally feasible, Utility will attempt to maximize the amount of withdrawal capacity available for balancing, up to the amount of withdrawal capacity allocated to the balancing function. Utility will continue to post any changes to the low OFO formula on the SoCalGas Envoy EBB. Utility will provide a cycle-by-cycle low OFO calculation on the SoCalGas Envoy EBB.\**

The following new Section 28 defines the Temporary Settlement Term:

28. The Sections of this Rule italicized and followed by an asterisk (\*) are temporary and will end upon the expiration of the term in the settlement approved by a May 27, 2016 Assigned Commissioner's Ruling in Application (A.)15-06-020. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.

## Rate Schedules

- G-IMB

The following sentences are temporarily added to Special Condition 11:

*The high OFO tolerance will be either 105% or 110%. The default will be 105%, but SoCalGas and SDG&E will have the ability to set the tolerance at 110% if, in SoCalGas' and SDG&E's sole discretion, operational circumstances allow. The high OFO tolerance is temporary and will return to 110% upon the expiration of the term in the settlement approved by a May 27, 2016 Assigned Commissioner's Ruling in Application (A.)15-06-020. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso*

Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.

A new Special Condition 15 is temporarily added, as follows:

15. From June 1, 2016 through July 1, 2016 the rate applicable to all positive imbalances subject to buy back will be two times the otherwise applicable Buy-Back Rate.

#### Preliminary Statements - Regulatory Accounts

- Core Fixed Cost Account (CFCA)

The CFCA is temporarily modified to recognize net Low Operational Flow Order (OFO) noncompliance charge revenues from core customers as addressed in the Settlement Agreement approved by the ACR and to note the temporary term.

i. A credit entry equal to the core portion of the following recorded revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program, net Low Operational Flow Order (OFO) noncompliance charge revenues from core customers as addressed in the Settlement Agreement approved by a May 27, 2016 Assigned Commissioner's Ruling in Application (A).15-06-020, and other revenues that the Commission has directed SoCalGas to allocate to the core market; (the italicized section of this procedure is temporary and will end upon the expiration of the term in the referenced Ruling. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.

- Noncore Fixed Cost Account (NFCA)

The NFCA is temporarily modified to recognize net Low Operational Flow Order (OFO) noncompliance charge revenues from noncore customers as addressed in the Settlement Agreement approved by the ACR and to note the temporary term.

f. A credit entry equal to 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Rule No. 30 and Schedule No. G-IMB to the Utility Gas Acquisition Department excluding any net low Operational Flow Order (OFO) noncompliance charges which are balanced in the CFCA pursuant to the

Settlement Agreement approved by a May 27, 2016 Assigned  
Commissioner's Ruling in Application (A). 15-06-020;

g. A credit equal to the net low OFO noncompliance charge revenues from noncore customers as addressed in the Settlement Agreement approved by a May 27, 2016 Assigned Commissioner's Ruling in Application (A).15-06-020 (the italicized section of the prior two procedures are temporary and will end upon the expiration of the term in the referenced Ruling. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcf of injection capacity and 1,395 MMcf of withdrawal capacity, or (3) November 30, 2016);

### **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 must be received within 20 days of the date of this AL, which is June 21, 2016. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is given below.

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

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

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

### **Effective Date**

SoCalGas believes this AL is subject to Energy Division disposition and, per OP 2 of the ACR, should be classified as a Tier 1 (effective pending disposition) pursuant to General Order (GO) 96-B. Therefore, SoCalGas respectfully requests that the tariff sheets filed herein be made effective June 1, 2016, which is the date filed.

**Notice**

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list A.15-06-020. Address change requests to the GO 96-B should be directed by electronic mail to [tariffs@socalgas.com](mailto:tariffs@socalgas.com) or call 213-244-3387. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

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Ronald van der Leeden  
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) #: 4973

Subject of AL: Temporary Modification of Tariffs Necessary to Implement Assigned Commissioner's  
May 27, 2016 Ruling in A.15-06-020

Keywords (choose from CPUC listing): Balancing Accounts, Core, Noncore, Curtailment

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other N/A

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

N/A

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

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

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

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 6/1/16

No. of tariff sheets: 19

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

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

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

Tariff schedules affected: PS V, Balancing Accounts, Schedule G-IMB, Rule No. 30, Rule No. 41, and TOCs

Service affected and changes proposed<sup>1</sup>: See advice letter.

