

Rule No. 01
DEFINITIONS

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EBB User: The customer's employee, agent or contractor who has been authorized to access the Utility's Electronic Bulletin Board (EBB) on Form 6597-3 and is authorized to perform transactions and obtain information on behalf of the customer.

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

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

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

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

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

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

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

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

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

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

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Facility: Individual meter with the exception of meters combined for the Utility's operating convenience in accordance with Rule No. 17. Customers who have had more than one meter installed for their own convenience at their own request shall be treated as a separate facility with respect to each meter.

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

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

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

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

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

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

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

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

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Interstate Transition Cost Surcharge (ITCS): Volumetric surcharge on the Utility's noncore intrastate transmission service to recover costs for certain interstate pipeline demand charges resulting from the transition to an unbundled interstate capacity market pursuant to the CPUC's Capacity Brokering Rules set forth in Decision Nos. 91-11-025 and 92-07-025. ITCS is applicable to all noncore service except for enhanced oil recovery and that service provided by the Utility under fixed-rate contracts (including long-term contracts in effect on or before the implementation date of the CPUC's Capacity Brokering Rules).

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

Life-Support Device: Medical device using Utility-supplied natural gas for its operation that is regularly required to sustain, restore, or supplant a vital function of a person residing in a residential unit. Term does not include apparatus or appliances used in a hospital or medical clinic, nor does it include therapeutic devices such as pool or tank heaters, saunas, or hot tubs.

Loaning Transaction: Utility advances or loans natural gas which is returned by service user delivering back to Utility an equivalent or greater natural gas quantity at the time(s) and locations(s) specified in the Hub Transaction.

Log On ID: Identification code issued to an EBB User and used to authenticate identity, privileges and to establish communication and initiate interaction with the Utility's EBB.

Low-Income Ratepayer Assistance (LIRA) Program: See California Alternate Rates for Energy (CARE) Program above.

Mailed: Notice or other communication to the customer will be considered "mailed" when received into the customer's electronic mail box via electronic data interchange or when it is enclosed in a sealed envelope, properly addressed, and deposited in any authorized United States Postal Service receptacle, postage prepaid.

Main Extension: Length of main and its related facilities required to transport natural gas from the existing facilities to the point of connection with the service piping.

Marketer: Third party which accesses one or more interstate or intrastate pipeline systems for the purpose of transporting natural gas to Utility System on Marketer's own behalf or on the behalf of designated end-use customers.

Master-Metered Service: Service whereby the Utility installs a meter to register the consumption of two or more occupancies.

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Maximum Daily Quantity (MDQ): Maximum daily quantity of natural gas that can be nominated for delivery to a customer's premises not served by an automated meter when the Utility institutes an excess nominations period. For noncore customers and core customers not served under core aggregation this is based on the equipment at the customer's facility. For ESP's the maximum daily quantity is equal to their DCQ.

Mcf/d: Thousands of cubic feet per day. Measure quantifies the amount of gas being consumed or transported on a daily basis.

Memorandum Account: Account authorized by the Commission for the purpose of tracking certain costs and revenues. Each individual memorandum account may have specific accounting treatment applicable to that account.

Minimum Daily Quantity (MinDQ): Estimate of natural gas usage at a customer's premises not served by an automated meter for purposes of compliance with winter delivery requirements as specified in Rule No. 30.

Mobilehome: Structure designed as a residence, in one or more sections, and of width and length, which when moved over a public highway requires a special permit from the California Department of Transportation. They are located in mobilehome parks and residential lots in California where they comply with the requirements of the local ordinances for permanent housing. Mobilehomes first sold prior to July 1, 1980 are licensed by the California Department of Housing and Community Development. Mobilehomes first sold new on and after July 1, 1980, for installation as a residence, are all automatically subject to local property taxation.

Mobilehome Park: Area of land where two or more mobilehome sites are rented to accommodate mobilehomes used for permanent residency. Homeowner and mobilehome park management are subject to the Civil Code requirements of the "Mobilehome Residency Law". This law only applies to a mobilehome that requires a permit to be moved on a street or highway.

Multi-family Accommodation: Apartment building, duplex, mobile home park, or any other group of permanent residential single-family dwellings located upon a single premises, provided that the residential dwellings therein meet the requirements for a single-family dwelling or accommodation. Multi-family accommodation does not include hotels, motels, residential hotels, guest or resort ranches, marinas, tourist camps, recreational vehicle parks, campgrounds, halfway houses, rooming houses, boarding houses, institutions, dormitories, rest or nursing homes, convalescent or care facilities, military barracks, or any enterprise that includes or rents to either transient tenants or transient accommodations.

Net Usage: Customer's uncorrected billing period usage plus any adjustments from previous billing periods.

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Noncore Service: Service to customers who are not assigned to end-use priority 1 or 2A as defined in Rule 23. Customers receiving noncore service must have Automated Meter Reading (AMR) equipment installed at customer's expense as a condition of noncore service.

