



## *Information on Services and Programs*

### ❖ Introduction

Southern California Gas Company (SoCalGas) is required to mail this Annual Notice of the programs and services available to its customers. This Notice is intended to provide you with information about the programs and services available to you as a large core or noncore customer.<sup>1</sup>

The information presented in this notice for your review includes:

	<u>Page</u>
Service Classifications and Priorities	2
Rate Schedules and Service Options	3
- Core Commercial/Industrial and Noncore Eligibility	5
- Core Commercial/Industrial Services	6
- Noncore Services	8
- Other Services	9
CPUC Proceedings of Interest	11

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<sup>1</sup> SoCalGas provides service in accordance with its approved tariffs under the regulation of the California Public Utilities Commission (CPUC). Those tariffs and regulations can change from time to time. Your account representative is ready to assist you in understanding the tariffs and CPUC regulations. This Notice is provided strictly for informational purposes only. SoCalGas has made reasonable efforts to ensure all information is correct and consistent with its authorized tariffs. In the event of any conflict, the tariffs shall govern in all cases. In addition, neither SoCalGas' publication nor verbal representations thereof constitutes any statements, recommendation, endorsement, approval or guaranty (either express or implied) of any product or service. Moreover, SoCalGas shall not be responsible for errors or omissions in this publication or for claims or damages relating to its use thereof, even if SoCalGas has been advised of the possibility of such damages.



❖ **Service Classifications and Priorities**

SoCalGas delivers natural gas to both residential and non-residential customers. Gas deliveries to single-family, multi-family, and master-metered domestic dwellings are considered residential service. There are several types of non-residential customers: commercial and industrial, electric generation<sup>2</sup> (EG), enhanced oil recovery<sup>3</sup> (EOR), refinery<sup>4</sup>, and natural gas vehicle (NGV). SoCalGas also delivers gas on a wholesale basis to other utilities.

The priority of service, rates, and service options applicable to each of these customer classes vary considerably. The applicable rates and conditions of service are determined by the type of customer and service priority-level.

- All residential customers are classified as core customers. Residential customers are Priority 1 and receive the highest priority of service.
- Gas service to non-residential core customers is divided into three general classifications:
  - 1.) small core commercial/industrial/NGV, 2.) large core commercial/industrial/NGV, and 3.) core EG/EOR/refinery.
  - Small core commercial/industrial/NGV customers are customers whose average consumption does not exceed 20,800 therms<sup>5</sup> per active month during any 12 contiguous months within the most recent 24-month period. Small core commercial/industrial/NGV customers receive Priority 1 service, the highest priority.
  - Large core commercial/industrial/NGV customers are customers with average consumption that equals or exceeds 20,800 therms per active month during any 12 contiguous months within the most recent 24-month period and elect to remain core customers. Large core commercial/industrial/NGV customers receive Priority 2A service, the next highest priority.

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<sup>2</sup> EG is the use of natural gas to generate electricity, either directly or indirectly, including natural gas used for cogeneration or solar electric generation projects. Small electric generation customers have the option to take service under the core classification.

<sup>3</sup> EOR is 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. Small EOR customers have the option to take service under the core classification.

<sup>4</sup> Refinery includes (1) Establishments primarily engaged in producing gasoline, kerosene, distillate fuel oils, residual fuel oils, and lubricants, through fractionation or straight distillation of crude oil, redistillation of unfinished petroleum derivative, cracking or other processes. Establishments of this industry also produce aliphatic and aromatic chemicals as byproducts; and (2) Establishments primarily engaged in hydrogen manufacturing for sale in compressed, liquid, and solid forms. Small refinery customers have the option to take service under the core classification.

<sup>5</sup> Therm is a unit of measurement for billing purposes, nominally 100,000 Btu.



*Information on Services and Programs*  
*Page 3*

- Core EG/EOR/refinery customers are customers electing core service with actual (or projected with verifiable documentation) consumption less than 20,800 therms per active month during any 12 contiguous months within the most recent 24-month period. Core EG/EOR/refinery customers receive Priority 1 service. Customers with usage in excess of these levels are not eligible for core service and must take noncore service.
- Noncore customers receive lower priority of service compared to core customers.<sup>6</sup> Noncore rates, however, are usually lower than core rates. Noncore commercial/industrial customers are those electing noncore service and have actual (or projected with verifiable documentation) average usage equal to or exceeding 20,800 therms per active month during any 12 contiguous months within the most recent 24-month period. All EG, EOR, and refinery customers are eligible for noncore service, regardless of usage. NGV usage is not eligible for noncore rates.

