

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 3, 2017

Advice Letter 5064-G

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

**SUBJECT: Modification of Tariffs Necessary to Implement the Decision Approving
Second Daily Balancing Proposal Settlement Agreement in A.15-06-020**

Dear Mr. van der Leeden:

Advice Letter 5064-G is effective as of December 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

December 1, 2016

Advice No. 5064
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Modification of Tariffs Necessary to Implement the Decision
Approving Second Daily Balancing Proposal Settlement Agreement in
Application (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) 14 of the *Decision Approving Second Daily Balancing Proposal Settlement Agreement* in A.15-06-020 (Second Daily Balancing Decision) which states:

In order to implement the authority granted herein, Southern California Gas Company and San Diego Gas & Electric Company must file a Tier 1 Advice Letter within 30 days of the date of this decision.¹

The tariff modifications included as Attachment A are those necessary to implement the Second Daily Balancing Decision. San Diego Gas & Electric Company (SDG&E) is concurrently making a related advice filing, Advice 2536-G, implementing substantially the same modifications to its tariffs.

¹ The Second Daily Balancing Decision was adopted at the December 1, 2016, Commission voting meeting. As of this filing, a final decision, including a decision number, is not available.

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 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 (First Settlement Agreement). The tariff changes adopted by the First Settlement Agreement received interim approval by an Assigned Commissioner's Ruling on May 27, 2016, and were ultimately approved by Decision (D.)16-06-021. The tariff changes adopted by the First Settlement Agreement were implemented on June 1, 2016, and were effective through November 30, 2016. Per the First Settlement Agreement, D.16-06-021 adopted a subsequent phase of A.15-06-020 to consider reliability measures that may have been needed beyond November 30, 2016, in the event that by that date: (1) Aliso Canyon had not returned to at least 450 million cubic feet per day (MMcfd) of injection capacity and 1,395 MMcfd of withdrawal capacity, consistent with the service levels set forth in Section 2 of the Settlement, or (2) working inventory at Aliso Canyon was not at least 45 Billion Cubic Feet.

On October 20, 2016, SoCalGas, SDG&E, and 18 other parties filed a Joint Motion for Adoption of Second Daily Balancing Proposal Settlement Agreement and Reduction of Comment Period (Second Settlement Agreement). The tariff changes adopted by the Second Settlement Agreement were approved by the Second Daily Balancing Decision. The tariff modifications provided in this advice letter (AL) are those addressed by the Second Settlement Agreement.

Tariff Modifications

Pursuant to OP 14 of the Second Daily Balancing Decision, the following rules, rate schedules, and preliminary statements are being modified as described. Unless otherwise noted, the below-described modifications are temporary, and expire upon the earlier of: (1) any superseding decision or order by the Commission, (2) the return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) March 31, 2017. SoCalGas will file a Tier 1 AL to remove any temporary modifications from their tariffs upon the end of their term.

Rules

- **Rule No. 1**

The definition for Daily Forecast Quantity is permanently modified as follows:

A forecast of core customer **Measurement Day (midnight to midnight Pacific Standard Time)** daily usage as provided by the Utility's Demand Forecasting Group (in the Regulatory Affairs department) using a

consistent daily load forecast equation, ~~and will be developed no sooner than two hours before the start of flow day.~~ Weather forecasts input into the equation will be from an independent third party and the most current available as of ~~57:00~~ 5:00 a.m. of flow day. The Utility's Demand Forecasting Group will also prepare an initial forecast of core customer daily usage based on the most current weather inputs available as of 5:00 a.m. of flow day, but this initial forecast will not be the Daily Forecast Quantity.

- Rule No. 30

Temporary provisions regarding the trading of schedules quantities and daily imbalances on Operational Flow Order (OFO) days are added as a new Section N. Reference to Section N is added to Section D.7.

Section G.1(d) is temporarily modified as follows:

Charges for the first day of the Low OFO event will not be imposed if notice is given after ~~8:00 p.m.~~ 6:00 p.m. Pacific Time the day prior to the start of the Low OFO event.

Section O is modified to reference the Second Daily Balancing Decision, and to extend one of the conditions of the Temporary Settlement Term to March 31, 2017.

