

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 15, 2018

Advice Letter 5297-G

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

SUBJECT: Modification of High Operational Flow Order (OFO) Tariff Rules Pursuant to D.16-06-039 and D.16-12-015.

Dear Mr. van der Leeden:

Advice Letter 5297-G is effective as of June 1, 2018.

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
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RvanderLeeden@semprautilities.com

May 22, 2018

Advice No. 5297
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Modification of High Operational Flow Order (OFO) Tariff Rules
Pursuant to Decision (D.) 16-06-039 and D.16-12-015**

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

Purpose

D.16-06-039¹ approved modifications to SoCalGas' high operational flow order (OFO) procedures, which are described in its tariff Rules No. 30 and 41 and Rate Schedule No. G-IMB. Subsequently, Ordering Paragraph (OP) 2 of D.16-12-015 directed SoCalGas to implement the high OFO procedures approved in D.16-06-039 on the later of: (1) December 1, 2016, or (2) the first calendar day of the month that follows the month in which the Aliso Canyon Turbine Replacement (ACTR) Project is placed into service and used for injection purposes.²

On May 18, 2018, SoCalGas posted a critical notice to its Electronic Bulletin Board, SoCalGas ENVOY® (Envoy), stating that the ACTR project had been completed. The posting also stated that injection capacity from the ACTR project would be made available starting gas day May 22, 2018.

Since ACTR is now in service and has been used for injection purposes, SoCalGas submits this Advice Letter (AL) to modify its tariffs and revise its high OFO procedures, in accordance with the aforementioned decisions.

¹ As modified by D.16-12-016.

² The ACTR project was approved by the Commission by D.13-11-023.

Background

OP 1 of D.16-06-039 adopted a Settlement Agreement in SoCalGas' Triennial Cost Allocation Proceeding (A.14-12-017).³ The following OPs in D.16-06-039 addressed modifications to SoCalGas' high OFO procedures:

20. Southern California Gas Company is authorized to implement a new high Operational Flow Order mechanism as set forth in Table 4 in this decision.

21. Prior to implementing a new high Operational Flow Order (OFO), Southern California Gas Company shall demonstrate that it has developed a day-ahead forecasting methodology consistent with the standards approved through Advice Letter 4822, Modification of Tariffs Necessary to Implement Low Operational Flow (OFO) and Emergency Flow Order (EFO) Requirements and Description of Forecasting Model in Compliance with Decision 15-06-004.

22. Southern California Gas Company and San Diego Gas & Electric Company shall make the forecasting methodology associated with the high Operational Flow Order mechanism publically available by posting on Envoy and any changes to the methodology will be posted at least 15 days before becoming effective.

23. Southern California Gas Company and San Diego Gas & Electric Company may not implement the new high Operational Flow Order Trigger mechanism until the Aliso Canyon Turbine Replacement Project expansion of injection capacity is in operation.⁴

Subsequent to this decision, the Commission, in D.16-12-015, adopted a settlement agreement in a separate proceeding on curtailment procedures (A.15-06-020), which clarified that the revised high OFO procedures would be implemented on the later of: (1) December 1, 2016, or (2) the first calendar day of the month that follows the month in which ACTR is placed into service and used for injection purposes.

On December 15, 2016, SoCalGas submitted AL 4997-A to present the revised tariffs necessary to modify the high OFO procedures. The tariff modifications were presented in redline form at the time because the ACTR project was not yet in service and used for injection purposes, and thus SoCalGas was not yet proposing to modify its tariffs. SoCalGas clarified at the time that it would file a Tier 1 AL to

³ A Joint Motion to adopt the Settlement Agreement was filed on August 31, 2015 by SoCalGas, San Diego Gas & Electric Company (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).

⁴ As modified by D.16-12-016 at p. 9 (OP 3).

implement the proposed tariff modifications when the high OFO procedures were ready to be modified.

Tariff Revisions

The following is a summary of the tariff revisions necessary to modify the high OFO procedures, which are included in Attachment A. With the exception of minor, non-substantive additional modifications to the tariffs as explained below, the revisions included in Attachment A are those that were included in AL 4997-A.

