



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

May 31, 2018

Advice No. 5304
(U 904 G)

Public Utilities Commission of the State of California

Subject: Revision to Rule No. 41 Pursuant to Resolution G-3540

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

Purpose

This filing complies with Ordering Paragraph (OP) 5 of Resolution G-3540, which states:

Southern California Gas Company's request to change Rule 41 is approved and effective, subject to the following conditions:

- a. High OFOs do not increase more than twenty percent (20%) over last year's monthly averages.
- b. In order to allow measurement of whether this change leads to High OFOs that exceed twenty percent (20%), SoCalGas will add the following to its monthly Core Forecasting Report:
 - i. The number of High OFOs from the previous year's monthly report for that month, i.e. May of 2017;
 - ii. The number of High OFOs from the month of the report, i.e. May of 2018;
 - iii. An analysis of the percentage increase of OFOs, if any, between the two months;
 - iv. On any day of the month, if the number of High OFOs in the present month exceeds that of the previous year's month by twenty percent (20%), the Commission must be notified within three days of such occurrence, along with an explanation as to why the High OFOs occurred.
 - v. This addition to the Core Forecasting Report will commence with the report for May of 2018.

- vi. The Director of CPUC Energy Division will terminate these changes to Rule 41 if these reports reflect an unreasonable increase in High OFOs of more than twenty percent (20%) per month.

This change to Rule 41 is approved, as modified by the Commission, and is effective until October 31, 2018 unless further modified by further order of the Commission OR unless modified by direction of the Executive Director.

Within 20 days, SoCalGas shall file a Tier 1 Advice Letter implementing the necessary changes to Rule No. 41.

The tariff revisions included in Attachment A are those necessary to implement Resolution G-3540.

Background

On March 13, 2018, the Executive Director of the CPUC wrote to Bret Lane, Chief Operating Officer of SoCalGas, asking that SoCalGas “immediately begin maximizing storage injections at all storage fields.” The letter instructed SoCalGas to file an expedited Tier 2 Advice Letter “proposing an agreement between the SoCalGas System Operator and the SoCalGas Gas Acquisition Department to support SoCalGas’ storage requirements for system reliability similar to the Injection Enhancement Plan and Injection Enhancement Memorandum process approved by Resolution G-3529 (June 29, 2017).”

The Executive Director further stated that SoCalGas should include the following in its Advice Letter:

An Injection Plan based on rapidly achieving storage withdrawal capacity at the non-Aliso storage fields of 1,320 million cubic feet per day (MMcfd);

Minimum month-end storage targets for the remaining months of 2018 beginning with May 2018;

Forecasted monthly natural gas storage quantities procured by the Gas Acquisition Department solely for the purpose of ensuring system reliability outside of its normal business as usual procurement for core customers; and

An estimated cost for the Gas Acquisition Department to provide these support services.

On March 30, 2018 SoCalGas filed expedited Advice No. (AL) 5275 requesting approval on a Second Injection Enhancement Plan and a Second Injection Enhancement Memorandum between the System Operator and the Gas Acquisition Department for services to maintain summer reliability. AL 5275-A was filed April 20,

2018 with a zero-day Protest Period, to correct several errors, omissions and typos found in AL 5275.

On May 10, 2018, the Commission adopted Resolution G-3540, which approved in part, and denied in part, SoCalGas' Supplemental AL 5275-A requesting approval of a Proposed Second Injection Enhancement Plan and a Second Injection Enhancement Memorandum between the System Operator and Gas Acquisition Department for services to maintain summer reliability pursuant to the March 13, 2018, "Injection Required for SoCalGas Summer Reliability and Storage Inventories" letter from the Commission Executive Director.

On May 22, 2018, SoCalGas filed AL 5297, Modification of High Operational Flow Order (OFO) Tariff Rules Pursuant to Decision (D.) 16-06-039 and D.16-12-015, which included revisions to its Rule No. 41. AL 5297 will become effective on June 1, 2018. In accordance, the proposed revisions to Rule No. 41 below are being based on the effective tariffs in AL 5297.

Tariff Modifications

To implement the Enhanced System Operator Injection Capacity Limits included in the Injection Enhancement Plan approved in Resolution G-3540, SoCalGas includes revisions to Rule No. 41, as shown in Attachment A. This modification is temporary, consistent with the Injection Enhancement Plan, and will be removed from the tariff after October 31, 2018.

Rule No. 41, Section 3 is revised to include an additional variable in the system capacity calculation called "incremental injection capacity" and to include a definition for that new variable. Modifications to Rule No. 41 are shown as follows:

For every nomination cycle, the Gas Scheduling Department shall calculate the system capacity as the sum of forecasted sendout, physical storage injection capacity, off-system scheduled quantities, **and, through October 31, 2018, incremental injection capacity; and where the incremental injection capacity is the sum of the prior cycle scheduled withdrawal and withdrawal capacity used for balancing.**

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date of this Advice Letter, which is June 20, 2017. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

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

Copies of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest 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 that this filing is subject to Energy Division disposition and, per OP 5 of Resolution G-3540, should be classified as Tier 1 (effective pending disposition) pursuant to General Order (GO) 96-B. This filing is consistent with Resolution G-3540. Therefore, SoCalGas respectfully requests that the tariff sheets filed herein be made effective June 1, 2018.

Notice

A copy of this Advice Letter is being sent to SoCalGas' GO 96-B service list and the Commission's service list in I.17-02-002, I.17-03-002, and A.14-12-017. Address change requests to the GO 96-B 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

Attachment

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) #: 5304

Subject of AL: Revision to Rule No. 41 Pursuant to Resolution G-3540

Keywords (choose from CPUC listing): Agreements, Procurement, Reliability, Storage

AL filing type: Monthly Quarterly Annual One-Time Other

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

Resolution G-3540

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

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

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 6/1/18

No. of tariff sheets: 3

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: Rule No. 41 – Utility System Operation 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. 5304

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 55198-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 1	Revised 55079-G
Revised 55199-G	TABLE OF CONTENTS	Revised 54847-G
Revised 55200-G	TABLE OF CONTENTS	Revised 55194-G

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, off-system scheduled quantities, and, through October 31, 2018, incremental injection capacity; and where the incremental injection capacity is the sum of the prior cycle scheduled withdrawal and withdrawal capacity used for balancing.

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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)
SUBMITTED May 31, 2018
EFFECTIVE Jun 1, 2018
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The following listed sheets contain all effective Schedules of Rates and Rules affecting service and information relating thereto in effect on the date indicated thereon.

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(Continued)

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