Pending advice letters that revise the same tariff sheets: N/A

**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 5<sup>th</sup> Street, GT14D6  
Los Angeles, CA 90013-1011  
[SNewsom@semprautilities.com](mailto:SNewsom@semprautilities.com)  
[Tariffs@socalgas.com](mailto:Tariffs@socalgas.com)

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

ATTACHMENT A  
Advice No. 4973

| Cal. P.U.C.<br>Sheet No. | Title of Sheet  | Cancelling Cal.<br>P.U.C. Sheet No. |
|--------------------------|---|-------------------------------------|
| Revised 52666-G          | PRELIMINARY STATEMENT - PART V -<br>BALANCING ACCOUNTS, CORE FIXED<br>COST ACCOUNT (CFCA), Sheet 2    | Revised 51353-G                     |
| Original 52667-G         | PRELIMINARY STATEMENT - PART V -<br>BALANCING ACCOUNTS, CORE FIXED<br>COST ACCOUNT (CFCA), Sheet 3    | Revised 51353-G                     |
| Revised 52668-G          | PRELIMINARY STATEMENT - PART V -<br>BALANCING ACCOUNTS, NONCORE FIXED<br>COST ACCOUNT (NFCA), Sheet 2 | Revised 51642-G                     |
| Revised 52669-G          | PRELIMINARY STATEMENT - PART V -<br>BALANCING ACCOUNTS, NONCORE FIXED<br>COST ACCOUNT (NFCA), Sheet 3 | Revised 51356-G                     |
| Revised 52670-G          | Schedule No. G-IMB, TRANSPORTATION<br>IMBALANCE SERVICE, Sheet 6                                      | Revised 51648-G*                    |
| Original 52671-G         | Schedule No. G-IMB, TRANSPORTATION<br>IMBALANCE SERVICE, Sheet 7                                      | Revised 51648-G*                    |
| Revised 52672-G          | Rule No. 30, TRANSPORTATION OF<br>CUSTOMER-OWNED GAS, Sheet 5   | Revised 51795-G                     |
| Revised 52673-G          | Rule No. 30, TRANSPORTATION OF<br>CUSTOMER-OWNED GAS, Sheet 12  | Revised 51653-G                     |
| Revised 52674-G          | Rule No. 30, TRANSPORTATION OF<br>CUSTOMER-OWNED GAS, Sheet 13  | Revised 52142-G                     |
| Revised 52675-G          | Rule No. 30, TRANSPORTATION OF<br>CUSTOMER-OWNED GAS, Sheet 14  | Revised 51655-G                     |
| Revised 52676-G          | Rule No. 30, TRANSPORTATION OF<br>CUSTOMER-OWNED GAS, Sheet 15  | Revised 51656-G                     |
| Revised 52677-G          | Rule No. 30, TRANSPORTATION OF<br>CUSTOMER-OWNED GAS, Sheet 16  | Revised 51657-G                     |
| Revised 52678-G          | Rule No. 30, TRANSPORTATION OF<br>CUSTOMER-OWNED GAS, Sheet 28  | Revised 51669-G                     |
| Revised 52679-G          | Rule No. 41, UTILITY SYSTEM OPERATION,<br>Sheet 3   | Original 51672-G                    |
| Revised 52680-G          | Rule No. 41, UTILITY SYSTEM OPERATION,<br>Sheet 4   | Revised 51673-G                     |
| Revised 52681-G          | Rule No. 41, UTILITY SYSTEM OPERATION,<br>Sheet 10  | Revised 51679-G                     |
| Revised 52682-G          | TABLE OF CONTENTS   | Revised 52664-G                     |
| Revised 52683-G          | TABLE OF CONTENTS   | Revised 51832-G                     |
| Revised 52684-G          | TABLE OF CONTENTS   | Revised 52665-G                     |