❖ **Rate Schedules and Service Options**

Metering Options

SoCalGas bills its customers based on the rates and conditions of service approved by the California Public Utilities Commission (CPUC). For non-residential customers, the rate is applied and billed by facility<sup>7</sup> or on a customer's premises<sup>8</sup>. On a facility or premises where SoCalGas has installed more than one meter for the customer's convenience, each meter is treated separately unless the meters at those single premises are required by regulation to be combined for billing purposes.<sup>9</sup>

Customers served from more than one meter located at a facility or premises who would like to have meter reads combined for billing purposes will typically need to physically modify the configuration of the existing houseline piping at the customer's own expense. In certain situations, however, SoCalGas may elect to combine the meter reads administratively at the customer's request. The installation of an electronic meter-reading device at customer's expense may also be required. Requests that deviate from SoCalGas' authorized tariffs require approval by the CPUC.

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<sup>6</sup> Noncore customers are further categorized as "firm" or "interruptible."

<sup>7</sup> Excludes service to EG and NGV customers. A facility is defined as the individual gas meter on the customer's single premises.

<sup>8</sup> A customer's premises is all of the property employed in a single enterprise on an integral parcel of land undivided by a dedicated street, highway or other public thoroughfare, or a railway. See Rules 1, 14, 20, and 21 of SoCalGas' authorized tariffs.

<sup>9</sup> Noncore commercial/industrial meters (excluding EG meters) on the same premises must be combined for billing purposes.



## Rate Schedules

A noncore commercial/industrial customer is assigned a rate classification based on the type of facility and the conditions under which the customer receives gas service. At the time of application for service, SoCalGas places the customer on the applicable rate schedule approved by the CPUC based upon information provided by the customer. Refer to SoCalGas' authorized tariffs, specifically, Special Conditions 25, 26, and 27 in Rate Schedule GT-F, and Special Conditions 19, 20, and 21 in Rate Schedule GT-I.

## Customer Responsibilities

- Customers are responsible for installing and keeping in good and safe condition all regulators, gas pipes, appliances, fixtures and apparatus, which may be required for receiving gas from SoCalGas. See Rule 26. Natural gas (primarily methane) is odorless and has a distinctive odorant added that aids in the detection of the gas. Some individuals may not be able to smell the odorant even when present because they have a diminished sense of smell, because the odor is masked by other odors in the area, or because of conditions occurring in the customer's piping, such as odor fade. Odor fade (loss of odorant) occurs when the odorant in the gas is diminished because of physical and chemical processes. These processes include adsorption, absorption and oxidation. Odor fade occurs predominantly in installations of new pipe rather than in existing pipe. It is more pronounced in new steel pipe, and in pipe of larger diameter and longer length. However, it can also occur in plastic pipe, and in smaller pipe installations. New installations or additions of pipe may require the conditioning of the pipe before it is placed into service to prevent odor fade. Other factors that may cause odor fade include the construction and configuration of the customer's gas facilities; the presence of rust, moisture, liquids or other substances in the pipe; and gas composition, pressure and flow.

Remember, do not rely on your sense of smell alone to detect the presence of natural gas.

**When preparing gas pipes, regulators, appliances, equipment and apparatus for service or returning them to service, do not purge their contents into a confined space. Any purging of gas should only be done in a well-ventilated area or by venting the contents into the outside atmosphere. Before purging, make sure you identify and eliminate all sources of ignition, including but not limited to standing pilots, open flames, cigarettes, appliances and equipment. Always use gas detection devices during purging operations and do not rely on your sense of smell alone to detect the presence of natural gas.** If you have any questions or concerns regarding odor fade, call SoCalGas anytime at **1-800-427-2200** or contact a licensed, qualified professional.



