

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 23, 2016

Advice Letter 4996-G

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

**SUBJECT: Triennial Cost Allocation Proceeding (TCAP) Tariff Implementation
(D.) 16-06-039**

Dear Mr. van der Leeden:

Advice Letter 4996-G is effective as of September 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

July 25, 2016

Advice No. 4996
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Triennial Cost Allocation Proceeding (TCAP) Tariff Implementation –
Decision (D.) 16-06-039**

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its tariffs, applicable throughout its service territory, as shown on Attachment A.

Purpose

This filing complies with Ordering Paragraph (OP) 3 of Decision (D.) 16-06-039, *Decision Addressing the Phase 1 Issues and the Joint Motion to Adopt the Settlement Agreement*, which states:

Within 30 days of the effective date of this decision, Southern California Gas Company and San Diego Gas & Electric shall file the necessary Tier 2 advice letters with the Energy Division to carry out the terms of the Settlement Agreement and other uncontested issues adopted by this order.¹

The revisions included in this filing present the non-rate, non-high operational flow order (OFO) tariff changes necessary to carry out the terms of the Settlement Agreement and other uncontested issues adopted by D.16-06-039. A separate Advice Letter (AL) addresses the rate changes adopted by D.16-06-039. Due to differing effective dates, a third AL addresses the high OFO tariff changes approved by D.16-06-039.

¹ D.16-06-039 at 63.

Background

OP 1 of D.16-06-039 adopts the Settlement Agreement filed on August 31, 2015 by SoCalGas, San Diego Gas & Electric Company (SDG&E), and five other parties.² OP 3 also approves the uncontested issues in this proceeding. OPs 4 through 38 lay out the specific items adopted by the Decision. The following ordering paragraphs provide guidance for the required non-high OFO tariff changes, and are discussed in more detail in the following section.

6. In 2016, Southern California Gas Company and San Diego Gas & Electric Company shall recover in rates the projected under-collected Honor Rancho storage Memorandum Account balance of \$12.6 million as of December 31, 2015, as part of embedded storage costs.

7. Southern California Gas Company and San Diego Gas & Electric Company may transfer any residual difference between the projected under-collected Honor Rancho storage Memorandum Account balance included in rates and the recorded balance as of the implementation date of 2016 Triennial Cost Allocation Proceeding to the Core Fixed Account and Noncore Fixed Cost Account and they may then close the Honor Rancho storage Memorandum Account.

11. Southern California Gas Company shall revise Southern California Gas Company Rule 30(D)(4) as set forth in Section 5.3.

17. Southern California Gas Company shall add the equivalent gas compressor fuel volume for the Aliso Canyon storage field to actual gas compressor fuel to develop the annually-adjusted in-kind storage fuel factor.

18. Southern California Gas Company is authorized to sell the gas compressor fuel volume in the marketplace in order to pay for the electricity costs of the electric compressors in the storage fields.

19. Southern California Gas Company shall calculate the amount of fuel added to the in-kind fuel factor using the following formula: Electricity costs ÷ Gas Daily S. California Border price = Equivalent Gas Compressor Fuel.

² A Joint Motion to adopt the Settlement Agreement was filed on August 31, 2015 by SoCalGas, SDG&E, Office of Ratepayer Advocates (ORA), The Utility Reform Network (TURN), Southwest Gas Corporation (SWG), City of Long Beach (Long Beach), and Indicated Shippers (IS).

24. Southern California Gas Company and San Diego Gas & Electric Company are authorized to change the monthly imbalance tolerance to eight percent.

33. Southern California Gas Company (SoCalGas) shall share net revenues (gross revenues minus allocated costs) received by SoCalGas through the unbundled storage program between SoCalGas' ratepayers and shareholders on a 75/25 ratepayer/shareholder basis.

34. There shall be an annual cap on shareholder earnings of \$20 million for the unbundled storage program sharing mechanism.