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
CORE FIXED COST ACCOUNT (CFCA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- c. A debit entry equal to the adjustment to the adopted revenue requirements for Attrition Year 2015, prorated on a seasonalized basis during the year, to comply with the normalization requirements pursuant to PLR 136851-14;
- d. A debit entry equal to the recorded cost of the core portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- e. A debit entry equal to the recorded cost for the core portion of unaccounted for gas;
- f. A debit entry equal to the recorded cost for the core portion of well incidents and surface leaks;
- g. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program;
- h. An adjustment to reflect storage costs consistent with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current transportation rates;
- i. A credit entry equal to the core portion of the following recorded revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program, *net Low Operational Flow Order (OFO) noncompliance charge revenues from core customers as addressed in the Settlement Agreement approved by a May 27, 2016 Assigned Commissioner's Ruling in Application (A).15-06-020*, and other revenues that the Commission has directed SoCalGas to allocate to the core market; (the italicized section of this procedure is temporary and will end upon the expiration of the term in the referenced Ruling. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016);
- j. An entry to amortize the previous year's balance;
- k. A credit entry equal to the core's allocation of the SMF charged to California Producers; and
- l. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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

- a. A debit entry equal to actual funds provided to customers for paying their gas bills;
- b. A credit entry equal to funds to be used in providing customers with assistance in paying their gas bills; and
- c. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4973  
 DECISION NO.

ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Jun 1, 2016  
 EFFECTIVE Jun 1, 2016  
 RESOLUTION NO. \_\_\_\_\_

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
CORE FIXED COST ACCOUNT (CFCA)

Sheet 3

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(Continued)

5. Disposition

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

For the GAF subaccount, the disposition of any unspent funds will be addressed in SoCalGas' next annual regulatory account update filing or other appropriate filing.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4973  
DECISION NO.

3H11

ISSUED BY

**Dan Skopec**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jun 1, 2016  
EFFECTIVE Jun 1, 2016  
RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 2

(Continued)

4. Accounting Procedures – Authorized Base Margin Subaccount

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

- a. A debit entry equal to the seasonalized monthly amount of the authorized margin;
- b. A one-time debit entry equal to the adjustment to the adopted revenue requirements for Test Year 2012 and Attrition Years 2013 through 2014 to comply with the normalization requirements pursuant to PLR 136851-14;
- c. A debit entry equal to the adjustment to the adopted revenue requirements for Attrition Year 2015, prorated on a seasonalized basis during the year, to comply with the normalization requirements pursuant to PLR 136851-14;
- d. A credit entry equal to the noncore revenues to recover the authorized margin excluding revenues from (1) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding and (2) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues;
- e. An entry to amortize the previous year’s balance;
- f. A credit entry equal to the noncore’s allocation of the SMF charged to California Producers; and
- g. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Accounting Procedures – Non-Base Margin Costs and Revenues Subaccount

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

- a. A debit entry equal to the recorded cost for the noncore portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- b. A debit entry equal to the recorded cost for the noncore portion of unaccounted for gas;
- c. A debit entry equal to the recorded cost for the noncore portion of well incidents and surface leaks;
- d. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas’ Gas Assistance Fund (GAF) program;
- e. A credit entry equal to the noncore revenues to recover the costs associated with this subaccount;
- f. A credit entry equal to 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Rule No. 30 and Schedule No. G-IMB to the Utility Gas Acquisition Department *excluding any net low Operational Flow Order (OFO) noncompliance charges which are balanced in the CFCA pursuant to the Settlement Agreement approved by a May 27, 2016 Assigned Commissioner’s Ruling in Application (A).15-06-020;*

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4973  
 DECISION NO.

ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Jun 1, 2016  
 EFFECTIVE Jun 1, 2016  
 RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 3

(Continued)

5. Accounting Procedures – Non-Base Margin Costs and Revenues Subaccount (Continued)

- g. *A credit entry equal to the net low OFO noncompliance charge revenues from noncore customers as addressed in the Settlement Agreement approved by a May 27, 2016 Assigned Commissioner’s Ruling in Application (A).15-06-020* (the italicized section of the prior two procedures are temporary and will end upon the expiration of the term in the referenced Ruling. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016);
- h. An entry to amortize the previous year’s balance; and
- i. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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6. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following year. For the first year subsequent to the BCAP decision, both the Authorized Base Margin Subaccount and Non-Base Margin Costs and Revenues Subaccount will be allocated on an Equal Cents Per Therm (ECPT) basis. Starting in the second year subsequent to the BCAP decision, the Authorized Base Margin Subaccount will be allocated on an Equal Percent of Authorized Margin (EPAM) basis. The Non-Base Margin Costs and Revenues Subaccount will continue to be allocated on an ECPT basis.

Schedule No. G-IMB  
TRANSPORTATION IMBALANCE SERVICE

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

10. After the imbalance trading period, the Standby Procurement Charge or Buy-Back Rate will be applied to all imbalance quantities in excess of the tolerance band.
  
11. When in the judgment of the Utility Gas Control Department the latest scheduled quantities are in excess of system capacity, Buy-Back service hereunder shall be applied to daily periods as designated by the Utility in accordance with the provisions of Rule No. 30, Section F. Customers shall not be allowed to trade positive imbalances incurred during such daily periods. The Buy-Back Rate shall apply to all positive imbalances in excess of the tolerance for each such period. *The high OFO tolerance will be either 105% or 110%. The default will be 105%, but SoCalGas and SDG&E will have the ability to set the tolerance at 110% if, in SoCalGas' and SDG&E's sole discretion, operational circumstances allow. The high OFO tolerance is temporary and will return to 110% upon the expiration of the term in the settlement approved by a May 27, 2016 Assigned Commissioner's Ruling in Application (A).15-06-020. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.* Standby service shall be provided for the regular monthly balancing period and shall not be restricted to the excess nominations periods.
  
12. Under this schedule, the responsible customer will reimburse the Utility for any penalties or charges incurred by the Utility under an interstate or intrastate supplier arrangement when such penalties or charges occur as a direct result of the Utility's providing this imbalance service to customer.
  
13. If as the result of billing error, metering error, or transportation adjustments, customer trades an incorrect amount of imbalance quantities based on notification by the Utility, the Utility will not be liable for any financial losses or damages incurred by customer nor will the Utility be financially liable to any of the customer's imbalance trading partners. If as a result of such error, the Utility overbills customer, the Utility shall refund the difference. If the Utility underbills customer, the customer shall be liable for the undercharge including any associated penalty. The customer shall not be relieved of imbalance penalties when a subsequent billing adjustment is made by the Utility. For the purpose of determining imbalances and any applicable charges hereunder, the Utility will include subsequent billing adjustments for prior periods as part of the usage deemed to occur during the subsequent period unless the customer reimburses the Utility for the actual cost of gas incurred. Trades occurring in prior periods will not be affected by such billing adjustments. The Utility may issue a bill for Daily Balancing Standby Rate charges on a weekly or fortnightly basis upon customer or marketer request or if a customer or marketer delivers into the system less than 50 percent of its usage. Otherwise, Daily Balancing Standby Rate charges shall be included in the regular monthly bill.

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(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4973  
 DECISION NO.

ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Jun 1, 2016  
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 RESOLUTION NO. \_\_\_\_\_

Schedule No. G-IMB  
TRANSPORTATION IMBALANCE SERVICE

Sheet 7

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(Continued)

SPECIAL CONDITIONS (Continued)

14. The Utility Gas Procurement Department will be not be assessed any charges under this schedule that are a result of its obligation to maintain system reliability when called upon by the Utility System Operator to increase flowing supply when supply is insufficient to meet expected end-use demand or decrease scheduled deliveries when deliveries are expected to exceed end-use demand plus storage injection capacity.
15. From June 1, 2016 through July 1, 2016 the rate applicable to all positive imbalances subject to buy back will be two times the otherwise applicable Buy-Back Rate.