*Information on Services and Programs*  
*Page 5*

- Customers are responsible for notifying SoCalGas of any material change in gas usage. In the event there are changes in the conditions of a customer's operations resulting in permanent changes in gas usage, it is the customer's responsibility to apply for service under a different rate schedule for which the customer may qualify. A customer that changes rate schedules will not avoid any use-or-pay charges that would otherwise apply from the prior rate schedule under which the customer was served. See Rule 19. When there is a material change, either in the amount or character of the energy-related appliances or equipment installed at the customer facility, the customer must immediately notify SoCalGas, in writing, of the change. See Rule 29.
- Customers are also responsible for notifying SoCalGas in writing of any changes in customer name, ownership or business structure. A customer's name shall be recognized by the signature on the application, contract, or agreement for gas service. A customer may also be recognized by the payment of bills issued regularly in the customer's name. In the event there is a change in a customer's business structure, the customer must provide SoCalGas immediate notice, in writing, of such change.

**Core Commercial/Industrial and Noncore Eligibility**

*(This section of the notice describes which customers are eligible for core and noncore rates.)*

Core commercial/industrial customers are subject to a customer charge and a declining block rate structure. See Rate GN-10 and Rate GT-10 within Rate Schedule G-10 for details. If the average usage of a core commercial/industrial customer is equal to or greater than 20,800 therms per active month<sup>10</sup> during any 12 contiguous months within the most recent 24-month period, the customer is classified as Priority 2A, and the customer is eligible to elect noncore service in whole or in part. Pursuant to Advice Letter No. 3622, approved by the CPUC on May 7, 2006, once classified as a qualified noncore customer, the customer will continue to receive noncore service, regardless of subsequent changes in customer's usage, unless the customer subsequently elects service under the conditions of an authorized core rate schedule.

Customers not meeting the gas usage eligibility-criteria for noncore service may qualify conditionally for noncore rate status by submitting a written request to SoCalGas with verifiable information documenting the expected load increase that would meet the minimum noncore consumption requirement on a permanent basis. The customer's written request must

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<sup>10</sup> An active month is any month where the customer uses over 1,000 therms. The current noncore eligibility criterion was adopted by the CPUC in its Decision No. 93-09-082. As a result of that decision, commercial and industrial customers that were classified as noncore customers on September 29, 1993 were allowed to retain their noncore status even if they did not meet the newly adopted usage criterion. This eligibility is forfeited if the customer closes its service, or the customer elects service under a core rate schedule.



*Information on Services and Programs*  
*Page 6*

acknowledge that if actual usage following the granting of conditional-eligibility status is less than the required minimum, the customer shall be re-billed in accordance with the otherwise applicable rate schedule. SoCalGas reserves the right to accept or reject any such request. To obtain noncore service, the eligible customer must execute a noncore gas service contract and meet all of the applicable conditions of service as specified in the noncore rate schedule.

Customers with EG, EOR, or refinery services are required to execute a gas service contract with SoCalGas. All EG customers receiving service at the EG transmission rate must be metered separately unless it can be demonstrated that this is not economically feasible.

EG, EOR, and refinery customers whose average monthly usage is less than 20,800 therms per active month during any 12 contiguous months within the most recent 24-month period are eligible to elect core service under Rate GN-10 or Rate GT-10 within Rate Schedule G-10 for 100 percent of their EG, EOR, or refinery load. Customers electing core service for their EG, EOR, or refinery load must continue to meet the core usage criteria at all times or they will be placed on an appropriate noncore service rate schedule. Core EG customers are not required to separately meter EG gas usage, but if there is existing EG equipment that is already separately metered, such metering will be kept in place unless customers receive permission from SoCalGas to alter the metering configuration. Customers are generally responsible for all metering alteration costs.

***Noncore-to-core transfer rules*** – Noncore customers are allowed to transfer to core service upon the expiration of their noncore service commitment. In addition, pursuant to Decision No. 02-08-065, noncore customers electing to transfer to core transportation service or to bundled core service, which includes utility gas procurement, are required to sign a contract for a five-year commitment. Noncore customers on Rate Schedule GT-F or GT-I electing to transfer to bundled core service, such as Rate GN-10 within Rate Schedule G-10, shall be charged a “cross-over” procurement rate for the first year of the required five-year commitment.