Tariff Revisions

The following is a summary of the tariffs included in Attachment A that are revised in accordance with the Ordering Paragraphs of D.16-06-039 noted above.

Preliminary Statements – Regulatory Accounts

- **Noncore Storage Balancing Account (NSBA)**

The NSBA balances the authorized embedded costs for unbundled storage service and the corresponding reservation revenues collected from customers who contract for storage service under the unbundled storage program. The NSBA also describes the Earnings Sharing Mechanism. The NSBA is modified to reflect D.16-06-039 and to account for the new earnings sharing mechanism that was adopted by OP 33 and OP 34.

- **Compressor Station Fuel and Power Balancing Account (CFPBA)**

The CFPBA records actual costs for electricity used in the operation of SoCalGas' compressor stations. OP 18 of D.16-06-039 authorizes SoCalGas to sell an equivalent gas compressor fuel volume in order to pay for electricity costs of the electric compressors in SoCalGas' storage fields. Therefore, a credit entry is added to record the revenues associated with the sale of an equivalent gas compressor fuel volume to pay for electricity costs.

- **Honor Rancho Storage Memorandum Account (HRSMA)**

Pursuant to D.16-06-039, SoCalGas is authorized to include in rates the projected under-collected HRSMA balance of \$12.6 million as of December 31, 2015, as part of embedded storage costs.³ SoCalGas may transfer any

³ D.16-06-039 at 63 (OP 6).

residual difference between the projected under-collected HRSMA balance included in rates and the recorded balance as of the implementation date of 2016 Triennial Cost Allocation Proceeding to the Core Fixed Account and Noncore Fixed Cost Account, and the HRSMA will be closed. The HRSMA Disposition section is updated to reflect this. Also, SoCalGas will no longer record any entries in the HRSMA other than amortization and interest, so these other entries are removed.

Rate Schedules and Rules

- Schedule No. G-IMB

Schedule No. G-IMB addresses transportation imbalance service. This Schedule is updated throughout pursuant to OP 24 to change the monthly imbalance tolerance from 10 percent to 8 percent.

- Schedule No. G-TBS

Among other things, Schedule No. G-TBS provides for the In-Kind energy charge that is applied to all quantities of gas delivered for storage injection during the year. Per OP 17 provided above, Sheet 3 is updated to recognize that electric-equivalent fuel use, in addition to actual fuel use, will be used on a three-year rolling average basis to adjust the In-Kind Energy Charge. Special Conditions 17 and 18 are added to describe SoCalGas' authority to sell electric-equivalent gas compressor fuel volumes in the marketplace in order to pay for the electricity costs of electric compressors at storage fields (per OP 18) and describes the formula used to determine the electric-equivalent fuel added to the in-kind fuel factor (per OP 19).

- Rule No. 30

Rule No. 30 addresses the Transportation of Customer-Owned Gas. Section D.4 on Sheet 5 is revised as described in OP 11. Section G.1.e on Sheet 13 is removed as it is redundant with the new Section D.4 language, and subsequent subsections are renumbered. Finally, a reference on Sheet 15 to the monthly delivery requirement is updated from 90% to 92%, pursuant to OP 24.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date of this Advice Letter, which is August

14, 2016. 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

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). 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@SemptraUtilities.com

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition and, per OP 3 of D.16-06-039, is classified as Tier 2. Therefore, SoCalGas respectfully requests that this filing become effective on September 1, 2016.