- Rule No. 41

The following sentences temporarily added to Section 5 from the First Settlement Agreement are permanently removed:

~~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.~~

Section 28 is modified to reference the Second Daily Balancing Decision, and to extend one of the conditions of the Temporary Settlement Term to March 31, 2017.

Rate Schedules

- Schedule No. G-IMB

Special Condition 11 is modified to reference the Second Daily Balancing Decision, extend one of the conditions of the temporary settlement term to March 31, 2017, and reference the potential implementation of the revised high OFO procedures approved by D.16-06-021.

Preliminary Statements - Regulatory Accounts

- Core Fixed Cost Account (CFCA)

The CFCA is modified to reference the Second Daily Balancing Decision and to extend one of the conditions of the temporary settlement term to March 31, 2017.

- Noncore Fixed Cost Account (NFCA)

The NFCA is modified in two places to reference the Second Daily Balancing Decision and to extend one of the conditions of the temporary settlement term to March 31, 2017.

- Backbone Transmission Balancing Account (BTBA)

The BTBA is modified to record the incremental costs associated with providing the temporary service for trading scheduled quantities and daily imbalances described in Rule No. 30.

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 December 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). 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: Ray B. Ortiz
Tariff Manager (Interim) - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: ROrtiz@SempraUtilities.com

Effective Date

SoCalGas believes this AL is subject to Energy Division disposition and, per OP 14 of the Second Daily Balancing Decision, 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 December 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 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: Ray B. Ortiz

Phone #: (213) 244-3837

E-mail: ROrtiz@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) #: 5064

Subject of AL: Modification of Tariffs Necessary to Implement the Decision Approving Second Daily Balancing Proposal Settlement Agreement in Application (A.) 15-06-020

Keywords (choose from CPUC listing): Curtailment

AL filing type: Monthly Quarterly Annual One-Time Other

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 AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: N/A

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 12/1/16

No. of tariff sheets: 23

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 Statements, Part V, Balancing Accounts: CFCA, NFCA, and BTBA;

Schedule: G-IMB; Rule Nos.: 1, 30, and 41; and TOCs.

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: None

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Southern California Gas Company
Attention: Ray B. Ortiz
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
ROrtiz@semprautilities.com
tariffs@socalgas.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A
Advice No. 5064

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 53515-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 2	Revised 53074-G
Revised 53516-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE FIXED COST ACCOUNT (NFCA), Sheet 2	Revised 52668-G
Revised 53517-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE FIXED COST ACCOUNT (NFCA), Sheet 3	Revised 53256-G
Revised 53518-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA), Sheet 1	Revised 50696-G
Revised 53519-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA), Sheet 2	Revised 50697-G
Revised 53520-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA), Sheet 3	Original 50698-G
Revised 53521-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 6	Revised 52670-G
Revised 53522-G	Rule No. 01, DEFINITIONS, Sheet 4	Revised 50950-G
Revised 53523-G	Rule No. 01, DEFINITIONS, Sheet 5	Revised 53339-G
Revised 53524-G	Rule No. 01, DEFINITIONS, Sheet 6	Revised 53340-G
Revised 53525-G	Rule No. 01, DEFINITIONS, Sheet 7	Revised 51166-G
Revised 53526-G	Rule No. 01, DEFINITIONS, Sheet 8	Revised 45370-G
Revised 53527-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 9	Revised 51799-G
Revised 53528-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 13	Revised 52900-G
Revised 53529-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 28	Revised 52678-G
Original 53530-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 29	
Revised 53531-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 3	Revised 52679-G
Revised 53532-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 10	Revised 52721-G
Revised 53533-G	TABLE OF CONTENTS	Revised 53513-G

ATTACHMENT A
Advice No. 5064

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 53534-G Revised 53535-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 53359-G Revised 53360-G
Revised 53536-G Revised 53537-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 53514-G Revised 53175-G

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

Sheet 2

(Continued)

4. Accounting Procedures

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

- a. A debit entry equal to 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 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 December 1, 2016 CPUC decision 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) March 31, 2017);
- 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;
- l. A credit entry equal to the net savings associated with the closure of SoCalGas' branch offices pursuant to D.16-06-046; and
- m. 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.