### **Core Commercial/Industrial Services**

*(The following sections discuss the types of core service options that are available to customers.)*

**Core Aggregation Transportation** – Customers can choose to participate in SoCalGas’ Core Aggregation Transportation (CAT) program. To enter the CAT program, customers are required to select an energy service provider (ESP) to manage gas procurement, scheduling, transportation and balancing needs. The ESP is responsible for delivering the customer’s gas supplies into the SoCalGas system. SoCalGas will accept gas delivered on the customer’s behalf and transport it to the customer’s facility. See Rate GT-10 within Rate Schedule G-10.



*Information on Services and Programs*  
*Page 7*

For a list of participating ESPs, you may call SoCalGas' Business Support Services at (800) 427-2000 or visit our website at [www.socalgas.com/business/customer\\_choice/](http://www.socalgas.com/business/customer_choice/).

**Core Sales** – This is a bundled service where SoCalGas performs all of the necessary functions (procurement, scheduling, transportation and balancing) to deliver gas to the customer's facility. Core customers automatically receive bundled core sales service if the customer selects no other option.

**Core Optional** – Under certain conditions, SoCalGas is able to offer service under an optional pricing tariff to core customers who would not otherwise use natural gas equipment or who would not otherwise increase natural gas use at their existing under-utilized facilities. See Rate Schedules GO-ET, GO-IR, GTO-ET, and GTO-IR.

**Core Transportation** – Under this service, Priority 2A core customers can elect to make independent arrangements to procure gas supplies and to transport those supplies over the interstate pipeline systems for delivery into the SoCalGas' system. SoCalGas will transport the customer's gas supplies to the customer's facility. See Rate GT-10 within Rate Schedule G-10.

**Gas Engine Water Pumping** – Core customers who use natural gas engines for water pumping in agricultural, agricultural-related, or municipal water pumping applications may elect special rates. See Rate Schedules G-EN and GT-EN and Rules 1 and 19.

**Gas Cooling** – Core commercial and industrial customers with high-efficiency gas cooling absorption chillers may elect special rates. See Rate Schedules G-AC and GT-AC and Rule 19. SoCalGas also offers special rates for residential customers who install natural gas air conditioning equipment. See Rate Schedules GO-AC and GTO-AC.

**Natural Gas Vehicles** – Customers who operate natural gas fueled motor vehicles will be served under special core rates, which require separate metering from other gas uses the customer may have<sup>11</sup>. See Rate Schedules G-NGV and GT-NGV and Rules 1 and 23. Usage for NGV is not eligible for noncore rates.

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<sup>11</sup> Individually metered residences are excluded from this requirement. Residential customers may choose to install a separate meter and take service under the G-NGV or GT-NGV rate schedule or use the existing residential meter and take service under the applicable residential rate schedule.



## **Noncore Services**

*(The following sections discuss the types of noncore gas services that are available to customers.)*

**Firm Intrastate Transportation** – This service option provides noncore customers with firm intrastate transportation service and binds the customer to a two-year contractual commitment. See Rate Schedule GT-F.

**Interruptible Intrastate Transportation** – This service option provides noncore customers with interruptible intrastate transportation service and requires the customer to make a one-month contractual commitment. This service has the lowest level of service priority and will be curtailed before service under firm intrastate transportation is curtailed. See Rate Schedule GT-I.

**Other Important Transportation Rules** – In choosing firm or interruptible intrastate transportation services, noncore customers must either manage their own gas procurement, scheduling, transportation, and balancing needs (directly or through the use of an “Agent Marketer”), or arrange to have these needs fully managed by a “Contracted Marketer.” In either case, SoCalGas will accept the gas delivered into its system on the customer’s behalf and transport it to the customer’s facility. If a customer contracts with a Contracted Marketer, the Contracted Marketer is responsible for all imbalance charges. See Rules 30 and 35.

**Transportation Balancing** – SoCalGas will provide a noncore customer with monthly balancing service if the customer takes firm or interruptible intrastate transportation service. A noncore customer must maintain gas usage at its facility and its gas transportation deliveries into SoCalGas’ system within a prescribed tolerance band or the customer will be subjected to imbalance charges. This monthly balancing service also applies to Contracted Marketers.