Notice

A copy of this Advice Letter is being sent to SoCalGas' General Order (GO) 96-B service list and the Commission's service list in A.14-12-017, SoCalGas/SDG&E 2016 Phase 1 TCAP. Address change requests to the GO 96-B should be directed by electronic mail to 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

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) #: 4996

Subject of AL: Triennial Cost Allocation Proceeding (TCAP) Tariff Implementation -

Decision (D.) 16-06-039

Keywords (choose from CPUC listing): Memorandum Account; Balancing Account

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

D.16-06-039

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

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

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 9/1/16

No. of tariff sheets: 22

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: Preliminary Statement, Part V - Balancing Accounts, Preliminary Statement, Part VI, Memorandum Accounts, Schedule G-IMB, Schedule G-TBS, Rule No. 30, and TOCs

Service affected and changes proposed¹: N/A

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 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. 4996

| Cal. P.U.C. Sheet No. | Title of Sheet | Cancelling Cal. P.U.C. Sheet No. |
|--------------------------|---|-------------------------------------|
| Revised 52886-G | PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE STORAGE BALANCING ACCOUNT (NSBA), Sheet 1 | Revised 50450-G |
| Revised 52887-G | PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE STORAGE BALANCING ACCOUNT (NSBA), Sheet 2 | Revised 50451-G |
| Revised 52888-G | PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, COMPRESSOR STATION FUEL AND POWER BALANCING ACCOUNT (CFPBA) | Revised 50452-G |
| Revised 52889-G | PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, HONOR RANCHO STORAGE MEMORANDUM ACCOUNT (HRSMA), Sheet 1 | Revised 50455-G |
| Revised 52890-G | PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, HONOR RANCHO STORAGE MEMORANDUM ACCOUNT (HRSMA), Sheet 2 | Revised 50456-G |
| Revised 52891-G | Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 1 | Revised 51643-G* |
| Revised 52892-G | Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2 | Revised 52843-G |
| Revised 52893-G | Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 3 | Revised 52741-G |
| Revised 52894-G | Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 5 | Revised 51647-G* |
| Revised 52895-G | Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 7 | Original 52671-G |
| Revised 52896-G | Schedule No. G-TBS, TRANSACTION BASED STORAGE SERVICE, Sheet 3 | Revised 52371-G |
| Revised 52897-G | Schedule No. G-TBS, TRANSACTION BASED STORAGE SERVICE, Sheet 5 | Revised 45776-G |
| Original 52898-G | Schedule No. G-TBS, TRANSACTION BASED STORAGE SERVICE, Sheet 6 | Revised 45776-G* |
| Revised 52899-G | Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 5 | Revised 52672-G |
| Revised 52900-G | Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 13 | Revised 52674-G |
| Revised 52901-G | Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 14 | Revised 52675-G |
| Revised 52902-G | Rule No. 30, TRANSPORTATION OF | Revised 52676-G |

ATTACHMENT A
Advice No. 4996

| Cal. P.U.C. Sheet No. | Title of Sheet | Cancelling Cal. P.U.C. Sheet No. |
|--------------------------|------------------------------|-------------------------------------|
| | CUSTOMER-OWNED GAS, Sheet 15 | |
| Revised 52903-G | TABLE OF CONTENTS | Revised 52844-G |
| Revised 52904-G | TABLE OF CONTENTS | Revised 52683-G |
| Revised 52905-G | TABLE OF CONTENTS | Revised 52845-G |
| Revised 52906-G | TABLE OF CONTENTS | Revised 52588-G |
| Revised 52907-G | TABLE OF CONTENTS | Revised 52737-G |

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE STORAGE BALANCING ACCOUNT (NSBA)

Sheet 1

1. Purpose

The NSBA is a balancing account. The purpose of this account is to balance the authorized embedded costs for unbundled storage service as authorized in SoCalGas' 2016 Triennial Cost Allocation Proceeding (TCAP) Phase 1 decision, D.16-06-039, revised for any subsequent changes adopted in a cost allocation proceeding and the corresponding reservation revenues collected from customers who contract for storage service under the unbundled storage program, including any net revenues from any storage expansions undertaken that are allocated to the unbundled storage program. In addition, the net revenues from hub services collected under SoCalGas' G-PAL (Operational Hub Services) tariff that was approved pursuant to D.07-12-019 are treated as unbundled storage revenues and subject to the sharing mechanism as described in the Accounting Procedures Section below.

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2. Applicability

See Disposition Section.