- **Schedule No. G-IMB**

Schedule No. G-IMB addresses transportation imbalance service. Special Condition 11 on Sheet 6 is removed because high OFOs will be subject to daily imbalance penalties outlined in Rule No. 30 rather than buy-back service. Subsequent Special Conditions are renumbered. In addition, while not shown in AL 4997-A, the Daily Balancing Standby Rate is clarified such that the charge is not applicable to high OFOs.

- **Rule No. 30**

Rule No. 30 addresses Transportation of Customer-Owned Gas. The current high OFO structure outlined in Section F (Nominations in Excess of System Capacity – High Operational Flow Order) is largely removed. Section G is renamed “Operational Flow Orders and Emergency Flow Orders,” and will now encompass both the low and high OFO procedures. All references to “low” OFOs are removed so that the section refers more broadly to just “OFOs,” which will now mean either low or high. The table in Section G.1.a is updated so that the daily imbalance tolerances for the various stages are up to plus or minus (+/-) the noted percentage. Section G.1.f is modified to delete the following sentence: “This exemption applies only to Low OFO noncompliance charges.” In addition, while not shown in AL 4997-A, an additional modification was made to Section G.1.e.vi to clarify that OFO and EFO compliance for a California Producer with an existing [non-California Producer Operational Balancing Agreement, Form 6452](#) access agreement will be treated consistent with the terms of that access agreement.

- **Rule No. 41**

Rule No. 41 addresses Utility System Operation, and specifically SoCalGas’ operational organization, procedures, and reporting requirements. Section 4 on Sheet 1 is removed, because the conditions for calling a high OFO are now addressed in what is currently Section 5, and is now Section 4. New Section 4 is modified to remove references to “low” OFOs in the first two paragraphs, so that those paragraphs simply refer to OFOs that could be high or low.

References to storage injection are added where there are currently references to storage withdrawal. New Section 4 is also modified to clarify that the storage injection capacity allocated to the balancing function shall be the lesser of 345 MMcf/day or the full amount of available storage injection capacity of the Utilities system. For the same reasons as in new Section 4, references to “low” OFOs are removed in new Section 5, in favor of simply referencing “OFOs.” References throughout Rule No. 41 to other Section numbers are modified due the removal of Section 4. In addition, in AL 4997-A, the following two sentences were inadvertently shown as being deleted. These sentences are maintained in Section 3.

The Gas Control Department is responsible for calculating forecasted sendout and physical storage injection capacity. For every nomination cycle, the Gas Scheduling Department shall calculate the system capacity as the sum of forecasted sendout, physical storage injection capacity, and off-system scheduled quantities.

Protest

Anyone may protest this AL to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date of this AL, which is June 11, 2018. 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: Ray B. Ortiz
Tariff Manager - 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 should be classified as Tier 1 (effective pending disposition) pursuant to General Order (GO) 96-B. This filing is in compliance with D.16-06-039 and D.16-12-015. Therefore, SoCalGas respectfully requests the tariff sheets filed herein be effective for service on and after June 1, 2018.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list in A.14-12-017 and A.15-06-020. Address change requests to the GO 96-B service list should be directed by electronic mail to tariffs@socalgas.com or call 213-244-2837. 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) #: 5297

Subject of AL: Modification of High Operational Flow Order (OFO) Tariff Rules Pursuant to Decision (D.) 16-06-039 and D.16-12-015

Keywords (choose from CPUC listing): Compliance

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 and D.16-12-015

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No.: N/A

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: 6/1/18

No. of tariff sheets: 21

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: Schedule No. G-IMB, Rule No. 30, Rule No. 41, and TOCs.