Non-Profit Group Living Facility: Non-profit homeless shelter that may be government subsidized with six (6) or more beds that provides lodging day or night for a minimum of 180 days of the year; other non-profit residential-type facilities (excluding government-owned and privately-owned, "for profit" government-subsidized housing) that provide a service in addition to lodging and which may be licensed by the appropriate state agency to care for residents who temporarily or permanently cannot function normally outside of the group home environment; and non-licensed, separately metered affiliated facilities where the primary facility is eligible for CARE and is the customer of record for the affiliate, and at least 70% of the energy consumed by the affiliate is used for residential purposes. All residents must meet the CARE income eligibility standards; however, a caregiver who lives in the group facility is not a resident for purposes of determining the facility's eligibility. Non-profit group living facilities that are not licensed or certified must provide any other documentation the Utility may reasonably require.

Off-System Customer: Marketer, broker, supplier or other entity bidding for storage service on their own behalf for ultimate consumption outside the Utility's service territory.

Open Season: Designated time period in which a service election must be submitted to the Utility. Customers who do not submit their service election during the Open Season will receive default service, or will continue receiving current service election, if tariffs contain evergreen provisions.

Paid or Payment: Funds received by Utility through postal service, Utility payment office, Utility authorized agent, or deposited in Utility bank account by electronic transfer.

Parking Transaction: Utility-received natural gas for service user's account for short-term interruptible storage.

Peak Day Minimum: Volume of gas in Utility storage inventory that provides deliverability for the core 1-in-35 year peak day event, firm withdrawal commitments and noncore balancing requirement. Peak day minimums are calculated annually as part of normal winter operations planning. Peak day minimums are specified in billion cubic feet (Bcf).

Peak Day Minimum + 5 Bcf Trigger: Volume of gas in Utility storage inventory at which customers are required to deliver on a daily basis 90% of burn as specified in Rule No. 30.

Peak Day Minimum + 20 Bcf Trigger: Volume of gas in Utility storage inventory at which customers are required to deliver on a daily basis 70% of burn as specified in Rule No. 30.

Peak-Day Volume: Customer's highest one-day usage over the specified time period.

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Rule No. 23

Sheet 1

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

A. General

The Utility will exercise reasonable diligence and care to furnish and deliver service to its customers, and to avoid any interruption of same. The Utility shall not be liable for damages or otherwise for any failure to deliver gas or provide service to its customers, which failure in any way or manner results from breakage of its facilities, however caused, war, riots, acts of God, strikes, failure of or interruption in service, operating limitations or other conditions beyond its reasonable control.

B. Priority of Service

In the event of a curtailment, as defined in Rule No. 1, the Utility shall curtail gas service to customers as described in Section C, Curtailment of Service, herein. Customer usage will be assigned to appropriate end-use priority or service classifications as set forth below.

Core Service

Priority 1 All residential usage regardless of size. All commercial and non-refinery industrial usage less than 20,800 therms per active month* (active month defined as one in which consumption exceeds 1,000 therms), excluding usage reclassified to noncore service pursuant to economic practicality prior to September 29, 1993. All electric generation, refinery and enhanced oil recovery (EOR) usage less than 20,800 therms per active month* electing core service.

Priority 2A All commercial and non-refinery industrial usage of 20,800 therms or greater per active month* who elect to remain core customers.

* A customer, excluding electric generation, refinery and enhanced oil recovery (EOR), whose usage does not exceed 20,800 therms per active month on an annualized basis for any period of 12 contiguous months within the most recent 24 month period will be classified as Priority 1. A commercial or non-refinery industrial customer whose usage is 20,800 therms per active month or greater on an annualized basis, for a period of any 12 contiguous months within the most recent 24 month period will be classified as Priority 2A and have the option of electing noncore service.

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Rule No. 23

Sheet 2

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

B. Priority of Service (Continued)

Noncore Service

Noncore Service includes all commercial and industrial usage electing noncore service, electric generation, enhanced oil recovery (EOR), and refinery usage less than 20,800 therms per active month who have not elected core service, all electric generation, enhanced oil recovery (EOR), and refinery usage in excess of 20,800 therms per month.

Firm Service All usage served through firm intrastate transportation service.

Interruptible All usage served through interruptible intrastate transportation service. Interutility deliveries shall be considered interruptible intrastate service.

C. Curtailement of Service

1. Effectuation of Curtailment

When in the judgment of the Utility, operating conditions require curtailment of service and/or the diversion of customer-owned gas, such curtailment shall be effectuated in the order and manner described below, unless otherwise specified in this rule.

- (1) All interruptible noncore Standby Procurement service.
- (2) All firm noncore Standby Procurement service.
- (3) All interutility service provided under Schedule No. GIT.
- (4) All as-available storage withdrawal service, provided under Schedule No. G-AUC, or portions thereof according to the as-available withdrawal reservation price paid with customers paying the lowest price curtailed first and customers paying the highest price curtailed last. Customers paying the same price will be curtailed on a pro rata basis with the exception that all UEG service shall be curtailed before cogeneration service.
- (5) All interruptible intrastate service according to the percentage of default rate paid, as defined in Rule No. 1, with customers paying the lowest percentage of default curtailed first. Customers paying the same percentage of default shall be curtailed on a pro rata basis (by equal percentage) with the exception that all UEG service shall be curtailed before cogeneration service where such service is at the same percentage of default.

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Sheet 6

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

C. Curtailment of Service (Continued)

5. Restoration of Service

When curtailment of service is to be decreased, restoration of service shall be made (a) in the same manner as described in Section C.1, but inversely to the order given, and (b) to the level of service which in the judgment of the Utility can be provided. However, the Utility reserves the right to restore firm intrastate service in such order as it deems necessary irrespective of the curtailment rotation list described in Section C.2 herein.