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(TO BE INSERTED BY UTILITY)

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**Dan Skopec**  
Vice President  
Regulatory Affairs

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



TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

3. Backbone Transmission Capacity (Continued)

Priority Rules:

- a. Firm primary scheduled quantities in the Evening Cycle will have priority over a new firm primary nomination made in the Intraday 1 Cycle.
- b. Firm Alternate Inside-the-Zone scheduled quantities in the Evening Cycle will have priority over a new Firm Alternate Inside-the-Zone nomination made in the Intraday 1 Cycle.
- c. Firm Alternate Outside-the-Zone scheduled quantities in the Evening Cycle will have priority over a new Firm Alternate Outside-the-Zone nomination made in the Intraday 1 Cycle.
- d. Interruptible scheduled quantities in the Evening Cycle will have priority over a new Interruptible nomination made in the Intraday 1 Cycle.
- e. This same structure will be applied in going from Intraday 1 Cycle (Cycle 3) to Intraday 2 Cycle (Cycle 4) to Intraday 3 Cycle (Cycle 5). However, this hierarchy will not affect Intraday 4 Cycle (Cycle 6) nominations or the elapsed pro-rata rule.

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. *Injection nominations will be held to the injection capacity specified in the Operational Flow Order (OFO) calculation on the EBB in every flowing cycle regardless of OFO status.*\* The Utility will use the following rules to limit the nominations to the storage maximums.

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

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

F. Nominations in Excess of System Capacity – High Operational Flow Order (Continued)

- 6. *If a Balancing Agent’s High OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by 10,000 therms or less, Buy-Back service will not be applied. If the High OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by more than 10,000 therms, Buy-Back service will apply to the entire daily imbalance amount that exceeds the Balancing Agent’s High OFO daily imbalance tolerance.\**
- 7. *SoCalGas will have the discretion to waive High OFO Buy-Back Service for an electric generation customer under the terms specified in Section G.1.j.\**

G. Low Operational Flow Orders and Emergency Flow Orders

1. Low Operational Flow Order (Low OFO)

- a. The Utility System Operator’s protocol for declaring a Low Operational Flow Order (Low OFO) is described in Rule No. 41. All Low OFO declarations will be identified by stage that will specify a Daily Imbalance Tolerance and Noncompliance Charge per the table below.

| Stage | Daily Imbalance Tolerance | Noncompliance Charge (\$/therm)                            |
|-------|---------------------------|--|
| 1     | Up to -25%                | 0.025  |
| 2     | Up to -20%                | 0.10   |
| 3     | Up to -15%                | 0.50   |
| 4     | Up to -5%                 | 2.50   |
| 5     | Up to -5%                 | 2.50 plus Rate Schedule G-IMB daily balancing standby rate |
| EFO   | Zero                      | 5.00 plus Rate Schedule G-IMB daily balancing standby rate |

- b. The Low OFO shall apply to all customers financially responsible for managing and clearing transportation imbalances (Balancing Agents), including wholesale customers, Contracted Marketers, core aggregators, California Gas Producers and the Utility Gas Procurement Department.
- c. The Low OFO period shall begin on the flow date(s) indicated by the Utility Gas Control Department. Generally an initial Low OFO event will start at Stage 1; however a Low OFO event may begin at any stage as deemed appropriate by the Utility Gas Control Department with the corresponding noncompliance charge.

(Continued)

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Rule No. 30

Sheet 13

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Low Operational Flow Orders and Emergency Flow Orders (Continued)