3. Rates

The balance in the NSBA will be included in gas transportation rates upon Commission approval.

4. Accounting Procedures

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

- a. A credit entry equal to 100% of the reservation and variable O&M charge revenues associated with the unbundled storage program and any net revenues from storage expansions undertaken during the settlement period that are allocated to the unbundled storage program, less the allowance for F&U on net revenue, as applicable;
- b. A credit entry equal to 100% of the net revenues from hub services provided under Schedule G-PAL less the allowance for F&U on net revenue, as applicable;
- c. A debit entry equal to one-twelfth of the authorized embedded costs allocated to unbundled storage service, less the allowance for F&U, as applicable;
- d. An adjustment to reflect storage costs consistent with the allocation of storage adopted in D.16-06-039 that are not currently reflected in current transportation rates and authorized storage margin as described in entry (c).

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4996
 DECISION NO. 16-06-039

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Jul 25, 2016
 EFFECTIVE Sep 1, 2016
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE STORAGE BALANCING ACCOUNT (NSBA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- e. An entry to adjust for the shareholders' allocation of net revenues [i.e., entries (a) through (c)] from unbundled storage and hub services in accordance with sharing mechanism described below;
- f. An entry equal to the amortization of the forecasted remaining balance less F&U; and
- g. An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Earnings Sharing Mechanism

The Settlement Agreement adopted in Decision 16-06-039 in Phase 1 of SoCalGas' 2016 TCAP provides a sharing mechanism between ratepayers and shareholders for the net revenues from the sales of unbundled storage and hub services. As such, the cumulative net revenues as recorded in entries (a) through (d) above will be allocated 75/25 between ratepayers and shareholders, respectively, subject to an annual shareholder earnings cap of \$20 million.

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6. Disposition

The balance of the NSBA shall be allocated in the Utility's cost allocation proceedings to all customers and incorporated in rates in connection with SoCalGas' Annual Regulatory Account Balance Update filing for rates effective January 1 of the following year.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4996
DECISION NO. 16-06-039

2H13

ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Jul 25, 2016
EFFECTIVE Sep 1, 2016

RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
COMPRESSOR STATION FUEL AND POWER BALANCING ACCOUNT (CFPBA)

1. Purpose

The CFPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 08-07-046, TY 2008 General Rate Case (GRC), effective January 1, 2008, the CFPBA will record actual costs for electricity used in the operation of SoCalGas' compressor stations. D.16-06-039, Phase 1 of SoCalGas' 2016 Triennial Cost Allocation Proceeding (TCAP), authorizes SoCalGas to sell an equivalent gas compressor fuel volume in order to pay for electricity costs of the electric compressors in SoCalGas' storage fields.

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2. Applicability

See Disposition section.

3. Rates

The balance in the CFPBA will be included in gas rates upon Commission approval.

4. Accounting Procedures

SoCalGas maintains this account by making monthly entries as follows:

- a) A debit entry equal to compressor station electricity expenses,
- b) A credit entry to record the revenues associated with the sale of an equivalent gas compressor fuel volume to pay for electricity costs; and
- c) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end CFPBA balance effective January 1 of the following year. The projected year-end balance will be allocated in rates on a Cold-Year Throughput (CYTP) basis.

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4996
 DECISION NO. 16-06-039

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 25, 2016
 EFFECTIVE Sep 1, 2016
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
HONOR RANCHO STORAGE MEMORANDUM ACCOUNT (HRSMA)