D. Diversions of Customer-Owned Gas

In the event insufficient gas supply or capacity is available for the Utility to meet the requirements of its customers, the Utility may effectuate voluntary diversions of customer-owned gas originally intended for the Utility's noncore customers. Such diversions shall be of the following type:

- (1) Voluntary Diversion Agreements
- (2) Voluntary Core Protection Purchase Agreements

1. Voluntary Diversion Agreements

In order to avoid or mitigate curtailment, the Utility may mutually agree with firm and/or interruptible intrastate transportation customers to purchase their flowing gas deliveries.

In the event of such a voluntary diversion, the customer may make arrangements with another customer or customers in order to transfer the responsibility for the diversion. Such arrangements shall be subject to the same requirements as transfers of intrastate curtailment as set forth in Section C.3 herein.

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CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

L. Service Interruption Credit (Continued)

The maximum aggregate SIC obligation of the Utility in any calendar year shall be \$5 million. To the extent such maximum aggregate obligation would be exceeded, the Utility shall provide the SIC on a pro rata basis to all applicable customers for the calendar year. Utility shall make payment of the SIC at the end of the applicable calendar year.

1. Force Majeure

For the purpose of SIC applicability, force majeure shall be defined as the occurrence of unforeseen events or conditions, not resulting from a negligent act or omission on the part of the Utility, that are beyond its reasonable control and that could not have been prevented by the exercise of due diligence on its part. The Utility shall use all reasonable efforts to remedy such events or conditions and to remove the cause of same in an adequate manner and with reasonable dispatch. The occurrence of high demand for gas service due to weather conditions shall not constitute a force majeure event.

2. Scheduled Maintenance

For the purpose of SIC applicability, scheduled maintenance shall be considered the interruption of transportation service to the customer resulting from maintenance of the Utility's facilities which are directly relevant to providing such service to the customer's facilities when the customer has been given at least thirty (30) calendar days prior written notice of the scheduled date of the maintenance and service interruption.

The Utility shall take all reasonable steps to minimize the duration of such scheduled maintenance interruptions and to reroute the flow of natural gas to eliminate any service interruptions that would otherwise occur due to such maintenance.

The Utility shall consult with the customer in scheduling any such maintenance interruptions and shall use reasonable efforts to schedule such maintenance to accommodate the customer's operating needs and to continue same only for such time as is necessary, including any agreed upon adjustments to the scheduled date for maintenance as reasonably necessary in light of unforeseen occurrences affecting the customer and/or the Utility.

M. Performance of Aggregators

To assure that firm interstate nominations and deliveries into SoCalGas' transmission and distribution system by aggregators are equivalent in reliability to those made by SoCalGas for core procurement customers, SoCalGas may implement an Operational Flow Order (OFO) as described in Rule No. 32, Section G.

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Rule No. 30
TRANSPORTATION OF CUSTOMER-OWNED GAS

Sheet 1

This rule describes the general terms and conditions applicable whenever the Utility transports customer-owned gas over its system. Customers who wish to transport gas must sign the applicable Agreements.

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A. General

1. Subject to the terms, limitations and conditions of this rule and any applicable CPUC authorized tariff schedule, directive, or rule, the customer will deliver or cause to be delivered to the Utility and accept on redelivery quantities of customer-owned gas which shall not exceed Utility's capability to receive or redeliver such quantities. Utility will accept such quantities of gas from the customer or its designee and redeliver to the customer on a reasonably concurrent basis an equivalent quantity, on a therm basis, to the quantity accepted.
2. The customer warrants to the Utility that the customer has the right to deliver the gas provided for in the customer's applicable service agreement or contract (hereinafter "service agreement") and that the gas is free from all liens and adverse claims of every kind. The customer will indemnify, defend and hold the Utility harmless against any costs and expenses on account of royalties, payments or other charges applicable before or upon delivery to the Utility of the gas under such service agreement.

3. Gas Specifications

Unless otherwise agreed to by the Utility, the gas delivered to the Utility must meet the quality specifications detailed in Section G, below. The minimum and maximum heating value and the pressure of the gas must be such that the gas can be integrated into the Utility's system at the Receipt Point(s).

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4. In order to protect the safety and integrity of its pipeline system the Utility reserves the right to institute such measures it deems necessary to alleviate the operating condition.

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B. Quantities

1. In-Kind Shrinkage Allowance and Uniform Deliveries

The in-kind shrinkage quantities represent the Utility fuel use attributable to the volume of natural gas received by SoCalGas for transmission service. The in-kind charge for transmission fuel is 0.28% for volumes transported on the Utility's system, as referenced in Schedule No. G-RPA.