If as a result of a billing error, metering error, or transportation adjustments, a customer (or customer’s Agent Marketer or Contracted Marketer) makes a trade based on what turns out to be an incorrect amount of imbalance quantities based on notification by SoCalGas, SoCalGas will not be liable for any financial losses or damages incurred by the customer, nor will SoCalGas be financially liable to any of the customer’s imbalance trading partners. In addition, during the months from November through March, customers are required to comply with winter deliveries requirements or customers will be subjected to additional balancing charges. See Rate Schedule G-IMB and Rules 1 and 30.

**Calculation of Monthly Standby Procurement Charge** – Standby procurement charges are incurred whenever negative monthly transportation imbalances exceed the allowed monthly 10 percent tolerance. In its Resolution G-3316, the CPUC approved SoCalGas’ Advice Letter



*Information on Services and Programs*  
*Page 9*

3012, authorizing SoCalGas to revise its Rate Schedule G-IMB affecting the standby procurement charge. Monthly imbalance charges are now based on 150 percent of the highest daily border price index at the Southern California border.

The CPUC also authorized SoCalGas to change the time period for determining the applicable standby procurement charge. The rate determination period begins from the first day of the flow month and ends five days prior to the start of each corresponding monthly imbalance trading period. This period is approximately 50 days long. Changes to the way the monthly standby procurement charge is calculated in Rate Schedule G-IMB became effective June 1, 2001.

Winter daily balancing rules remain unchanged from the practices adopted by the CPUC on December 26, 1997. See Rate Schedule G-IMB and Rule 9.

**Optional Weekly or Bi-Weekly Special-Payment Arrangements** – SoCalGas may provide the option of weekly or bi-weekly special-payment arrangements specifically for incurred monthly imbalance charges and winter daily balancing charges. SoCalGas may issue a bill for daily balancing standby rate charges on a weekly or bi-weekly basis 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. See Rate Schedule G-IMB and Rule 9.

**Transfers of Intrastate Curtailment Requirements** – Firm and interruptible noncore customers may make arrangements to transfer curtailment requirements. See Rule 23.

## **Other Services**

*(This section describes other types of services that are available to customers.)*

**Receipt Point Access Rights** – SoCalGas implemented a system of firm access rights on October 1, 2008 in compliance with Decision No. 06-12-031. The system of firm access rights system enables customers and gas suppliers (including California gas producers) to hold firm and/or interruptible access rights at receipt points into the SDG&E/SoCalGas integrated gas transmission system and to transport gas to the “city-gate” pooling location, SoCalGas’ storage fields, and off-system. These rights are intended to create certainty in customers’ ability to schedule gas supply on a consistent basis by ameliorating any mismatch between interstate delivery capacity and SoCalGas redelivery capacity from certain receipt points. Firm access right holders are eligible to trade their rights, or exchange receipt point rights, electronically via SoCalGas’ electronic information and gas management system - Envoy®. For more information, go to <http://www.socalgas.com/business/firmAccess/>.



*Information on Services and Programs*  
*Page 10*

As a result of the implementation, a new city-gate gas pricing point was created, in addition to existing points such as the California Border (e.g., North Needles, Topock, Blythe, Kramer Junction, and Wheeler Ridge.). Pricing at the SoCalGas city-gate is now published publicly with major market indices such as ICE and NGI.

**Unbundled Storage** – Customers may subscribe to SoCalGas’ gas storage capacity rights. Gas storage can be used to increase a customer’s service reliability, take advantage of seasonal fluctuations in gas prices, and provide increased flexibility in balancing a customer’s gas deliveries with the actual usage at its facility. SoCalGas offers varying-term services for gas inventory capacity, storage injection capacity, and storage withdrawal capacity, on a “firm” or “interruptible” basis. More information about our storage services can be found at <http://www.socalgas.com/business/storage/>.

**Hub Services** – Customer may subscribe to park and loan services through SoCalGas’ Rate Schedule G-PAL. Park services involve the parking of customer-owned gas with SoCalGas for a specified period of time and then re-delivered back to the customer at the end of the term. Loan services involve the loaning of Utility-owned gas to the customer for payback at an agreed upon period of time.