Service affected and changes proposed¹: See Advice Letter

Pending advice letters that revise the same tariff sheets: None

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

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

Southern California Gas Company
Attention: 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. 5297

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 55071-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 3	Revised 54927-G
Revised 55072-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 6	Revised 54511-G
Revised 55073-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 7	Revised 53790-G
Revised 55074-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 11	Revised 53352-G
Revised 55075-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 12	Revised 52673-G
Revised 55076-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 13	Revised 53528-G
Revised 55077-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 14	Revised 52901-G
Revised 55078-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 15	Revised 52902-G
Revised 55079-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 1	Revised 51670-G
Revised 55080-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 2	Revised 53531-G
Revised 55081-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 3	Revised 51671-G
Revised 55082-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 4	Revised 54243-G
Revised 55083-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 5	Revised 54244-G
Revised 55084-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 6	Revised 54245-G
Revised 55085-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 7	Revised 54246-G
Revised 55086-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 8	Revised 54247-G
Revised 55087-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 9	Revised 53966-G
Revised 55088-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 10	Revised 54513-G
Revised 55089-G	TABLE OF CONTENTS	Revised 53968-G
Revised 55090-G	TABLE OF CONTENTS	Revised 55069-G
Revised 55091-G	TABLE OF CONTENTS	Revised 54847-G
		Revised 55070-G

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

February 2018	17.655¢
March 2018	14.471¢
April 2018	11.121¢

Wholesale Service:

BR-W Buy-Back Rate, per therm

February 2018	17.603¢
March 2018	14.428¢
April 2018	11.088¢

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. When a curtailment is declared, quantities determined by the Utility to be in violation of curtailment are charged (not purchased) at the daily balancing standby rate. There will be no commodity transfer to the curtailed customer in return for receiving this charge. The daily balancing standby rate is not applicable to High OFOs.

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5297
 DECISION NO. 16-06-039, 16-12-015

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 22, 2018
 EFFECTIVE Jun 1, 2018
 RESOLUTION NO. _____

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

- 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.

- 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. 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.

- 12. 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. 5297
 DECISION NO. 16-06-039, 16-12-015

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 22, 2018
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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 7

(Continued)

SPECIAL CONDITIONS (Continued)

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

(Continued)

E. Interruption of Service

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

F. Nominations in Excess of System Capacity

1. In the event customers fail to adequately reduce their transportation nominations, the Utility shall reduce the confirmed receipt point access nominations as defined in Section D.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5297
DECISION NO. 16-06-039, 16-12-015

ISSUED BY
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Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED May 22, 2018
EFFECTIVE Jun 1, 2018
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Rule No. 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Operational Flow Orders and Emergency Flow Orders

1. Operational Flow Order (OFO)

- a. The Utility System Operator’s protocol for declaring an Operational Flow Order (OFO) is described in Rule No. 41. All OFO declarations will be identified by stage that will specify a Daily Imbalance Tolerance and Noncompliance Charge per the table below. The daily balancing standby rate is not applicable to High OFOs.

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

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

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5297
 DECISION NO. 16-06-039, 16-12-015

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

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

1. Operational Flow Order (OFO) (Continued)

- f. If a Balancing Agent's OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by 10,000 therms or less, the 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.
- g. The daily measurement quantity used to calculate the Noncompliance Charge for each OFO event will be the daily quantity recorded as of the month-end close of the applicable month.
- 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.**
- 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.**

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.

(Continued)

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

(Continued)

G. 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 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.

(Continued)

(TO BE INSERTED BY UTILITY)
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Dan Skopec
Vice President
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(TO BE INSERTED BY CAL. PUC)
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Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 1

The Utility’s operational organization, procedures, and reporting requirements are described herein.

STRUCTURE, PROCEDURES, AND PROTOCOLS

1. The mission of the Utility System Operator is to maintain system reliability and integrity while minimizing costs at all times.
2. The term “Utility System Operator” as defined in Rule No.1 denotes all of the applicable departments within Southern California Gas Company and San Diego Gas & Electric Company responsible for the physical and commercial operation of the pipeline and storage systems specifically excluding the Utility Gas Procurement Department.

The activities involved in meeting any physical flowing gas supply requirements as determined by the Gas Control Department are conducted by the Operational Hub.