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The Utility shall as nearly as practicable each day redeliver to customer and customer shall accept, a like quantity of gas as is delivered by the customer to the Utility on such day. It is the intention of both the Utility and the customer that the daily deliveries of gas by the customer for transportation hereunder shall approximately equal the quantity of gas which the customer shall receive at the points of delivery. However, it is recognized that due to operating conditions either (1) in the fields of production, (2) in the delivery facilities of third parties, or (3) in the Utility's system, deliveries into and redeliveries from the Utility's system may not balance on a day-to-day basis. The Utility and the customer will use all due diligence to assure proper load balancing in a timely manner.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

2. Receipt Points

Utility accepts nominations from transportation customers or their representatives at the following Receipt Points into the SoCalGas system, as referenced in Schedule No. G-RPA:

- El Paso Pipeline at Ehrenberg (Southern Transmission Zone)
- TGN at Otay Mesa (Southern Transmission Zone)
- Kern River Pipeline and Mojave Pipeline (Wheeler Transmission Zone)
- PG&E at Kern River Station (Wheeler Transmission Zone)
- Occidental Petroleum at Gosford (Wheeler Transmission Zone)
- Transwestern at North Needles (Northern Transmission Zone)
- Transwestern at Topock (Northern Transmission Zone)
- El Paso Pipeline at Topock (Northern Transmission Zone)
- Mojave Pipeline at Hector Road (Northern Transmission Zone)
- Southern Trails Pipeline at North Needles (Northern Transmission Zone)
- Kern River Pipeline at Kramer Junction (Northern Transmission Zone)
- Line 85 (California Supply)
- North Coastal (California Supply)
- Other CA Producers (California Supply)
- Storage

3. Receipt Point Capacity

Each day, Receipt Point capacities will be set at their physical operating maximums under the operating conditions for that day. The Utility will use the following rules to limit the nominations to the Receipt Point maximums and the Transmission Zone maximums.

During each nomination cycle, if any prorating is necessary due to a constraint, it will occur at the Receipt Points first then at the Transmission Zone. Nominations with firm primary Receipt Point Access rights will have first priority followed by firm alternate Receipt Point Access rights for delivery to that same Receipt Point, followed by volumes using interruptible capacity rights. Firm primary Receipt Point Access rights can “bump” volumes scheduled with firm alternate Receipt Point Access rights through the Evening Cycle. Firm primary and firm alternate Receipt Point Access rights can “bump” volumes scheduled with interruptible capacity rights through the Intraday 1 Cycle. Bumping will not be allowed in the Intraday 2 Cycle.

Scheduling of receipt point capacity will be pro rata within each scheduling cycle whenever the available capacity is less than the total receipt point access nominations for each of the respective services and in the priority order established. . Notice to bumped parties will be provided via the Transactions module in EBB. Bumping in Intraday 1 is subject to the NAESB elapsed prorata rules.

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Rule No. 30

Sheet 8

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Winter Deliveries

The Utility requires that customers deliver (using a combination of flowing supply and firm storage withdrawal) at least 50% of burn over a five-day period from November through March. As the Utility's total storage inventory declines through the winter, the delivery requirement becomes daily and increases to 70% or 90% depending on the level of inventory relative to peak day minimums.

1. From November 1 through March 31 customers are required to deliver (flowing supply and firm storage withdrawal) at a minimum of 50% of burn over a 5-day period. In other words, for each 5-day period, the Utility will calculate the total burn and the total delivery. If the total delivery is less than 50% of the total burn, a daily balancing standby charge is applied. The daily balancing standby rate is 150% of the highest Southern California Border price during the five day period as published by Natural Gas Intelligence in "NGI's *Daily Gas Price Index*," including authorized franchise fees and uncollectible expenses (F&U) and brokerage fees. Imbalance trading and as-available withdrawals may not be used to offset the delivery minimums. As an additional requirement, retail core and core aggregation will deliver a volume no less than 50% of their allocated firm interstate pipeline rights.
 - a. "Burn" means usage and is defined as metered throughput or an estimated quantity such as Minimum Daily Quantity (MinDQ), as defined in Rule No. 1, for customers without automated meters.
 - b. Example five-day periods are: Nov. 1 through Nov. 5, Nov. 6 through Nov. 10, Nov. 11 through Nov. 15 and so on. November with 30 days has six 5-day periods. December, January and March with 31 days have a 6-day period at the end of the month. February has a shortened 3 or 4-day period at the end of the month. The current 5-day period will run its course fully before the implementation of the 70% daily requirement. In the event that inventories rise above the 70% daily trigger levels by 1 Bcf, then a new, 5-day period will be implemented on the following day.
 - c. Example calculations for determining volumes subject to the daily balancing standby rate are: if over 5 days, total burn is 500,000 therms and total deliveries (including firm withdrawal) are 240,000 therms, then 10,000 therms is subject to daily balancing standby rate. (50% times 500,000 minus 240,000 equals 10,000).

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Rule No. 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Winter Deliveries (Continued)

1. (continued)

- d. Example calculations in using NGI's Daily Gas Price Index for determining the daily balancing standby rate are: If for Jan. 6 through Jan. 10 the NGI Southern California Border quoted price ranges are \$2.36- 2.39, \$2.36-2.44, \$2.38-2.47, \$2.36-2.42, and \$2.37- 2.45, respectively, then the daily balancing standby rate becomes \$3.71 (\$2.47 times 150%).
- e. With the exception of weekends and holidays, the Utility will use quotes from the NGI publication dated on the same day as the flow date. Weekend or holiday flow dates will use the first available publication date after the weekend or holiday.
- f. Under current capacity assignments, 50% of core (retail core plus core aggregation) interstate pipeline rights translates to 522 MMcfd. For aggregators this translates to 50% of the Daily Contract Quantity (DCQ) as defined in Rule No. 1.