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5064
 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Dec 1, 2016
 EFFECTIVE Dec 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 December 1, 2016 CPUC decision in Application (A).15-06-020;*

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(TO BE INSERTED BY UTILITY)
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ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Dec 1, 2016
EFFECTIVE Dec 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 December 1, 2016 CPUC decision 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) March 31, 2017);*
- h. A credit entry for revenues billed to customers for curtailment noncompliance charges excluding G-IMB daily balancing standby charges which are balanced in the PGA;
- i. An entry to amortize the previous year’s balance; and
- j. 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.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5064
 DECISION NO.

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ISSUED BY

Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Dec 1, 2016
 EFFECTIVE Dec 1, 2016
 RESOLUTION NO. _____

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

Sheet 1

1. Purpose

The BTBA is an interest-bearing balancing account that is recorded on the Utility's financial statements pursuant to D.06-04-033, D.06-12-031, Resolution G-3407, and D.11-04-032. The BTBA consists of three subaccounts: the BTBA Subaccount, IT Cost Subaccount, and Discount Cost Subaccount. The purpose of the BTBA Subaccount is to record the difference between the authorized Backbone Transportation Service (BTS) revenue requirement and the actual BTS revenues from firm and interruptible access to SoCalGas' transmission system. Pursuant to D. 11-03-029, the BTBA Subaccount will also record interruptible and firm off-system deliveries in excess of any applicable system reliability costs and system implementation costs associated with providing off-system delivery service. Pursuant to D.11-04-032, SoCalGas establishes the IT Cost Subaccount to record and recover information technology costs incurred to enhance Backbone Transportation Service. The costs of providing discounts to interruptible BTS and firm BTS with alternate receipt point rights are recovered in the BTBA subaccount, and pursuant to Resolution G-3488, the costs of providing discounts to firm BTS without alternate receipt point rights are recorded in the Discount Cost Subaccount. Pursuant to a December 1, 2016 CPUC decision in Application (A.) 15-06-020, the incremental costs associated with providing a temporary service for trading scheduled quantities and daily imbalances are recovered in the BTBA, as described in Rule No. 30.

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2. Applicability

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

3. Rates

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

4. Accounting Procedures

BTBA Subaccount

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

- a. A debit entry equal to one-twelfth of the BTS revenue requirement;
- b. A debit entry equal to the incremental costs associated with providing the temporary service for trading scheduled quantities and daily imbalances, as described in Rule No. 30;

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(TO BE INSERTED BY UTILITY)
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 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Dec 1, 2016
 EFFECTIVE Dec 1, 2016
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- c. A credit entry equal to the recorded BTS revenues, including an adjustment for any discounts provided to firm BTS without alternate receipt point rights which are recorded in the Discount Cost Subaccount; T
- d. An entry to amortize the previous year's balance; T
- e. A credit entry equal to any net revenues from off-system delivery services (i.e., that were made available in the Southern System for the flow days where fixed deliveries were made into the Southern System to maintain system reliability) in excess of system reliability costs for these flow days and system implementation costs associated with providing off-system delivery service; T
- f. A credit entry equal to 100% of the recorded revenues from interruptible and firm off-system delivery services not reflected in entry "d" and in excess of system implementation costs associated with providing off-system delivery service; and T
- g. An entry equal to interest on the average of the balance in the BTBA Subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J. T

IT Cost Subaccount

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

- a. A debit entry equal to the capital-related costs (such as depreciation, return on investment, and related taxes) associated with information technology costs;
- b. A debit entry equal to incremental O&M expenses associated with information technology enhancements;
- c. An entry to amortize the previous year's balance; and
- d. An entry equal to interest on the average of the balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

Discount Cost Subaccount

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

- a. A debit entry equal to the cost of discounts to firm BTS without alternate receipt points;
- b. An entry to amortize the previous year's balance as authorized by the Commission; and
- c. An entry equal to interest on the average of the 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. 5064
 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Dec 1, 2016
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
BACKBONE TRANSMISSION BALANCING ACCOUNT (BTBA)

Sheet 3

(Continued)

5. Disposition

The revenue requirement associated with firm and interruptible Backbone Transportation Service is excluded from the revenue requirement underlying the Utility's gas transportation rates and is recovered separately through BTS charges under Schedule No. G-BTS, Backbone Transportation Service. In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end BTBA and IT Cost Subaccount balances in all BTS rates effective January 1 of the following year. The Discount Cost Subaccount balance resulting from offering discounts to firm BTS without alternate receipt point rights will not be allocated to the BTS rate, per Commission Resolution G-3488, pending the disposition of these costs in the next Triennial Cost Allocation Proceeding or other applicable proceeding.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5064
 DECISION NO.