3. The Gas Control Department is the sole authority for: operating the pipeline and storage system, developing the system sendout (i.e., demand) forecasts to be used for purposes of determining on a daily basis Southern System minimum flow requirements, and for issuing Operational Flow Orders (“OFOs”). The Gas Control Department is responsible for calculating forecasted sendout and physical storage injection capacity. For every nomination cycle, the Gas Scheduling Department shall calculate the system capacity as the sum of forecasted sendout, physical storage injection capacity, and off-system scheduled quantities.

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Dan Skopec
 Vice President
 Regulatory Affairs

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

Sheet 2

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(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

4. SoCalGas will issue an OFO if, on a day prior to this Gas Day, in the sole judgment of Gas Control, the system forecast of storage withdrawal or injection used for balancing exceeds the withdrawal or injection capacity allocated to the balancing function. When an 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 an OFO for a Gas Day if the system forecast for the following gas day indicates the use of storage withdrawal or injection used for system balancing will return to reasonable levels without the assistance of an OFO.

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

The storage injection capacity allocated to the balancing function shall be the lesser of 345 MMcf/day or the full amount of available storage injection capacity of the Utility's system.

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The criteria for determining 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.**

5. Should SoCalGas' implementation of an 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).

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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 an OFO but SoCalGas may invoke an EFO without previously invoking an 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.

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(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5297
DECISION NO. 16-06-039, 16-12-015

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

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

Sheet 3

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

6. The minimum flowing supply for the Southern System is a function of the forecasted gas demand for the Southern System, including SDG&E demand, less the capability to provide additional supplies to the Southern System from the Northern System or storage, and other factors, such as but not limited to: the state of the Southern System, demand and supply available on the remainder of the Utility system, and expectations of changing demand patterns. The Gas Control Department estimates the level of demand and the capability to transport supply from the Northern System or storage each day. The Utility System Operator will use all of its available transmission facilities to move gas from the Northern System to the Southern System.

7. The Operational Hub will use the tools authorized by the Commission to support the Southern System minimum flow requirement, including the purchase/sale of spot gas supplies, and the issuance of "Requests For Offers" (RFOs) for proposals to enable the Utility to manage its minimum flow requirements to the Southern System delivery points (in accordance with Sections 10 and 11 below), and the movement of supplies between the El Paso S. Mainline / N. Baja Blythe and Otay Mesa Southern System delivery points. All purchases and sales of spot gas to support the minimum flow requirement will be made subject to Sections 14 and 15 below, and the movement of supplies between the El Paso S. Mainline / N. Baja Blythe and Otay Mesa Southern System delivery points will be made subject to Section 16 below. The initial daily quantity of needed supplies will be determined by the Gas Control Department based on the following formula:

Minimum Flowing Supply Requirement minus

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

Additional Supplies Needed by the Gas Control Department

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

8. Whenever the Gas Control Department determines that additional supplies are needed for the Southern System, the Gas Control Department will promptly contact the Operational Hub for assistance. The Operational Hub will attempt to acquire needed supplies in accordance with Sections 10 through 20 below.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5297
 DECISION NO. 16-06-039, 16-12-015

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Rule No. 41

Sheet 4

UTILITY SYSTEM OPERATION

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

9. The Gas Control Department shall be physically separated from those departments engaging in marketing/sales activities, shall have no knowledge of or involvement in any marketing/sales activities, and shall be strictly concerned with the operation, safety, and integrity of the pipeline and storage system. The Operational Hub shall have no access to non-public customer-specific information other than the information it obtains through its own contracts, negotiations, and discussions with customers. The Gas Control Department may communicate with the Operational Hub to discuss changes to the Southern System minimum flow requirements, circumstances that might require the Operational Hub to obtain supplies, and options to ensure minimum flowing supplies requirements are met. Discussions may also take place with regard to short-term operational needs for flowing supplies to support system reliability elsewhere on the system that may arise to support operations and maintenance (O&M) activities, related pipeline integrity work, or to address a force majeure event such as a line breakage or failure.