2. When total inventory declines to the "peak day minimum + 20 Bcf trigger," the minimum daily delivery requirement increases to 70%. Customers are then required to be balanced (flowing supply plus firm storage withdrawal) at a minimum of 70% of burn on a daily basis. The 5-day period no longer applies since the system can no longer provide added flexibility. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including authorized F&U and brokerage fees) and is applied to each day's deliveries which are less than the 70% requirement. In this regime as-available storage withdrawal is cut in half. All Hub activity contributing to the underdelivery situation (i.e., Hub deliveries greater than Hub receipts) is suspended.

- a. Peak day minimums are calculated annually before November 1 as part of normal winter operations planning. The peak day minimum is that level of total inventory that must be in storage to provide deliverability for the core 1-in-35 year peak day event, firm withdrawal commitments and noncore balancing requirement.
- b. Example calculations in this regime for determining volumes subject to the daily balancing standby rates are: If on January 6 total burn is 500,000 therms, and total deliveries (including firm withdrawal) are 300,000 therms then 50,000 therms is subject to the daily balancing standby charge (70% times 500,000 minus 300,000 equals 50,000).
- c. Example calculations in using NGI's Daily Gas Price Index for daily balancing standby rates in this regime are: if for January 6 and January 7, the NGI Southern California Border quoted price ranges are \$2.36-2.39 and \$2.36-2.44, then the daily balancing standby rates become \$3.59 (150% of 2.39) for January 6, and \$3.66 (150% times 2.44) for January 7, respectively.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Winter Deliveries (Continued)

- 3. When total inventories decline to the "peak day minimum + 5 Bcf trigger," the minimum daily delivery requirement increases to 90%. Customers are required to be balanced (flowing supply plus firm storage withdrawal) at a minimum of 90% of burn on a daily basis. Similar to the 70% regime the 5 day period no longer applies. The daily balancing standby rate is charged daily and is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including authorized F&U and brokerage fees). In this regime there are no as-available storage withdrawals. All Hub activity contributing to the underdelivery situation (i.e., Hub deliveries greater than Hub receipts) is suspended.
- 4. Information regarding the established peak day minimums, daily balancing trigger levels and total storage inventory levels will be made available to customers on a daily basis via EBB and other customer notification media.
- 5. 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.
- 6. The Utility will accept intra-day nominations to increase deliveries.
- 7. In all cases, current BCAP rules for monthly balancing and monthly imbalance trading continue to apply. Volumes not in compliance with the 50%, 70% and 90% minimum delivery requirements, purchased at the daily balancing standby rate, are credited toward the monthly 90% delivery requirements. Daily balancing charges remain independent of monthly balancing charges. Daily balancing and monthly balancing charges go to the Purchased Gas Account (PGA). 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:

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Rule No. 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

H. Accounting and Billing (Continued)

1. (Continued)

- a. First, to satisfy any minimum quantities under existing agreements.
 - b. Second, after complete satisfaction of (a), then to any supply or exchange service arrangements with the customer.
 - c. Third, after the satisfaction of (a) and (b), then to any subsequently executed service agreement.
2. The customer agrees that it shall accept and the Utility can rely upon, for purposes of accounting and billing, the allocation made by customer's shipper as to the quality and quantity of gas, expressed both in Mcf and therms, delivered at each point of receipt during the preceding billing period for the customer's account. If the shipper does not make such an allocation, the customer agrees to accept the quality and quantity as determined by the Utility. All quality and measurement calculations are subject to subsequent adjustment as provided in the Utility's tariff schedules or applicable CPUC rules and regulations. Any other billing correction or adjustment made by the customer or third party for any prior period shall be based on the rates or costs in effect when the event occurred and accounted for in the period they are reconciled.
3. The Utility shall render to the customer an invoice for the services hereunder showing the quantities of gas, expressed in therms, delivered to the Utility for the customer's account, at each point of receipt and the quantities of gas, expressed in therms, redelivered by Utility for the customer's account at each point of delivery during the preceding billing period. The Customer shall pay such amounts due hereunder within nineteen (19) calendar days following the date such bill is mailed.
4. Both the Utility and the customer shall have the right at all reasonable times to examine, at its expense, the books and records of the other to the extent necessary to verify the accuracy of any statement, charge, computation, or demand made under or pursuant to service hereunder. The Utility and the customer agree to keep records and books of account in accordance with generally accepted accounting principles and practices in the industry.

I. Gas Quality

- 1. The gas stream delivered by the customer into the Utility's system shall conform to the gas quality specifications as provided in any applicable agreements, contracts, service contracts and tariff schedules in effect between the delivering interstate or intrastate pipeline and the Utility at the time of the delivery.