Sheet 1

1. Purpose

The original purpose of the HRSMA was to record the incremental costs and revenues associated with the Honor Rancho Expansion Project as filed in SoCalGas Application (A.) 09-07-014 and approved by Decision (D.) 10-04-034. Pursuant to D.14-06-007, SoCalGas' 2013 Triennial Cost Allocation Proceeding (TCAP), SoCalGas is authorized to include in rates a revenue requirement to recover all costs associated with the Honor Rancho Storage Expansion Project. The HRSMA is an interest bearing account and consists of two subaccounts. Effective with D.14-06-007, the Project Cost Recovery (PCR) Subaccount is modified to record the difference between the actual cushion gas cost and projected cushion gas cost in the revenue requirement. Effective with D.14-06-007, the Operating and Maintenance (O&M) Expense Subaccount is modified to record any incremental oil revenues realized as a result of the Honor Rancho Expansion Project. D.16-06-039, Phase 1 of SoCalGas' 2016 TCAP, authorizes the recovery of the HRSMA balance as of December 31, 2015, so SoCalGas will no longer record any entries into the HRSMA other than amortization and interest.

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2. Applicability

This account shall apply to all gas customers.

3. Rates

See Disposition Section.

4. PCR Subaccount - Accounting Procedures

SoCalGas shall maintain the PCR Subaccount by recording entries at the end of each month as follows:

- a) An entry for amortization of the account balance as authorized by the Commission, net of franchise fees and uncollectible (FF&U) costs; and
- b) An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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5. O&M Subaccount - Accounting Procedures

SoCalGas shall maintain the O&M Subaccount by recording entries at the end of each month as follows:

- a) An entry for amortization of the account balance as authorized by the Commission, net of FF&U; and
- b) An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4996
 DECISION NO. 16-06-039

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 25, 2016
 EFFECTIVE Sep 1, 2016
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
HONOR RANCHO STORAGE MEMORANDUM ACCOUNT (HRSMA)

Sheet 2

(Continued)

1. Disposition

Prior to D.14-06-007, at the end of each year, the balance in the HRSMA (the combined balance of both subaccounts) was to be allocated to core customers, to the Unbundled Storage Program, and to noncore customers based on their relative capacities as the expansion proceeds. The portion allocated to the Unbundled Storage Program was transferred to the Noncore Storage Balancing Account (NSBA) and used to determine the allocation of net storage revenues between ratepayers and shareholders for the following year under the Commission-adopted sharing mechanism. The remaining balance in the HRSMA associated with core storage and load balancing was recovered in the following year's rates in connection with SoCalGas' annual regulatory account balance update filing. However, consistent with D.14-06-007, since the embedded storage costs were fixed in that TCAP period, the amortization of HRSMA including the NSBA allocation was discontinued and the balance in the HRSMA was carried forward to be amortized in rates after the TCAP period. Pursuant to D.16-06-039, SoCalGas is authorized to recover in 2016 rates the projected under-collected HRSMA balance of \$12.6 million as of December 31, 2015 as part of embedded storage costs. After the amortization period, SoCalGas will transfer any residual balance in the HRSMA to the Core Fixed Cost Account and Noncore Fixed Cost Account and the HRSMA will then be eliminated.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4996
 DECISION NO. 16-06-039

ISSUED BY

Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jul 25, 2016
 EFFECTIVE Sep 1, 2016
 RESOLUTION NO. _____

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 1

DESCRIPTION OF SERVICE

The Utility System Operator will provide a Monthly Imbalance Service for individual customers including the Utility Gas Procurement Department, end-use customers, wholesale customers, marketers and aggregators (referred to herein as "customers") when their usage differs from their transportation deliveries to the Utility's system or their targeted sales gas quantities purchased and delivered by the Utility. In case of the Utility Gas Procurement Department, the Daily Forecast Quantity will be used as a proxy for daily usage and the calculation of imbalances.