ISSUED BY

Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Dec 1, 2016
 EFFECTIVE Dec 1, 2016
 RESOLUTION NO. _____

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 December 1, 2016 CPUC decision 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 (including implementation of the revised high OFO procedures approved by D.16-06-021), (2) return of Aliso Canyon to at least 450MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) March 31, 2017.* 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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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5064
 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

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

Rule No. 01
DEFINITIONS

Sheet 4

(Continued)

Core Subscription Service: Utility natural gas procurement service available to noncore customers. Core subscription service is subject to special conditions as identified in the customer's applicable rate schedule. Core subscription service has been discontinued pursuant to Decision 01-12-018 effective December 1, 2003.

Core Transport Agent (CTA), formerly Core Transportation Aggregator or Energy Service Provider (ESP): Individuals, companies or consortiums that arrange for natural gas procurement related activities (procurement, interstate transportation and balancing) on behalf of core customers. See Rule No. 32.

Critical Customer: Customer facility where the interruption of natural gas service would cause a danger to human life, health or safety, and includes customers such as hospitals, other state-licensed health care facilities, medical research facilities, medical facilities at military installations and detention facilities, municipal water pumping plants and sanitation facilities.

Cross-Over Rate: Procurement rate authorized in D.02-08-065 that is comprised of: (1) the higher of the weighted average estimated cost of gas (WACOG) for the current month, derived in the manner set forth in D.98-07-068, plus any adjustments for over- or under-collection balance in the Core Purchased Gas Account (CPGA) as defined and approved in D.98-07-068, or the Adjusted Border Price; (2) authorized franchise fees and uncollectible expenses; and (3) authorized core brokerage fee. The Border Price is equal to the average of the first of the month "Southern Cal Border Avg." index from Natural Gas Intelligence and the "Southern California Gas Co., California" index from Inside FERC. The Adjusted Border Price is equal to the Border Price, plus access charges as described in D.06-12-031.

Cubic Foot of Gas: The quantity of gas that, at a temperature of sixty (60) degrees Fahrenheit and a pressure of 14.73 pounds per square inch absolute, occupies one cubic foot.

Curtailment: Utility initiated suspension of natural gas service. Utility may temporarily reduce the quantity of gas it will transport or deliver or may terminate service entirely for certain service categories as needed for operational requirements.

Customer: Person or entity in whose name service is rendered as evidenced by the signature on the application, contract, or agreement for that service, or in the absence of a signed instrument, by the receipt and payment of bills regularly issued in their name.

Customer-Owned Gas: Natural gas transported by the Utility for customer's own use where title to such natural gas is held by the Utility customer or third party and is not a part of the Utility-owned system supplies.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5064
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Dan Skopec
Vice President
Regulatory Affairs

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DATE FILED Dec 1, 2016
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Rule No. 01
DEFINITIONS

Sheet 5

(Continued)

Daily Forecast Quantity: A forecast of core customer Measurement Day (midnight to midnight Pacific Standard Time) daily usage as provided by the Utility's Demand Forecasting Group (in the Regulatory Affairs department) using a consistent daily load forecast equation. Weather forecasts input into the equation will be from an independent third party and the most current available as of 7:00 a.m. of flow day. The Utility's Demand Forecasting Group will also prepare an initial forecast of core customer daily usage based on the most current weather inputs available as of 5:00 a.m. of flow day, but this initial forecast will not be the Daily Forecast Quantity.

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Day: Period commencing at 12:00 midnight (Pacific time) on any calendar day and ending at 12:00 midnight (Pacific time) on the next succeeding calendar day.

DCQ: See Contract Quantity, Daily.

Decatherm: Ten therms or 1,000,000 British thermal units (MMBtu).

Direct Access (DA): Any end-use Utility customer electing to procure its natural gas, and any other CPUC-authorized energy services, directly from core transport agent (CTA).

