

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.

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.

(Continued)

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**Paul J. Cardenas**  
 Vice President

(TO BE INSERTED BY CAL. PUC)  
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Sheet 2

CORE AGGREGATION TRANSPORTATION

(Continued)

A. GENERAL (Continued)

1. Eligibility and Application for ESP Status (Continued)

d. The term of the Service Agreement between an ESP and SoCalGas is twelve months, beginning with the first calendar day of the month after the Service Agreement is accepted by SoCalGas, and then month-to-month thereafter, until terminated as set forth in section C.5. below.

2. Changing Customer Status to Core Transportation Service

a. Eligibility for Program service is limited to customers eligible for Core Service, as defined in Rule No. 1, in accordance with D.93-09-082.

b. ESPs communicate changes in customer's status to SoCalGas via successful submission of an electronic Direct Access Service Request (DASR). By submission of the DASR, the ESP warrants that the customer being enrolled in the Transportation Service program by the DASR:

(1) Has been informed of, and consents to all terms and conditions of SoCalGas' Core Transportation Service;

(2) Intended to change their status to "Core Transportation Service" and receive gas procurement and related services from that specific ESP;

(3) Has authorized the ESP to act on the customer's behalf in various gas procurement activities; and,

(4) Has authorized SoCalGas to release the customer's current and historic gas consumption information to that specific ESP.

c. ESPs will maintain a signed customer contract (which includes customer acknowledgments and indemnification of SoCalGas as described in the ESPA) or records of independent third party verification in the manner set forth for requesting electronic direct access service in the Public Utilities Code, Section 366.5. In accordance with D.98-02-108, SoCalGas shall not be responsible for monitoring, auditing, reviewing or enforcing such contracts or arrangements between ESPs and Core Transportation Service Customers.

(Continued)

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**William L. Reed**  
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Chief Regulatory Officer

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CORE AGGREGATION TRANSPORTATION

(Continued)

A. GENERAL (Continued)

2. Changing Customer Status to Core Transportation Service (Continued)

- d. The term of the electronic DASR (or Authorization Form (Form 6568-A) used to submit new Core Transportation Service Customers prior to implementation of D.98-02-108) is a minimum of twelve months, beginning with the first day of the month that Core Transportation Service is received by the customer under the Program, and then month-to-month thereafter, until terminated as set forth in section A.3.a.(10) below.

3. DASR Transaction Processing

- a. The DASR system is used to submit customer enrollment (Service Request) and termination (Termination Request) transactions for Core Transportation Service.

- (1) DASRs may only be submitted by approved ESPs who have executed a Service Agreement with SoCalGas, and are in compliance with all applicable tariffs and requirements of the Core Transportation Program.
- (2) DASRs must be submitted by the customer's authorized ESP, or by the customer, if customer is self-aggregating.
- (3) A separate DASR must be submitted for each service account.
- (4) The status of DASRs can be viewed on-line in the DASR system by the ESP.
- (5) DASRs shall not be submitted to SoCalGas until three days after the verification required under Public Utilities Code Section 366.5 has been performed. It is the responsibility of the ESP to ensure that the requests of the residential and small commercial customers to cancel service pursuant to Public Utilities Code Section 395 are honored. If a DASR is accidentally submitted for a customer prior to the three day cooling off, and the customer cancels, the submitting ESP shall direct SoCalGas to submit a Cancellation Request. (The Cancellation Request differs from a Termination Request because the customer would not be considered "active" in the program.)
- (6) Submitted DASRs which comply with all processing, legal and regulatory requirements will be accepted by SoCalGas, and will be implemented based on the following time schedule:
  - a) Compliant DASRs received from the first calendar day through the fifteenth calendar day of any month are processed for implementation no later than the customer's meter read date in the following calendar month.

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Regulatory Affairs

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CORE AGGREGATION TRANSPORTATION

(Continued)

A. GENERAL (Continued)

3. DASR Transaction Processing (Continued)

(6) (Continued)

- b) Compliant DASRs received from the fifteenth calendar day through the last calendar day of any month are processed for implementation no later than the customer's meter read date in the second calendar month after the DASR is submitted.
  - c) All DASR transactions (Service Request, Termination Request and Cancellation Request) are considered "received" by SoCalGas on the date that the DASR System reflects the DASR Status as "Ready for Utility Review." The confirmation screen showing this status change is SoCalGas' acknowledgment of receipt of the transaction.
  - d) SoCalGas will process DASRs within 3 working days after the receipt date and provide written notification to the customer of the DASR status: "Accepted," "Rejected by Utility" (including a reason), or "Utility Review in Progress" (including a reason). Upon acceptance of a DASR, the customer will be notified of the effective switch date. Both the current ESP and the new ESP may view the status of the request and the effective switch date using the "DASR Summary" screen.
  - e) SoCalGas will reject any "Utility Review in Progress" request which is not completed (status change to "Accepted" or "Rejected") within 11 working days following the change in status to "Utility Review in Progress".
- (7) SoCalGas maintains the right to deny any DASR request where the information provided by the ESP is false, incomplete, or inaccurate in any material respect.
- (8) DASRs are accepted on a first-come, first-served basis, as determined by the time stamp placed on the transaction by the DASR System. If more than one authorization is received for an account, the first compliant authorization will be processed. The current ESP must submit a termination request before a subsequent enrollment request can be accepted from a new ESP.