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Rule No. 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Quality (Continued)

- 2. All gas delivered into the Utility's system for the account of the customer for which there is no existing contract between the delivering pipeline and the Utility shall be at a pressure such that the gas can be integrated into the Utility's system at the point(s) of receipt and shall conform to the following minimum specifications:
 - a. Heating Value: The minimum heating value is nine hundred and seventy (970) Btu (gross) per standard cubic foot on a dry basis. The maximum heating value is one thousand one hundred fifty (1150) Btu (gross) per standard cubic foot on a dry basis.
 - b. Moisture Content or Water Content: For gas delivered at or below a pressure of eight hundred (800) psig, the gas shall have a water content not in excess of seven (7) pounds per million standard cubic feet. For gas delivered at a pressure exceeding of eight hundred (800) psig, the gas shall have a water dew point not exceeding 20F at delivery pressure.
 - c. Hydrogen Sulfide: The gas shall not contain more than twenty-five hundredths (0.25) of one (1) grain of hydrogen sulfide per one hundred (100) standard cubic feet. The gas shall not contain any entrained hydrogen sulfide treatment chemical (solvent) or its by-products in the gas stream.
 - d. Mercaptan Sulfur: The mercaptan sulfur is not to exceed three tenths (0.3) grains per hundred standard cubic feet.
 - e. Total Sulfur: The gas shall not contain more than seventy-five hundredths (0.75) of a grain of total sulfur compounds per one hundred (100) standard cubic feet. This includes COS and CS₂, hydrogen sulfide, mercaptans and mono, di and poly sulfides.
 - f. Carbon Dioxide: The gas shall not have a total carbon dioxide content in excess of three percent (3%) by volume.
 - g. Oxygen: The gas shall not at any time have an oxygen content in excess of two-tenths of one percent (0.2%) by volume, and customer will make every reasonable effort to keep the gas free of oxygen.
 - h. Inerts: The gas shall not at any time contain in excess of four percent (4%) total inerts (the total combined carbon dioxide, nitrogen, oxygen and any other inert compound) by volume.
 - i. Hydrocarbons: For gas delivered at a pressure of 800 psig or less, the gas hydrocarbon dew point is not to exceed 45F at 400 psig or at the delivery pressure if the delivery pressure is below 400 psig. For gas delivered at a pressure higher than 800 psig, the gas hydrocarbon dew point is not to exceed 20F at a pressure of 400 psig.

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Rule No. 30

Sheet 13

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Quality (Continued)

2. (Continued)

j. Dust, Gums and Other Objectionable Matter: The gas shall be commercially free from dust, gums and other foreign substances.

k. Hazardous Substances: The gas must not contain hazardous substances (including but not limited to toxic and/or carcinogenic substances and/or reproductive toxins) concentrations which would prevent or restrict the normal marketing of gas, be injurious to pipeline facilities, or which would present a health and/or safety hazard to Utility employees and/or the general public.

l. Delivery Temperature: The gas delivery temperature is not to be below 50F or above 105F.

m. Interchangeability: The gas shall meet American Gas Association's Wobbe Number, Lifting Index, Flashback Index and Yellow Tip Index interchangeability indices for high methane gas relative to a typical composition of gas in the Utility system near the points of receipt. Acceptable specification ranges are:

* Wobbe Number (W for receiving facility)
(WP for producer)
 $0.9 W \leq WP \leq 1.1 W$

* Lifting Index (IL)
 $IL \leq 1.06$

* Flashback Index (IF)
 $IF \leq 1.2$

* Yellow Tip Index (IY)
 $IY \geq 0.8$

* Specifications are in relation to a typical composition of gas serving the area to be supplied by the new source.

3. The Utility, at its option, may refuse to accept any gas tendered for transportation by the customer or on his behalf if such gas does not meet the specifications as set out in I. 1 and I. 2 above, as applicable.

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Rule No. 30

Sheet 14

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Termination or Modification

1. If the customer breaches any terms and conditions of service of the customer's service agreement or the applicable tariff schedules and does not correct the situation within thirty (30) days of notice, the Utility shall have the right to cease service and immediately terminate the customer's applicable service agreement.
2. If the contract is terminated, either party has the right to collect any quantities of gas or money due them for transportation service provided prior to the termination.

K. Regulatory Requirements

1. Any gas transported by the Utility for the customer which was first transported outside the State of California shall have first been authorized under Federal Energy Regulatory Commission (FERC) regulations, as amended. Both parties recognize that such regulations only apply to pipelines subject to FERC jurisdiction, and do not apply to the Utility. The customer shall not take any action which would subject the Utility to the jurisdiction of the FERC, the Economic Regulatory Administration or any succeeding agency. Any such action shall be cause for immediate termination of the service arrangement between the customer and the Utility.
2. Transportation service shall not begin until both parties have received and accepted any and all regulatory authorizations necessary for such service.

L. Warranty and Indemnification

1. The customer warrants to the Utility that the customer has the right to deliver gas hereunder and that such gas is free from all liens and adverse claims of every kind. Customer will indemnify, defend and save Utility harmless against all loss, damage, injury, liability and expense of any character where such loss, damage, injury, liability or expense arises directly or indirectly out of any demand, claim, action, cause of action or suit brought by any person, association or entity asserting ownership of or any interest in the gas tendered for transportation hereunder, or on account of royalties, payments or other charges applicable before or upon delivery of gas hereunder.
2. The customer shall indemnify, defend and save harmless Utility, its officers, agents, and employees from and against any and all loss, costs (including reasonable attorneys' fees), damage, injury, liability, and claims for injury or death of persons (including any employee of the customer or the Utility), or for loss or damage to property (including the property of the customer or the Utility), which occurs or is based upon an act or acts which occur while the gas is deemed to be in the customer's control and possession or which results directly or indirectly from the customer's performance of its obligations arising pursuant to the provisions of its service agreement and the Utility's applicable tariff schedules, or occurs based on the customer-owned gas not meeting the specifications of Section I of this rule.