Direct Access Service Request (DASR): Request for enrollment, termination, or other change under the Core Aggregation Transportation (CAT) program. The DASR transaction outlined in Rule No. 32 was implemented pursuant to CPUC D.98-02-108.

Dispatchable Electric Generation: Electric Generation customers who operate in response to dispatch orders from Electric Grid Operators.

Displacement Receipt Point Capacity: Utility pipeline system improvements which increase the take-away capacity from a receipt point but do not increase the overall downstream capacity of the Utility's backbone transmission system. The addition of Displacement Receipt Point Capacity increases the ability of the Utility to receive gas from a particular receipt point or zone in competition with other gas supplies delivered into the system.

Electric Generation: Use of natural gas to generate electricity, either directly or indirectly, including natural gas used for cogeneration or solar electric generation projects.

Electric Generation Startup and Igniter Fuel: Electric generation natural gas use where no alternate fuel capability exists for: (1) heating the boiler system adequately during start-up to enable efficient oil burning to meet pollution standards; and (2) insuring continuous-ignition and flame-stabilization within the boiler.

Electric Grid Operators: California Independent System Operator (CAISO), Los Angeles Department of Water and Power (LADWP), Glendale Water and Power (GWP), Burbank Water and Power (BWP), and Imperial Irrigation District (IID).

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5064
DECISION NO.

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

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SUBMITTED Dec 1, 2016
EFFECTIVE Dec 1, 2016
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Rule No. 01
DEFINITIONS

Sheet 6

(Continued)

Electronic Billing: An option that customers can elect whereby the Utility provides billing information to the customer by means of a computer network such as the Internet or in a form to be used by a computer or similar electronic device to destinations mutually agreed upon between Utility and the customer, such as the Utility's web page, or a home banking, bill aggregator or financial institution website.

Electronic Bulletin Board (EBB): Southern California Gas' Internet based electronic gas transactions and information management computer system. Current trademarked name is SoCalGas' Envoy.

Electronic Bulletin Board (EBB) User: The customer's employee, agent or contractor who has been authorized to access the Utility's EBB on Form 6800 and is authorized to perform transactions and obtain information on behalf of the customer.

Electronic Data Interchange (EDI): The sending and receiving of data and/or funds in a structured electronic format, commonly involving information technology and telecommunications technology.

Enhanced Oil Recovery (EOR): Operation which includes the use of natural gas to pressure, cycle, or inject a substance into a well for the purpose of increasing oil production from that well, specifically including natural gas used for cogeneration to promote these operations.

Enterprise: Business corporation, partnership, or sole ownership established for the purpose of engaging in a single business or commerce.

Equivalent Margin: Margin embedded in the Commission's rate design. Margin is the amount of revenue the Commission allows a utility to recover over a one-year period without consideration of fuel costs, Gas Exploration and Development Adjustments and Conservation Cost Adjustments.

Exchange Gas: Natural gas which is produced by a customer and redelivered under a natural gas exchange agreement by Utility to that same customer at a different location.

Expansion Receipt Point Capacity: Utility pipeline system improvements which increase the take-away capacity from a receipt point and the overall downstream capacity of the Utility's backbone transmission system.

Facility: Individual meter with the exception of meters combined for the Utility's operating convenience in accordance with Rule No. 14. Customers who have had more than one meter installed for their own convenience at their own request shall be treated as a separate facility with respect to each meter.

Feedstock Usage: Natural gas used as raw material for its chemical properties in creating an end product.

Force Majeure: Unanticipated events or conditions beyond the reasonable control of the party claiming Force Majeure which could not have been prevented by the exercise of due diligence. Force Majeure as it applies to the Tariff Rate Schedules specifically does not include required maintenance of customer's facilities, plant closures, economic conditions or variations in agricultural crop production.

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Regulatory Affairs

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RESOLUTION NO. _____

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Rule No. 01
DEFINITIONS

Sheet 7

(Continued)

Franchise Fees: Financial obligation collected from the customers by the Utility and remitted in whole to a city or a county government for the Utility's nonexclusive right to install and maintain equipment on that government's highway and street property, or public rights of way.