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES

10. The Utility shall issue an RFO at least annually for proposals enabling the Utility to manage its minimum flow requirements to the Southern System delivery points for system reliability. The Utility, at its sole discretion, may enter into transactions with one or more RFO respondents to provide the best value to the Utility's customers based upon the Utility's evaluation criteria. The RFO shall not be a binding offer by the Utility to enter into a contract for any product(s) or service(s). The Utility shall reserve the right to reject any or all offers submitted in response to the RFO.

11. Any contract with an RFO respondent will be conditioned on the Utility obtaining the prior approval of the California Public Utilities Commission (CPUC) acceptable to the Utility. Respondent offers will be considered non-binding until a definitive agreement is reached between the respondent and the Utility, and the CPUC issues an order approving the definitive agreement memorializing the terms and conditions of the transaction between the respondent and the Utility.

12. Except for transactions related to the Utility Gas Procurement Department's role as "provider of last resort" (addressed below in Section 13), any gas commodity purchases and sales between the Operational Hub and the Utility Gas Procurement Department or an affiliate of Sempra Energy will occur through an Independent Party, where the counterparties are not known until after the transaction is completed. "Independent Party" refers to gas trading exchanges such as the Natural Gas Intelligence (NGI), gas brokers who have been instructed to provide no preference to Sempra affiliates or to the Utility Gas Procurement Department, or open auctions available to all qualified parties conducted by the Operational Hub, in which gas purchases or sales are made with counterparties that are not known until after the transaction is completed.

(Continued)

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Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 5

(Continued)

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES (Continued)

13. The Utility Gas Procurement Department will act on a best-efforts basis to provide gas supplies based on the Operational Hub's request if called upon as a provider of last resort. "Provider of last resort" relates to the circumstance in which the Operational Hub has attempted to use all other available tools, has entered the open market for gas commodity purchases, has been unsuccessful in meeting its need to receive a required volume of flowing supplies at a specific location, and system reliability is therefore jeopardized. If the Operational Hub has exhausted its other options available to acquire the required flowing supplies, it will contact the Utility Gas Procurement Department and request that it provide gas to meet the remaining minimum flow requirement. Such requests will occur as soon as possible during the actual flow day. The Utility Gas Procurement Department will charge the Operational Hub the actual incremental costs incurred to provide the specific supplies. Verification that the Utility has followed this procedure will be included in the annual compliance report provided to the CPUC in conjunction with the Advice Letter addressed in Section 26 below.
14. Standards and criteria for spot purchases or sales of gas commodity for which standards and criteria are not specified in CPUC-approved contracts shall be as follows:
- a. Should it be necessary for the Operational Hub to purchase or sell spot supplies of gas in the day-ahead market, the Operational Hub shall be deemed to have made reasonable (1) spot purchases if the purchase price is less than or equal to 110% of the Natural Gas Intelligence (NGI) Avg Index for the flow date for the relevant trading point and (2) spot sales if the sale price is greater than or equal to 90% of the NGI Avg Index for the flow date for the relevant trading point.
 - b. Should it be necessary for the Operational Hub to purchase or sell spot supplies of gas in the intraday market, the Operational Hub shall be deemed to have made reasonable (1) spot purchases if the purchase price is less than or equal to 110% of the NGI High for the current flow date for the relevant trading point and (2) spot sales if the sale price is greater than or equal to 90% of the NGI Low for the current flow date for the relevant trading point.