1. Low Operational Flow Order (Low OFO) (Continued)

- d. A Low OFO will normally be ordered with at least twelve (12) hours notice prior to the beginning of the gas day, or as necessary as dictated by operating conditions. Charges for the first day of the Low OFO event will not be imposed if notice is given after 6:00 p.m. Pacific Time the day prior to the start of the Low OFO event.
- e. When a Low OFO is in effect interruptible storage withdrawals are limited to one half of the capacity normally available for interruptible withdrawals. Interruptible storage withdrawal capacity is equal to Withdrawal Capacity minus confirmed firm storage withdrawal nominations minus withdrawal allocated to the balancing function.
- f. Low OFO and EFO compliance and charges will be based on the following for determination of daily usage quantities:
  - i. For a Noncore End-Use Customer equipped with automated meter reading device (AMR) and SDG&E's Electric & Gas Fuel Procurement Department, compliance during a Low OFO will be based on actual daily metered usage, and the calculation after the OFO event of any applicable noncompliance charge will be based on actual daily metered usage.
  - ii. For a Noncore End-Use Customer with non-functioning AMR meters, compliance during a Low OFO or EFO will be based on the Customer's actual daily metered usage; or the estimated daily usage in accordance with Section C of SoCalGas Rule 14 will be substituted for the actual daily metered usage when actual metered usage is not available.
  - iii. For a Noncore End-Use Customer without AMR capability compliance during a Low OFO or EFO will be based on the Customer's MinDQ.
  - iv. For the Utility Gas Procurement Department, the Daily Forecast Quantity will be used as a proxy for daily usage.
  - v. For core aggregators, their Daily Contract Quantity will be used as a proxy for daily usage.
  - vi. For a California Producer with an effective California Producer Operational Balancing Agreement, Form 6452, compliance with a Low OFO and EFO and calculation of any noncompliance charges will be based on the difference between scheduled receipts and measured receipts for each day of an event. Low OFO and EFO compliance for a California Producer with an existing access agreement will be treated consistent with the terms of that access agreement.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4973  
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DATE FILED Jun 1, 2016  
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RESOLUTION NO. \_\_\_\_\_

Rule No. 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Low Operational Flow Orders and Emergency Flow Orders (Continued)

1. Low Operational Flow Order (Low OFO) (Continued)

- g. If a Balancing Agent's Low OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by 10,000 therms or less, the Low OFO, noncompliance charge will be zero. If the daily gas imbalance amount exceeds the daily imbalance tolerance by more than 10,000 therms, the Balancing Agent will be responsible for the full noncompliance charge; i.e. 10,000 therms will not be deducted from the daily gas imbalance that exceeds the daily imbalance tolerance. This exemption applies only to Low OFO noncompliance charges.
- h. The daily measurement quantity used to calculate the Noncompliance Charge for each Low OFO event will be the daily quantity recorded as of the month-end close of the applicable month.
- i. *Low OFO noncompliance charges for the gas flow day will be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled BTS nominations during any of the Intraday 1-3 Cycles.\**
- j. *SoCalGas will have the discretion to waive OFO noncompliance charges for an electric generation customer who was dispatched after the Intraday 1 (Cycle 3) nomination deadline in response to (1) a SoCalGas System Operator request to an Electric Grid Operator to reallocate dispatched electric generation load to help maintain gas system reliability and integrity, or (2) an Electric Grid Operator request to the SoCalGas System Operator to help maintain electric system reliability and integrity that can be accommodated by the SoCalGas System Operator at its sole discretion. For electric generators served by a contracted marketer, OFO noncompliance charges can be waived under this section only to the extent the contracted marketer nominates their electric generation customer's gas to the electric generation customer's Order Control Code.\**

2. Emergency Flow Order (EFO)

- a. The Utility System Operator's protocol for declaring an Emergency Flow Order (EFO) is described in Rule No. 41.
- b. During an EFO Customer usage must be less than or equal to scheduled supply for a gas day. EFOs will have a zero percent tolerance and a noncompliance charge of \$5.00 plus the Schedule G-IMB Daily Balancing Standby Rate for each therm of usage in excess of scheduled supply.
- c. The EFO shall apply to all customers financially responsible for managing and clearing transportation imbalances (Balancing Agents), including wholesale customers, Contracted Marketers, core aggregators, California Gas Producers and the Utility Gas Procurement Department.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Low Operational Flow Orders and Emergency Flow Orders (Continued)

2. Emergency Flow Order (EFO)

- d. When an EFO is in effect interruptible storage withdrawals are limited to one half of the capacity normally available for interruptible withdrawals. Interruptible storage withdrawal capacity is equal to Withdrawal Capacity minus confirmed firm storage withdrawal nominations minus withdrawal allocated to the balancing function.
- e. Daily measurement quantities used to determine EFO compliance and charges are the same as those used to determine Low OFO compliance and charges.
- f. The daily measurement quantity used to calculate the noncompliance charges for each EFO event will be the daily quantity recorded as of the month-end close of the applicable month.