The Monthly Imbalance Service provided hereunder has four components: Imbalance Trading, a no-charge Balancing Service, Standby Procurement, and Buy-Back. Under the Imbalance Trading Service, customers may locate other customers with offsetting imbalances and trade these quantities to avoid imbalance charges (Standby Procurement or Buy-Back). Imbalance Trading Service shall be facilitated either through Electronic Bulletin Board (EBB), as defined in Rule No. 1, or through the Imbalance Trading Form as described in Special Conditions 2 and 4 of this Schedule and in Rule No. 33. Balancing Service will be provided without charge if the cumulative imbalance at the end of the monthly imbalance trading period is within 8 percent of the customer's usage, in case of core aggregators their applicable Daily Contract Quantity, or in the case of the Utility Gas Procurement Department the applicable Daily Forecast Quantity, (Tolerance Band) for the billing period. Any remaining cumulative imbalance within the tolerance band will be carried forward. Remaining imbalance quantities outside the tolerance band at the end of the imbalance trading period will be subject to a Standby Procurement Charge or Buy-Back as described under Rates.

APPLICABILITY

Applicable to core and noncore transportation service to customers.

TERRITORY

Applicable throughout the service territory.

RATES

Imbalance quantities remaining at the end of the designated imbalance trading period and which are outside of the 8% tolerance band will be billed at the Standby Procurement Charge or purchased by the Utility at the Buy-Back Rate. Any Standby Procurement Charge or purchases at the Buy-Back Rate of core imbalances created by the Utility Gas Procurement Department will be managed within the Utility System Operator's Operational Hub Services. Such core imbalances will be disposed of, with the net revenues from the core imbalance charges flowing back through the Noncore Fixed Cost Account (NFCA).

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4996
 DECISION NO. 16-06-039

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Jul 25, 2016
 EFFECTIVE Sep 1, 2016
 RESOLUTION NO. _____

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 2

(Continued)

RATES (Continued)

Standby Procurement Charge

This charge is applied to customer's cumulative negative transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 8 percent tolerance band. The Standby Procurement Charge is posted at least one day in advance of each corresponding imbalance trading period for noncore/wholesale and core transport agents (CTAs). It is calculated at 150% of the highest daily border price index at the Southern California border beginning on the first day of the month that the imbalance is created to five days prior to the start of each corresponding imbalance trading period plus a Brokerage Fee of 0.266¢ per therm for noncore retail service and all wholesale service, and 0.160¢ per therm for core retail service. The highest daily border price index is an average of the highest prices from "NGI's Daily Gas Price Index – Southern California Border Average" and "ICE Daily Indices – SoCal Border."

Core Retail Service:

SP-CR Standby Rate, per therm

| | |
|------------------|---------|
| April 2016 | 30.031¢ |
| May 2016 | 42.762¢ |
| June 2016 | 46.651¢ |

Noncore Retail Service:

SP-NR Standby Rate, per therm

| | |
|------------------|---------|
| April 2016 | 30.137¢ |
| May 2016 | 42.868¢ |
| June 2016 | 46.757¢ |

Wholesale Service:

SP-W Standby Rate per therm

| | |
|------------------|---------|
| April 2016 | 30.137¢ |
| May 2016 | 42.868¢ |
| June 2016 | 46.757¢ |

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4996
 DECISION NO. 16-06-039

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 25, 2016
 EFFECTIVE Sep 1, 2016
 RESOLUTION NO. _____

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 3

(Continued)

RATES (Continued)

Buy-Back Rate

This rate is applied to customer's cumulative positive transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 8 percent tolerance band. The Buy-Back Rate is established effective the last day of each month and will be the lower of 1) the lowest incremental cost of gas purchased by the Utility during the month the excess imbalance was incurred; or 2) 50% of the applicable Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP, during the month such excess imbalance was incurred.

Retail Service:

BR-R Buy-Back Rate, per therm

| | |
|------------------|---------|
| April 2016 | 10.409¢ |
| May 2016 | 12.574¢ |
| June 2016 | 12.898¢ |

Wholesale Service:

BR-W Buy-Back Rate, per therm

| | |
|------------------|---------|
| April 2016 | 10.380¢ |
| May 2016 | 12.539¢ |
| June 2016 | 12.862¢ |

If the incremental cost of gas is the basis for the Standby or Buy-Back Rates, the Utility will provide CPUC the necessary work papers for such cost. Such documentation will be provided under confidentiality pursuant to General Order 66-C and Section 583 of the Public Utilities Code.