(Continued)

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Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 6

(Continued)

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES (Continued)

15. Purchases or sales at prices that are outside the ranges specified in Section 14 (a) and (b) above shall nevertheless be deemed reasonable if the Operational Hub abides by the following procedure: When the Gas Control Department determines that spot purchases are necessary to meet minimum flow requirements, the Operational Hub shall monitor ICE and record the relevant price information, if available, for deliveries of gas at all relevant trading points. If volumes available on ICE meet or exceed the minimum flow requirements, transactions for the volumes offered through ICE shall be deemed reasonable. The Operational Hub may also post an offer/bid on ICE for volumes. When less than the required volumes are available on ICE, the Operational Hub shall contact gas suppliers (other than the Utility Gas Procurement Department or affiliates), request offers for the necessary supplies, and record their offers for gas delivered to the relevant trading points to ensure at least three offers from three different suppliers are available for comparison. The Operational Hub shall compare prices posted on ICE and, if applicable, prices quoted by its supplier contacts, and select the best prices available to meet the quantities required to meet minimum flow requirements. Verification that the Operational Hub has followed this procedure shall be provided to the CPUC in the Annual Compliance Report described in Section 26 below.
16. When the Gas Control Department determines that deliveries at Otay Mesa are necessary to meet minimum flow requirements, such requirements may be satisfied either through spot purchases at Otay Mesa or through the movement of supplies from El Paso S. Mainline / N. Baja Blythe to Otay Mesa. Standards and criteria for spot purchases are set forth above. Should it be necessary for the Operational Hub to move supplies from El Paso S. Mainline / N. Baja Blythe to Otay Mesa, the movement shall be deemed to be reasonable if (1) the cost of moving the supplies is less than or equal to the difference between the NGI Avg Index for the El Paso S. Mainline / N. Baja Blythe and the cost of spot gas available for purchase at Otay Mesa for the relevant flow date, or (2) if sufficient spot supplies are not available for purchase at Otay Mesa for the relevant flow date, and the movement fills some or all of the shortfall between supplies needed at Otay Mesa and supplies available for purchase at Otay Mesa.
17. Purchases and sales other than those described in Sections 15 and 16 above will not be deemed unreasonable but shall be subject to review and any requests for explanation by the CPUC Energy Division in conjunction with the Annual Compliance Report described in Section 26 below.
18. Standards, criteria and procedures set forth in Sections 14, 15, 16, and 17 apply to Operational Hub's purchases and sales as of April 1, 2009.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5297
 DECISION NO. 16-06-039, 16-12-015

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Dan Skopec
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Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 7

(Continued)

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES (Continued)

19. Should the Operational Hub deem it necessary or advisable to enter into baseload contracts for Southern System support at one or more of the Southern System receipt points, the Operational Hub shall be deemed to have made reasonable baseload purchases if: (1) the total cumulative baseload volumes at any time are less than or equal to 255,000 Dth/day in the months of December through March and 200,000 Dth/day in the months of July through September; (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); (3) the term is for the December-March or the July-September periods, or any subset of those periods; and (4) the baseload contracts can only be made for one season at a time and only within the nine month period directly preceding that season. 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 NGI Avg Index for the relevant trading point and trading period. This provision shall expire on March 31, 2019, unless extended by the Commission. SoCalGas may seek extension or modification of this provision by standard advice filing or application.
20. The Utility shall seek CPUC authority for any additional tools (other than system modifications that can be completed without an application under current rules) necessary to meet the Southern System minimum flow requirement through an application. Any contracts that are not obtained through an RFO process relating to already-approved tools (i.e., gas purchases, gas exchanges) will be submitted to the CPUC for approval by Advice Letter. Advice Letters seeking approval of the Operational Hub contractual arrangements shall identify the order in which contracts will be implemented to ensure system reliability and integrity at least cost.

ACCOUNTING TREATMENT

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

(Continued)

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 Vice President
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Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 8

(Continued)