**Off-System Gas Transportation Services** – A new off-system delivery service (Rate Schedule G-OSD) became effective October 1, 2008 with the implementation of Decision No. 06-12-031. Off-system delivery service is the capability, on a firm or interruptible basis, to deliver gas off the SoCalGas system to the Pacific Gas & Electric Company system. Such deliveries can be made from a specific receipt point or receipt-point access account, a city-gate pool agreement, or a SoCalGas unbundled storage account. For more information, go to <http://www.socalgas.com/regulatory/tariffs/tm2/pdf/G-OSD.pdf>.

**Electronic Bulletin Board** – Customers may elect to sign up for SoCalGas’ electronic information and gas management system, Envoy®. This system is designed specifically for transportation customers, their agents and contracted marketers to manage their gas supplies and imbalances on the SoCalGas system. With this software, a customer can submit its gas nominations, obtain allocated gas quantities, post its imbalance advertisements, submit its imbalance trades, obtain gas usage information for its facility, and view its storage inventory balances. Accessing the electronic bulletin board requires a software licensing agreement. See Rule 33.

**Peaking Service** – This service is mandatory for any noncore customer that takes natural gas transportation service from an alternate service provider. Taking alternate transportation service is defined as any condition whereby a customer of SoCalGas becomes connected to, and receives gas from, an alternate supply source or an alternate gas transportation service



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*Information on Services and Programs*  
*Page 11*

provider. See Rate Schedule GT-PS.



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*Information on Services and Programs*  
*Page 12*

**Gas Equipment Incentive Programs** – Through SoCalGas’ energy efficiency (EE), and Rule 38 programs, SoCalGas may be able to assist a customer in reducing its operating costs by helping the customer invest in certain high efficiency gas technologies and/or process improvements that save natural gas. Core residential, core non-residential, noncore commercial and noncore industrial customers are eligible for our EE programs. The Rule 38 program and some of the EE programs are incentive programs and require the customer to pre-qualify their project and execute an agreement prior to purchasing their equipment. Please verify the EE specific program requirements at <http://www.socalgas.com/energyefficiency/> before proceeding with your project.

**Self-Generation Incentive Program (SGIP)** – SoCalGas offers rebates to qualified customers who want to install on-site electric generation. In addition, SoCalGas offers rebates on qualified fuel cells and wind turbines. Energy-storage technologies may also be eligible for rebates when combined with SGIP qualified technologies. The SGIP handbook contains eligibility guidelines and can be viewed at <http://www.socalgas.com/business/selfGen/>.

**California Economic Development Assistance** – SoCalGas is able to offer enhanced assistance to customers or facilities that are searching for a new site location in California or are considering closing or moving their business or facility from California to another state. New or expanding noncore customers may also qualify for rate incentives if they participate as a member of a “Red Team” or its equivalent. These teams are formed by the California Trade & Commerce Agency in order to attract new business into the State or retain existing business. SoCalGas can assist in forming such teams.

**Access to the SoCalGas Pipeline System (Rule 39)** – SoCalGas provides nondiscriminatory open access to its system to any party for the purpose of physically interconnecting with SoCalGas and effectuating the delivery of natural gas, subject to the terms and conditions set forth in Rule 39 and the applicable provisions of SoCalGas’ other tariff schedules including, but not limited to, the gas quality requirements set forth in Rule 30, Section I. See Rules 30 and 39.

❖ **CPUC Proceedings of Interest**

*(Below is the current status of recent CPUC proceedings that can affect customers’ natural gas service.)*

**Phase 2 of CPUC’s Order Instituting Rulemaking (OIR)** – On September 21, 2006, the CPUC issued Decision No. 06-09-039 in Phase 2 of its Gas OIR to ensure reliable, long-term supplies of natural gas to California. Among other issues, the decision orders SDG&E and SoCalGas to hold open seasons in geographic areas where the utilities believe the local transmission system may need expansion to provide firm service in the quantities desired by noncore customers in those areas. The results of any open season will indicate the service



demand and will be used by the utilities along with other information to determine if a local transmission expansion will proceed. Open seasons were and may continue to be held in the San Joaquin Valley, Imperial Valley, and Rainbow Corridor. The San Joaquin Valley and Rainbow Corridor open seasons resulted in all firm-service monthly scheduled quantities (MSQ) requests being awarded. The Imperial Valley open season resulted in proration of requested firm MSQ during the months of May through September. SoCalGas is currently constructing an expansion of capacity in the Imperial Valley. No other expansions were required as a result of the open seasons.