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Rule No. 32

Sheet 1

CORE AGGREGATION TRANSPORTATION

A. GENERAL

The terms and conditions of this Rule shall apply to Energy Service Providers (ESPs) who are also known as Aggregators, and their end-use customers (Core Transportation Customers), as defined in Southern California Gas Company's (SoCalGas) Rule No. 1.

The specific requirements for Core Transportation Customers are described in each core transportation rate schedule. The transportation of customer-owned gas in conjunction with service under this Rule is subject specifically to the terms and conditions of Rule No. 30, Transportation of Customer-Owned Gas, and Rule No. 23, Continuity of Service and Interruption of Delivery.

The terms and conditions of Core Transportation Service as well as the specific rights and obligations of ESPs, Core Transportation Customers, and SoCalGas with regard to Core Transportation Service have been updated in this Rule to reflect CPUC D.98-02-108, which conforms the customer switching process for Core Transportation Service (also known as Core Aggregation Transportation or CAT Service) with the procedures and policies established for electric direct access.

ESPs may receive receipt point access service by utilizing Schedule No. G-RPA. ESPs will have a set aside option, under Schedule No. G-RPA, to acquire firm receipt point access rights during the open season process.

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1. Eligibility and Application for ESP Status

- a. ESPs are required to complete an Energy Service Provider Agreement (Service Agreement or ESPA) with SoCalGas and a Credit Application for Energy Service Providers (Credit Application) that includes all financial information needed by SoCalGas to establish credit. ESPs are required to complete a new Credit Application on an annual basis and whenever the ESP's load increases by 25,000 therms per day or more from the ESP's load at the time the most recent Credit Application was completed.
- b. Approved ESPs may provide service to customers eligible for Core Service, as defined in Rule No. 1 in accordance with D.93-09-082. The aggregate load of customers served by each ESP must meet a minimum transport quantity of 250,000 therms annually. If an ESP's aggregated load falls below the 250,000 therms per year, the ESP will be given 90 days from notification to make up the deficient load. If sufficient load is not added within 90 days of the date of notification by SoCalGas, the ESP's contract will be terminated, at SoCalGas' sole discretion, and end-use customers served by the ESP will be able to authorize service from a different ESP or return to SoCalGas' Core Procurement Service.
- c. ESPs must have the capability to exchange data electronically with SoCalGas using the Internet-based processes described herein. Minimum requirements for this process are an Internet-enabled Personal Computer (PC) with Netscape Navigator Version 3.0, or higher, or Microsoft Internet Explorer Version 3.0, or higher.

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Rule No. 33
Electronic Bulletin Board (EBB)

Sheet 1

A. GENERAL

Utility will provide end-use customers, authorized marketers, and aggregators (hereinafter "User") access to its electronic transaction information and communication system known as Electronic Bulletin Board (EBB), as defined in Rule No. 1, contingent upon User meeting all conditions of Utility for authorization to use the EBB system. The general terms and conditions applicable to the provision and use of EBB are set forth herein. Utility may terminate all or any part of the EBB program at any time, but will provide as much prior notice of any such termination as reasonably possible. Use of EBB is not mandatory.

B. EBB APPLICATIONS

Utility has implemented EBB to facilitate certain Utility-to-EBB User and EBB User-to-EBB User interactions through the use of an electronic medium. EBB is intended to be accessible for the following services:

1. nominating with Utility for transportation or storage capacity on utility's intrastate system, including the ability for User to verify receipt and allocation by Utility of such nominations;
2. obtaining gas usage information by account or group of accounts for User with electronic gas measurement;
3. providing a mechanism for submitting transportation imbalance, receipt point access capacity and storage trade requests to Utility for validation;
4. posting imbalance quantities for trade during imbalance trading periods and approving all trades;
5. posting of holders of firm receipt point access capacity agreements;
6. posting of firm receipt point access secondary market transactions and approving all transactions;
7. obtaining information regarding such things as Utility tariff rate changes, curtailments, regulatory notices and other general information items;
8. obtaining Utility operational data as required in D.98-03-073, Remedial Measures; and
9. other electronic bidding, trading and contracting for gas transactions and information sharing in connection with such other tariff services or programs as may be available from Utility from time to time or in connection with Utility's pipeline systems or related services offered by Utility or third parties.

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Rule No. 33
Electronic Bulletin Board (EBB)

Sheet 2

(Continued)

C. USER HARDWARE REQUIREMENTS

To access and use the EBB system, authorized User must have access to the Internet. EBB technical requirements are posted on the EBB website.