UTILITY CUSTOMER FORUM

22. The Utility shall hold an annual Utility Customer Forum (the "Forum"), which shall be held around April - May. The Forum will provide an opportunity for the Utility to provide information on, and to address, the following matters with interested parties:
- i. Review of the timing, method, formulas, and all inputs to formulas by which OFO events are triggered;
 - ii. Review of requests for the Operational Hub to acquire additional supplies to meet minimum flow requirements;
 - iii. Review of Operational Hub purchases/actions to meet minimum flow requirements and plans for the coming year by providing information regarding the individual transactions, including transactions executed pursuant to the Operational Hub contractual arrangements. Transaction-specific information shall identify price, volume, date, delivery/receipt points, and any special terms;
 - iv. Review the need for any additional minimum flow requirements on the Utility system beyond then-current defined requirements;
 - v. Review potential additional tools to support system operations and potential system improvements to reduce or eliminate the need for any minimum flowing supply requirements.
 - vi. Review of the priority rules set forth in Rule No. 30, Section D.3. in the 2012 Forum only.
23. To facilitate an informed discussion of the issues identified in Section 21 above, the Utility shall prepare an annual report (Report) of system reliability issues. The Report shall: (a) identify the need for new minimum flow requirements, (b) identify potential tools and/or infrastructure improvements that can be used to mitigate new or existing reliability problems (e.g. minimum flow requirements and OFOs), and (c) provide information on the matters identified in Section 21 (i) through (v) above.
24. The Utility and participants in each Forum shall collaborate in good faith to develop a post-Forum report. Each post-Forum report shall summarize the matters discussed at the relevant Forum and shall identify any action items, tariff changes and/or procedural modifications that were found to be necessary by parties participating in the Forum. The post-Forum report shall include descriptions of the proposals presented by parties. If a party's proposal is rejected by the Utility, the post-Forum report shall provide the basis for the rejection of the proposal. If any party is dissatisfied with the description of its proposal set forth in the post-Forum report or with the Utility's basis for the rejection of the proposal, the Utility shall include that party's own description of its proposal and comments on the rejection of the proposal in an appendix to the post-Forum Report.

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ADVICE LETTER NO. 5297
DECISION NO. 16-06-039, 16-12-015

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Rule No. 41
UTILITY SYSTEM OPERATION

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(Continued)

CPUC REPORTING REQUIREMENTS

- 25. The Utility shall file each post-Forum report resulting from the Forum with the CPUC by Advice Letter no later than 60 days after conclusion of the relevant Forum. The Utility shall also submit any tariff changes proposed in the Forum and agreed-to by the Utility for the CPUC approval by Advice Letter no later than 60 days after conclusion of each Forum.
- 26. 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 10 through 20 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

- 27. 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 D.16-12-015 and modified by D.17-11-021. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2018.

SPECIAL CONDITION

- 28. The Utility System Operator shall communicate with the California Independent System Operator (CAISO) and other Electric Grid Operators on an as-needed basis to help maintain the reliability of the Utility’s natural gas system and the electric grid. Such communications may result in operational changes by the Utility System Operator and changes in electric grid operations and electric generation dispatch order by CAISO and other grid operators. Such operational communications shall not be considered curtailments of natural gas service unless Utility expressly curtails service pursuant to Rule No. 23. SoCalGas and the Utility System Operator are not responsible for electric grid operations or reliability, but will take electric grid reliability into consideration, to the extent feasible, when making operational decisions.

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Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 10

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(Continued)

SYSTEM OPERATOR GAS ACCOUNT SUPPORT

29. The Utility System Operator's Operational Hub shall support cashout activity described in the California Producer Operational Balancing Agreement (CPOBA) and resolve imbalances derived from pipeline Operational Balancing Agreements (OBA) through the purchase or sale of gas at the SoCal City Gate. The balancing of this activity is described in the Utilities Preliminary Statement.

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Hazardous Substance Cost Recovery Account (HSCRA)	40875-G, 40876-G,40877-G
Gas Cost Rewards and Penalties Account (GCRPA)	40881-G
Pension Balancing Account (PBA)	54544-G,52941-G
Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) ..	54545-G,52943-G
Research Development and Demonstration Surcharge Account (RDDGSA).....	40888-G
Demand Side Management Balancing Account (DSMBA).....	45194-G,41153-G
Direct Assistance Program Balancing Account (DAPBA)	52583-G,52584-G
Integrated Transmission Balancing Account (ITBA)	49313-G

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5297
 DECISION NO. 16-06-039, 16-12-015

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 22, 2018
 EFFECTIVE Jun 1, 2018
 RESOLUTION NO. _____