Daily Balancing Standby Rates

When a Stage 5 Low Operational Flow Order (Low OFO) or Emergency Flow Order (EFO) is declared, quantities not in compliance with the daily imbalance tolerance are purchased at the daily balancing standby rate. The daily balancing standby rate shall be equal the InterContinental Exchange (ICE) Day-Ahead Index (including F&U and brokerage fee) for SoCal-Citygate, rounded up to the next whole dollar, for each day a Stage 5 Low OFO or EFO is issued. Authorized F&U will not be added to any daily balancing standby charge for the Utility Gas Procurement Department to the extent that it is collected elsewhere.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4996
 DECISION NO. 16-06-039

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 DATE FILED Jul 25, 2016
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 RESOLUTION NO. _____

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

(Continued)

SPECIAL CONDITIONS (Continued)

6. Customers may trade their monthly imbalances with other customers. Customer's cumulative imbalances will be stated on the customer's monthly bill. The customer's bill will serve as notice of current imbalances. Beginning at 7:00 a.m., Pacific Clock Time (PCT), on the 25th calendar day in the month of notification, customers may enter EBB to trade imbalances with other customers. Customers within the tolerance band may trade any quantities so long as the 8% tolerance band is not exceeded. Customers outside the tolerance band may trade quantities up to a maximum of their excess imbalance (quantities outside of tolerance) plus the 8% tolerance band. The Utility will notify participants through EBB or other notice once the trade is validated. The trading period will end at 11:59 p.m. PCT on the last calendar day of the same month. During the month of February, the trading period begins at 7:00 a.m. PCT on the 23rd of the month and ends at 11:59 p.m. PCT on the last calendar day of the month. The trading periods are as follows:

| | | |
|------------------------|--------------|-----------------|
| January 25-31 | May 25-31 | September 25-30 |
| February 23-28 (or 29) | June 25-30 | October 25-31 |
| March 25-31 | July 25-31 | November 25-30 |
| April 25-30 | August 25-31 | December 25-31 |

7. Imbalance trades may be submitted through EBB or by facsimile using the Imbalance Trading Agreement Form (Form No. 6544) and must be received by the Utility by the close of the trading period.

To submit an imbalance trade by facsimile, both parties must complete and send by facsimile a copy of the Imbalance Trading Agreement Form to the Utility. The Utility will then confirm the trade and adjust the participants' imbalance accounts. A processing charge of \$13.73 will be charged by the Utility for each imbalance trade submitted by facsimile using the Imbalance Trading Agreement Form. No processing charge will apply to an EBB subscriber for imbalance trades submitted by facsimile at a time the EBB system is unavailable for use by the subscriber.

8. Customers may opt to participate in the EBB's interactive trading platform in which imbalance trading parties may buy and/or sell imbalance gas. Instructions are provided on the EBB website.
9. Customers may use their storage account(s) to offset their imbalances or to trade with other customers under the conditions set forth in their applicable storage service rate schedule for unbundled storage service, or in Rule No. 32 for Aggregators.

A storage customer may trade positive imbalances, i.e., overdeliveries, into its storage account only if its storage inventory capacity is available during the month that the imbalance occurred and at the time the imbalance trade takes place. Similarly, a storage customer may trade negative imbalances, i.e., underdeliveries, using its storage account only if there is sufficient gas in storage in the account during the month that the imbalance occurred and at the time the imbalance trade takes place.

(Continued)

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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 7

(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.