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CORE AGGREGATION TRANSPORTATION

(Continued)

A. GENERAL (Continued)

3. DASR Transaction Processing (Continued)

- (9) A DASR is placed in "Utility Review in Process" status when SoCalGas has attempted to process the transaction and there are concerns which need to be addressed by SoCalGas, the ESP, or the Customer. The following is a partial listing of the reasons a DASR submission may be placed in "Utility Review in Process" status:
- a) Customer has not received an initial sales bill from SoCalGas.
  - b) Customer is currently summary billed - to participate in Transportation Service (CAT) program and receive summary billing from SoCalGas, the customer must select billing for transportation by SoCalGas.
  - c) Customer is currently on SoCalGas' Electronic Data Interchange (EDI) billing service. To remain a SoCalGas EDI customer, Core Transportation Service Customers must select billing for transportation by SoCalGas.
  - d) Customer is currently participating in SoCalGas' Level Pay Program. Customer may only remain on Level Pay if they select billing for transportation by SoCalGas.
  - e) Customer facility status is "off-for-repairs," "seasonal close," or is otherwise inactive. Inactive customers cannot be enrolled in Core Transportation Service.
  - f) Customer account has an outstanding deposit. Customers cannot be transferred to Core Transportation Service until this condition is removed.
- (10) The Authorization Form (Form 6538-A) (pre-DASR customer enrollment, submitted in accordance with D.95-07-048) and DASR Service Requests will remain in effect unless any of the following events occur:
- a) After the initial twelve-month term, a termination transaction is submitted by SoCalGas in response to a customer request, or a termination transaction is submitted by the ESP at customer or ESP request;
  - b) Any party files for or is forced into bankruptcy proceedings or goes out of business;
  - c) The customer is no longer receiving service at the meter location, or the customer status and applicable tariff schedules change due to changes in customer gas consumption;

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CORE AGGREGATION TRANSPORTATION

(Continued)

A. GENERAL (Continued)

3. DASR Transaction Processing (Continued)

- a. (10) d) The ESP submits a request to terminate service to the customer for the customer's failure to pay for service provided to the customer by ESP;
  - e) SoCalGas cancels ESP's authorization for ESP failure to pay for capacity service provided to the ESP or for other breach of the Service Agreement or applicable tariffs. In this event, SoCalGas will send written notice of cancellation to the ESP and to the customer, pursuant to Section C.5, Termination of the Service Agreement;
  - f) There is a change in SoCalGas' tariff rate schedules that materially affects the rights of the parties; or,
  - g) There is a regulatory or other legislative change which impacts an ESP's right or ability to provide service hereunder.
- (11) Core Transportation Service Customers who wish to exit the program and return to SoCalGas Core Procurement Service, or who wish to change ESPs, may contact their existing ESP to request termination or submit a request for termination to SoCalGas. Upon receipt of the customer request for termination, SoCalGas will verify the customer has completed the minimum 12 month contractual requirement for Core Transportation Service, and terminate the customer's participation in the program. When SoCalGas terminates the customer's participation, SoCalGas will notify the ESP within 24 hours via the DASR system.
- (12) The customer will have 90 days from the termination submission in which to select a different ESP (defined as not affiliated with original ESP) or the customer may return to Procurement Service from SoCalGas under the customer's otherwise-applicable rate. If the customer returns to SoCalGas Procurement Service, they must remain a Procurement Customer for the longer of: 1) twelve months, or 2) the balance of their five (5) year core commitment pursuant to D.02-08-065, as applicable. Additionally, any customer whose annual consumption is over 50,000 therms will be on the Cross-Over Rate (G-CPNRC), pursuant to Schedule No. G-CP, during the 90 day period when they are selecting another ESP. These same customers would remain on this Cross-Over Rate for a total of 12 months if they fail to select another ESP during the 90 day period. Those customers who return to utility procurement because their ESP no longer provides any service in the State of California, as further defined in Rule No. 1, are exempt from the Cross-Over Rate.
- (13) Upon successful processing of a termination request, SoCalGas will notify the customer in writing of the termination, including reason. ESP will be able to view termination transactions via the Energy Marketplace.

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CORE AGGREGATION TRANSPORTATION

(Continued)

A. GENERAL (Continued)

3. DASR Transaction Processing (Continued)

b. Customers remain responsible to SoCalGas for any charges incurred by their ESP associated with Program Service prior to the effective date of service termination, except Procurement Management Charges as defined in Rule No. 1, even if such charges are rendered after cancellation has taken place.