Full Requirements Service: Full requirements service is an option for core subscription customers and firm intrastate transportation customers. Full requirements customers choose to have all of their fossil fuel requirements satisfied by natural gas. Full requirements customers may choose to procure their supplies from the Utility; transport their own supplies; or any combination of the two. Such customers are not subject to use-or-pay charges except to the extent that unauthorized alternate fuel use or bypass occurs. Full requirements customers are prohibited from using alternate fuels or bypass pipeline service except: (1) in the event of curtailment, (2) to test alternate fuel systems, (3) where the Utility has provided prior written authorization for the use of alternate fuels or bypass, (4) if using gas that is produced and consumed within the service territory of a wholesale customer, or (5) if using digester/landfill gas. Any fuel produced on-site by the customer can be used by the producer without penalty.

Gas Engine Water Pumping: Natural gas engine used for water pumping in agricultural or agricultural-related operations for the growing of crops or the raising of fowl or animals within SoCalGas' service territory. In addition, any natural gas engine used for municipal water pumping for countercyclical or agricultural use.

Gas Service Provider (GSP): Supplier of natural gas to core or noncore customers including, but not limited to Core Transport Agent (CTA or Aggregator), Contracted Marketer, Agent or its equivalent title for SoCalGas, Pacific Gas & Electric Company, or San Diego Gas & Electric Company.

Gas Service Provider No Longer Offering Gas Service In California: GSP will be considered no longer offering gas service in California if the GSP does not provide natural gas to any customer facility on the system of SoCalGas, Pacific Gas & Electric Company or San Diego Gas & Electric Company, excluding those customers that serve as their own GSP.

Gas Supply: Supply of gas procured by Utility on behalf of its procurement customers and to meet its operational needs.

Heating Value: Number of Btus liberated by the complete combustion at constant pressure of one cubic foot of natural gas at a base temperature of sixty degrees Fahrenheit (60°F) and a pressure base of fourteen and seventy-three hundredths (14.73) psia, with air at the same temperature and pressure as the natural gas, after the products of combustion are cooled to the initial temperature of the natural gas, and after the water vapor of the combustion is condensed to the liquid state. The Heating Value of the natural gas shall be corrected for the water vapor content of the natural gas being delivered except that, if such content is seven (7) pounds or less per one million (1,000,000) cubic feet, the natural gas shall be considered to be dry.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5064
DECISION NO.

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Vice President
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Rule No. 01
DEFINITIONS

Sheet 8

(Continued)

Housing Project: Building or group of buildings located on a single premises and containing more than one family dwelling unit.

Hub: Also California Energy Hub, refers to SoCalGas' area natural gas hub. Encompasses the various delivery points in California or at the California border at which some portion of a Hub Transaction may be effectuated by utilizing SoCalGas' facilities or some interconnection therewith.

Hub Delivery Point: Point on the Hub where SoCalGas shall deliver natural gas to any service user or for service user's account. Hub Transaction may require more than one delivery point.

Hub Displacement Delivery: Delivery or redelivery to a service user on an interruptible basis of natural gas received by SoCalGas pursuant to a "Wheeling Transaction" or a "Parking Transaction", when such redelivery occurs at a delivery point where either party has access to an interstate pipeline, but not a delivery point located on or interconnected with the pipeline facilities of SoCalGas as the ultimate delivery point. Displacement delivery is made in the direction contrary to the physical flow of gas in a pipeline facility.

Hub Receipt Point: Point on or off the Hub where SoCalGas shall receive natural gas from service user or for a service user's account in connection with a Hub Transaction. Hub Transaction may require more than one receipt point.

Hub Transaction: Either an interruptible Parking or Loaning-storage type transaction or a Wheeling transmission type transaction or other transactions approved and implemented from time to time.

Individually Metered Service: Service whereby each single family dwelling unit, each dwelling unit within a multi-family structure, or nonresidential occupancy, is separately metered and billed by the utility.

Industrial Use: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product.

Interruptible Storage Service: Injection or withdrawal storage service which is provided at times when firm storage capacity is not fully utilized.

Late Payment Charge: Charge that is added to offset the expenses created by late customer payments.

(Continued)

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

7. Timing (Continued)

Intraday 1 Cycle

Nominations submitted via EBB for the Intraday 1 Nomination cycle must be received by the Utility by 8:00 a.m. on the flow date. Nominations submitted via fax must be received by the Utility by 7:00 a.m. on the flow date. Intraday 1 nominations will be effective at 12:00 p.m. the same day.