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Schedule No. G-TBS
TRANSACTION BASED STORAGE SERVICE

Sheet 3

(Continued)

RATES (Continued)

In-Kind Energy Charges

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

Rate, percent reduction 2.34%

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

SPECIAL CONDITIONS

General

1. The definitions of the principal terms used in this rate schedule and the Utility's other tariff schedules are contained in Rule No. 1.
2. Service under this schedule shall be curtailed in accordance with the provisions of Rule No. 23.
3. All terms and conditions of Rule No. 30 and Schedule No. G-IMB shall apply to the transportation of customer-owned gas in conjunction with the storage services provided under this schedule.
4. As a condition precedent to service under this schedule, an executed Master Services Contract (Form No. 6597) and an executed Master Services Contract, Schedule I, Transaction Based Storage Service (Form No. 6597-11) are required (referred to in this schedule collectively as the "Contract"). All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
5. The contract term for service under this schedule shall be set forth in the customer's Contract.
6. Any quantity of storage gas that is in excess of the inventory rights remaining after: a) the customer's storage Contract term expires; or b) the customer trades away some or all of its inventory rights; or c) the customer's storage Contract is terminated, for whatever reason, prior to the completion of the term of such Contract shall be immediately purchased by the Utility at the applicable Buy-Back Rate stated in Schedule No. G-IMB. The Buy-Back purchase amount paid to the customer may be reduced by any outstanding amounts owed by the customer for any other services provided by the Utility.

(Continued)

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Schedule No. G-TBS
TRANSACTION BASED STORAGE SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

Storage Inventory Transfers

12. Storage customers may mutually request to transfer gas in inventory from one customer's storage account to another. Such requests must be made by both parties to the inventory transfer and are limited to the inventory quantity available for transfer and the available inventory capacity of the receiving customer at the time the transfer is completed by the Utility. All transfers may be accepted or rejected, in whole or in part, by the Utility and shall not be deemed accepted until such time as the Utility notifies both customers of the completion of the transfer.

Storage Open Season

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

Rules Concerning Posted Transactions

14. Given that the value of storage services are highly dynamic, and can change not only daily, but even hourly, the Utility is not required to offer posted prices or contract terms to any other customers. The Utility will meet and confer with any market participant regarding why it did not offer them the same prices and contract terms as other posted transactions. If, after such a meet and confer session, any market participant is not satisfied with the Utility's explanation, they may petition the CPUC, pursuant to Section I of Rule No. 4, to require the Utility to offer them the same prices and contract terms as other posted transactions, and the Utility may oppose such petition.

Firm Inventory

15. Zero-priced, lowest-priority, interruptible injection and withdrawal service shall be included with all sales of inventory, whether that inventory is sold on a stand-alone or package basis.

Allocations for Wholesale Customers

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

In-Kind Energy Charges

17. Pursuant to D.16-06-039, Utility is authorized to sell the electric-equivalent gas compressor fuel volume in the marketplace in order to pay for the electricity costs of electric compressors at storage fields.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4996
DECISION NO. 16-06-039

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RESOLUTION NO. _____

Schedule No. G-TBS
TRANSACTION BASED STORAGE SERVICE

Sheet 6

N

(Continued)

SPECIAL CONDITIONS (Continued)

N

In-Kind Energy Charges

18. Pursuant to D.16-06-039, the electric-equivalent fuel added to the in-kind fuel factor uses the following formula: Electricity costs ÷ Gas Daily S. California Border price = Equivalent Gas Compressor Fuel.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4996
DECISION NO. 16-06-039

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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. These capacities will take into account offsetting injection or withdrawal activity that effectively increase withdrawal or injection capacities. *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.

As necessary, withdrawal or injection allocated to the daily balancing function will be set aside and given first priority every day.

- Nominations using Firm storage rights will have the next priority, pro-rated, if necessary to the available storage capacity.
- All other nominations using Interruptible storage rights will have the lowest priority, pro-rated if over-nominated based on the daily volumetric price paid.
- On low OFO days the volume of interruptible withdrawal will be cut in half relative to the calculation on a non-OFO day. If interruptible nominations immediately prior to the low OFO were above this level, then they will be held constant through the low OFO.
- 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)

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. 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.

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(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

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

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

- f. 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. T
- g. 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. T
- h. *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.** T
- i. *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.** T

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 92% 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.

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