- 3. Information regarding the System Sendout, Withdrawal Capacity and Net Withdrawals will be made available to customers on a daily basis via the EBB.
- 4. 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.
- 5. The Utility will accept intra-day nominations to increase deliveries.
- 6. In all cases, current rules for monthly balancing and monthly imbalance trading continue to apply. Quantities not in compliance with the Daily Imbalance Tolerance that are 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.

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

H. Accounting and Billing (Continued)

1. (Continued)
  - b. Second, after complete satisfaction of (a), then to any supply or exchange service arrangements with the customer.
  - c. Third, after the satisfaction of (a) and (b), then to any subsequently executed service agreement.
2. The customer agrees that it shall accept and the Utility can rely upon, for purposes of accounting and billing, the allocation made by customer's shipper as to the quality and quantity of gas, expressed both in 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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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

M. 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 Sections I or J of this rule.

N. Temporary Settlement Term

1. The Sections of this Rule italicized and followed by an asterisk (\*) are temporary and will end upon the expiration of the term in the settlement approved by a May 27, 2016 Assigned Commissioner's Ruling in Application (A).15-06-020. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.

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Vice President  
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UTILITY SYSTEM OPERATION

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

- 5. SoCalGas will issue a Low OFO if, on a day prior to this Gas Day, in the sole judgment of Gas Control, the system forecast of storage withdrawal used for balancing exceeds the withdrawal capacity allocated to the balancing function. When a Low OFO is issued customers financially responsible for managing and clearing transportation imbalances (Balancing Agent) will be required to balance supply and demand on a daily basis within a specified tolerance band or be subject to charges for noncompliance. SoCalGas may elect not to issue a Low OFO for a Gas Day if the system forecast for the following gas day indicates the use of storage withdrawal used for system balancing will return to reasonable levels without the assistance of a Low OFO.

System linepack will not be part of the formula used by Gas Control to determine when a Low OFO should be issued.

The criteria for determining Low OFOs may be revised as needed by SoCalGas to maintain the safety and reliability of the pipeline system. These changes, along with a supporting explanation, will be posted as a regular notice on the SoCalGas Envoy EBB.

*Utility will revise their current Low OFO formula so that the balancing trigger is based on operational constraints. Utility will have the sole discretion to set the level of withdrawal capacity available for balancing based on operational conditions. To the extent operationally feasible, Utility will attempt to maximize the amount of withdrawal capacity available for balancing, up to the amount of withdrawal capacity allocated to the balancing function. Utility will continue to post any changes to the low OFO formula on the SoCalGas Envoy EBB. Utility will provide a cycle-by-cycle low OFO calculation on the SoCalGas Envoy EBB.\**

- 6. Should SoCalGas' implementation of a Low OFO prove to be inadequate to ensure system integrity, SoCalGas may implement other measures including, but not limited to, implementing an Emergency Flow Order (EFO).

SoCalGas may invoke EFOs when a forecast or an actual supply and/or capacity shortage threatens deliveries to End-Use Customers. An EFO will normally be invoked following a Low OFO but SoCalGas may invoke an EFO without previously invoking a Low OFO if, in SoCalGas' judgment, emergency operating conditions exist. There shall be no minimum notice period for EFOs: however SoCalGas will attempt to provide as much notification to Customers as practicable under the circumstances.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4973  
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**Dan Skopec**  
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UTILITY SYSTEM OPERATION

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

7. 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, 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 capability to transport supply from the Northern System or storage 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.
  
8. 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.

9. 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)

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Rule No. 41  
UTILITY SYSTEM OPERATION

(Continued)

CPUC REPORTING REQUIREMENTS (Continued)

27. 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.

TEMPORARY SETTLEMENT TERM

28. The Sections of this Rule italicized and followed by an asterisk (\*) are temporary and will end upon the expiration of the term in the settlement approved by a May 27, 2016 Assigned Commissioner’s Ruling in Application (A).15-06-020. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.

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ISSUED BY  
**Dan Skopec**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
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