Intraday 2 Cycle

Nominations submitted via EBB for the Intraday 2 Nomination cycle must be received by the Utility by 12:30 p.m. on the flow date. Nominations submitted via fax must be received by the Utility by 11:30 a.m. on the flow date. Intraday 2 nominations will be effective at 4:00 p.m. the same day.

Intraday 3 Cycle

Nominations submitted via EBB for Intraday 3 Nomination cycle must be received by the Utility by 5:00 p.m. on the flow date. Nominations submitted via fax must be received by the Utility by 4:00 p.m. on the flow date. Intraday 3 nominations will be effective at 8:00 p.m. the same day.

Intraday 4 Cycle

Nominations submitted via EBB for the Intraday 4 Nomination cycle must be received by the Utility by 9:00 p.m. Pacific Clock Time on the flow date. Nominations submitted via fax must be received by the Utility by 8:00 p.m. Pacific Clock Time on the flow date.

*Temporary provisions regarding the trading of scheduled quantities and daily imbalances are provided in Section N.**

Intraday 4 nominations are available only for firm nominations relating to the injection of existing flowing supplies into a storage account or for firm nominations relating to the withdrawal of gas in storage to meet an identified customer's usage. A customer may make Intraday 4 nominations from a third-party storage provider that is directly connected to the Utility's system or from the Utility's storage, subject to the storage provider or the Utility being able to deliver or accept the daily quantity nominated for Intraday 4 within the remaining hours of the flow day and the Utility's having the ability to deliver or accept the required hourly equivalent flow rate during the remaining hours of the flow day. Third-party storage providers will be treated on a comparable basis with the Utility's storage facilities to the extent that it can provide the equivalent service and operations.

(Continued)

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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 8:00 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.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5064
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Rule No. 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

N. OFO Trading* (Continued)

2. Trading Daily Imbalances*

- a. *California Producer cash-outs on OFO days will be delayed until 9:00 p.m. Pacific Clock Time one business day following the Gas Day pending submittal of the imbalance trade. If the imbalance is not traded, it will be cashed out.*
- b. *California Producers may arrange to trade daily OFO imbalances with other California Producers. The trades are to be arranged outside of the EBB and communicated to the Utility via a trade form after Cycle 6 has been processed.*
- c. *Trades will only be available for OFO days.*
- d. *Trades must be submitted to the Utility's scheduling department via email or fax by 9 PM Pacific Clock Time one business day following the Gas Day for which the OFO was declared.*
- e. *The Utility may file an expedited Tier 2 Advice Letter to suspend this tariff provision if curtailments are more severe or more frequent due to the offering of this service. Protests and responses to any such Advice Letter would be due within 5 business days, and the Utility's reply would be due within 2 business days from the end of the protest period.*

O. 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 December 1, 2016 CPUC decision 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 MMcf of injection capacity and 1,395 MMcf of withdrawal capacity, or (3) March 31, 2017.

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(TO BE INSERTED BY UTILITY)

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RESOLUTION NO. _____

Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 3

(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 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)

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Dan Skopec
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Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 10

(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 December 1, 2016 CPUC decision 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) March 31, 2017.

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SUMMER BASELOAD PROVISION

29. Should the Operational Hub deem it necessary or advisable to enter into baseload contracts for Southern System support at one or more of the Southern System receipt points, the Operational Hub shall be deemed to have made reasonable baseload purchases if: (1) the total cumulative baseload volumes at any time are less than or equal to 200,000 Dth/day; (2) the price is less than or equal to NGI's Bidweek average for "Southern Cal. Bdr. Avg." plus 8.2 cents/Dth for the relevant baseload month(s); and (3) the term is for the August - September period, or any subset of that period. The Operational Hub shall be deemed to have made reasonable sales of such baseload gas if: (1) for baseload sales, the sale price is greater than or equal to 90% of NGI's Bidweek average for "SoCal Citygate" for the relevant baseload month(s); and (2) for spot sales, the sale price is greater than or equal to 90% of the ICE Wtd Avg Index for the relevant trading point and trading period. This provision shall expire on September 30, 2016, unless extended by the Commission.

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