Customers holding firm MSQ awards and the associated use-or-pay charges may trade with another customer in the same constrained area desiring firm MSQ. All trades are subject to approval by SoCalGas.

**Open Seasons for Firm Gas Transmission Capacity in the Constrained Areas** – The last open seasons were held in 2007 for constrained areas. The next open seasons are planned for 2009 for the San Joaquin Valley and Rainbow Corridor areas. Imperial Valley constraints are expected to be removed in mid-2009, after a pipeline looping project is completed.

**SDG&E/SoCalGas/Southern California Edison (SCE) Omnibus Application (A. 06-08-026)** – On August 28, 2006, SDG&E, SoCalGas, and SCE filed a joint application to change certain operational practices and services. On December 6, 2007 the CPUC issued a final decision, Decision No. 07-12-019, on the Omnibus Application approving a number of structural and service changes in the gas industry in California. Those to be implemented during 2009 are summarized below and detailed in Schedule G-RPA and Tariff Rules 30 and 32 as filed in Advice Letter 3818-A:

- SDG&E and SoCalGas' core gas procurement operations will now be subject to the same balancing rules as transportation customers.
- Responsibility for purchasing gas supplies for system reliability will be transferred from SoCalGas' Gas Acquisition department to the System Operator.
- A secondary market for storage rights will be implemented that allows parties to sell their contracted storage rights to third-parties.
- A fifth-cycle nomination option will be established to assist customers with firm storage rights the ability to manage their daily deliveries.



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*Information on Services and Programs*  
*Page 14*

**SDG&E and SoCalGas 2009 BCAP Application No. 08-02-001 – Phase 1.**

SDG&E/SoCalGas filed its application and Settlement Agreement on February 4, 2008. The CPUC issued Decision No. 08-12-020 on December 4, 2008. The decision ensures that core and noncore customers in southern California will have sufficient storage services during the six-year term of the Settlement, while providing incentives to SDG&E/SoCalGas to encourage expansion of storage assets for use in the unbundled storage program. Among other things, the Settlement resolves the total amount of gas storage inventory, storage injection capacity, and storage withdrawal capacity, available for load-balancing of core and noncore customers in southern California over the six-year term. The Settlement also provides that the core load of wholesale customers pay the same rates for storage services as the combined load of core customers of SDG&E and SoCalGas. For more information, go to link:

[http://docs.cpuc.ca.gov/PUBLISHED/FINAL\\_DECISION/94666.htm](http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/94666.htm)

**SDG&E and SoCalGas 2009 BCAP Application No. 08-02-001 – Phase 2.**

SDG&E/SoCalGas filed its Phase 2 application on October 6, 2008. This phase principally addresses cost allocation among customer classes, updating of authorized rates for specific customer classes, and the introduction of a new rate design and conditions of service for customers served directly from the Utilities' transmission system. The CPUC is expected to make a decision on Phase 2 later in 2009. For more information, go to link:

<http://socalgas.com/regulatory/A0802001.shtml>

**New Rate Schedule GW-ECO** – CPUC Resolution G-3426 was issued on November 21, 2008. It authorized the implementation of a new wholesale gas transmission service rate schedule to offer firm and interruptible gas transmission service for ECOGAS Mexico, S. de R.L de C.V (ECOGAS). The new rate schedule became effective November 21, 2008.

**Automatic Contract Term Renewal** (Advice Letter No. 3924) – for Rate Schedules GT-F, GW-LB, GW-VRN, GW-SEG, and to Master Services Contract Schedule A, Intrastate Transmission Service (Form 6597-1). SoCalGas received CPUC approval of this Advice Letter effective December 20, 2008. This revision allows noncore Full Requirements Firm service customers located in unconstrained areas to automatically renew their MSC Schedule A intrastate transmission contracts for additional two-year terms without processing new contracts. This will commence with new contracts with an effective date on or after August 1, 2009. This change is expected to reduce administrative burden for these customers.

**Find out more** – If you would like to obtain more information on any of these programs, please contact your SoCalGas account representative or call 1-800-GAS-2000. You can also visit our website at [www.socalgas.com](http://www.socalgas.com). SoCalGas' approved tariffs can also be viewed at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).