D. SOFTWARE PROGRAMS AND DOCUMENTATION

1. Once User has satisfactorily met all of Utility's requirements for authorization to access EBB, including the execution of an EBB Contract ("Contract") and all necessary attachments thereto, Utility will provide such authorized User access and use of all software programs Utility deems necessary for use of EBB. All software programs provided to authorized User under the Contract are collectively referred to herein as the Software Programs.
2. Utility shall also provide authorized User associated documentation and materials for use with Software Programs. All such information is referred to herein as the Software Documentation. Authorized User shall not in any way copy, reproduce, modify or distribute all or any part of the Software Documentation.
3. Title in and to all Software Programs and Documentation is not transferred to authorized User.
4. Authorized User shall not modify Software Programs in any manner, nor shall authorized User reverse assemble or reverse compile, translate or convert Software Programs, or any portion thereof, to human readable form; or transfer, assign, or otherwise distribute copies of Software Programs without the express written consent of Utility.
5. Authorized User shall not in any way infringe the proprietary rights of Utility or any other party with said rights or in any way violate the laws, tariffs or regulations of any country. Authorized User's use of EBB system and all Software Programs and Documentation provided therewith is at all times subject to all applicable legal, regulatory, and tariff restrictions, including copyright restrictions, and User shall use EBB in accordance with all said restrictions.
6. Utility will from time-to-time provide authorized User all necessary and applicable modifications or revisions to the Software Documentation and Software Programs. Authorized User shall promptly incorporate any such revisions or modifications and replace any copies of the Software Programs with any modified or new versions provided by Utility and do so in the manner requested by Utility.

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Rule No. 35

Sheet 1

CONTRACTED MARKETER TRANSPORTATION

The terms and conditions of this Rule shall apply to Contracted Marketers (referred to herein as "Contractor"). The Contracted Marketer may perform the same functions as the Agent Marketer (referred to herein as "Agent"), that is, the purchasing, nominating and balancing of gas supplies for one or more transportation customers. In addition to these responsibilities, the Contractor is required to sign a Master Services Contract (referred to herein as "MSC") and MSC Schedule B, Marketer/Core Aggregator/Use or Pay Aggregator Agreement (Form Nos. 6597 and 6597-2) with the Utility and as part of such agreement accepts the financial responsibility of managing imbalances for their customers. This Rule shall also apply to the Contractor's end-use customers served under their applicable rate schedules.

Both Contractors and Agents are appointed by individual customers in their MSC Schedule A, Intrastate Transmission Service, (Form No. 6597-1) with the Utility to act on behalf of the customers in the purchasing, nominating and balancing of gas supplies, but Agents bear no financial responsibility for the transportation imbalances incurred by the customers they represent.

The specific requirements of transportation customers are described in each transportation rate schedule. The transportation of customer-owned gas in conjunction with service under this Rule is subject, on behalf of their customers, specifically to the terms and conditions of Rule No. 30, Transportation of Customer-Procured Gas, and Rule No. 23, Continuity of Service and Interruption of Delivery, and the penalties or credits associated with these rules.

A. General

1. Customer Elections

Customers may designate only one Contractor at a time. However, the Contractor is responsible for all transportation imbalances for transportation volumes delivered to the customer. The minimum term of obligation for a Contractor is one calendar month. A customer or Contractor can only elect changes in their service arrangements at the beginning of a month, with appropriate notice. There can be no mid month changes, except in the case where a Contractor is terminated from the Program. Any gas purchased from the Utility will be considered the first gas through the meter each billing period.

A Customer may choose to either have 1) one Contractor, 2) one or multiple Agents, or 3) itself for purposes of nominating to its end-use account (OCC).

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Rule No. 35

CONTRACTED MARKETER TRANSPORTATION

(Continued)

C. Contract Requirements

After credit has been established, the Contractor must sign a two-year MSC and MSC Schedule B, Marketer/Core Aggregator/Use or Pay Aggregator Agreement (Form Nos. 6597 and 6597-2) with the Utility. Attached to the contract, as Exhibit B, shall be an authorization form indicating each of the customers being represented by the Contractor. Customers participating in the Program shall designate only one Contractor at a time for all the Customer's transportation accounts. Customers and Contractors are to submit separate authorizations.

D. Contracted Marketer Responsibilities

1. Nomination Procedures

The Contractor's contract with the Utility shall establish their right to nominate daily transportation deliveries to the Utility. Such nominations shall be in accordance with Rule No. 30, Transportation of Customer-Owned Gas, and must be made through the Utility's electronic communication network as defined in Rule No. 33, Electronic Bulletin Board (EBB), as defined in Rule No. 1.

The Contractor shall be responsible for nominating by using the individual alpha-numeric codes of their customers and indicating to the Utility its numeric code and whether it is acting as a Contractor. A role indicator field is provided in EBB.

2. Imbalance Service

The Contractor is responsible for balancing transportation services with the customer's end-use consumption. The Contractor is responsible for managing the imbalances of the end-users through means which include participation in the Utility's Imbalance Trading Program pursuant to the provisions of Schedule No. G-IMB, Transportation Imbalance Service.

Imbalances will be calculated on an aggregated customer basis, not by individual account or delivery point. Imbalances will be determined by comparing the amount of gas delivered to the Utility and the amount of gas actually consumed by the customers. The Contractor shall be responsible for all imbalance charges, including any Utility Users Tax. The Contractor can pool the positive and negative imbalances of its customers in order to avoid or minimize imbalance charges.

The Contractor will assume responsibility for any pre-existing imbalance that a customer, new to that Contractor, possesses that is within the 10% imbalance tolerance band as specified in Schedule No. G-IMB, Transportation Imbalance Service. Additionally, when a customer leaves a Contractor, the customer's imbalance remains the responsibility of the Contractor.

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