4. Rates

Charges for service shall be in accordance with SoCalGas' core transportation rates for each end-use customer, as set forth in the core transportation rate schedules. Aggregation with other loads does not change the otherwise applicable rate schedule for a specific facility.

Additionally, for the first twelve months of service to a customer under the Program, the customer's core transportation rates will include a component that reflects the most recent positive or negative imbalances in SoCalGas' core gas balancing account. For the first twelve months the customer participates in the Program, this component shall be an adder or subtracter that reflects the current status of the Purchased Gas Account. After the first twelve months of service to a customer under the Program, the customer's transportation rate will not include the balancing account component.

Charges by SoCalGas may be adjusted to reflect the applicable taxes, franchise fees or other fees, regulatory surcharges and interstate or intrastate pipeline charges that may occur.

5. Release of Customer Information

Upon receipt of a compliant DASR service request, SoCalGas will provide the ESP with available information for up to twelve months of customer gas consumption no later than 5 days before the scheduled switch date, where possible, in electronic format.

Except as provided above, SoCalGas must receive a signed "Customer Information Release" (Form 6538) to release customer-specific usage data to parties. Subject to customer authorization, SoCalGas will provide a maximum of the most recent 12 month's customer usage data (or all data available if customer has less than 12 month's usage history) to the customer or its authorized agent. If a customer, or a customer's ESP, requests this historic usage more than two times per year for a specific service account, SoCalGas shall have the ability to assess a processing charge if approved by the CPUC.

Customers may also obtain up to 24 months individual gas consumption history in a "downloadable" format free of charge at the "Customer Service Connection" located in SoCalGas' website at [www.socalgas.com](http://www.socalgas.com).

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Sheet 10

CORE AGGREGATION TRANSPORTATION

(Continued)

B. ESTABLISHMENT OF CREDIT (Continued)

2. Security Deposit (Continued)

b. Amount of Security Deposit

The amount of security deposit, or the established credit limit required, is a function of the DCQ. The formula for determining the security deposit or credit limit depends upon the nature of services for which ESPs bill their customers. This creditworthiness requirement (CWR) shall be calculated as follows:

(1) ESP Bills Customers For Gas Commodity Only:

$$CWR1.0 = 120 \text{ days} \times DCQ \times \text{Core Standby Rate};$$

Where: CWR1.0 equals the security deposit in dollars for ESP Procurement Management Charges, as defined in Rule No. 1, for which the ESP is liable. For administrative purposes, the core standby rate will be calculated at 150% of the SoCalGas forecasted core procurement rate.

(2) ESP Bills All Customers For Gas Commodity And Transportation Charges:

$$CWR2.0 = CWR1.0 + (75 \text{ days} \times DCQ \times \text{Average Retail Core Transportation Charge});$$

Where: CWR2.0 equals CWR1.0 plus the security deposit in dollars for handling the customer's money in the event that an ESP bills and collects SoCalGas' transportation charges.

If a security deposit is to be in lieu of a creditworthiness evaluation it is due and payable upon demand prior to commencement of the ESP's participation in the Program.

Any deposit will be considered past due if it is not paid within fifteen calendar days after it is requested by SoCalGas. Past due notices will be mailed to the ESP and to each of its customers. If the deposit is not paid within seven days of the issuance of the past due notice, the ESP's participation will be subject to termination.

All forms of security shall be retained as long as the ESP is participating in the Program unless otherwise reduced pursuant to the provisions of Section B.3., Other Forms of Security Deposit, listed below.

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CORE AGGREGATION TRANSPORTATION

(Continued)

B. ESTABLISHMENT OF CREDIT (Continued)

3. Other Forms of Security Deposit

ESPs may select guaranteed deliveries and/or storage collateral, and, for ESPs who bill for SoCalGas' Transportation charges, accelerated payments to reduce their creditworthiness requirements.

a. Guaranteed Deliveries

The ESP may guarantee weekly delivery of gas equal to 80%, or some other portion acceptable to the ESP and SoCalGas, of the projected customer usage. Projected customer usage will be calculated on a month-to-date basis as follows:

(1)  $80\% \times \text{historical daily usage} \times \text{number of days}$ ;

Where: "number of days" = 7, 14, 21, 28, 30 or 31

If the ESP fails to meet the 80% condition, then the ESP will have seven days or until the end of the month, whichever occurs first, to cure. If the ESP is unable to cure within the cure period, then the ESP's participation in the Program is subject to immediate termination by SoCalGas. By satisfying this condition, an ESP can reduce its creditworthiness requirement by 80% of the Core Standby Rate as follows:

(2)  $\text{CWR1.1} = 24 \text{ days} \times \text{DCQ} \times \text{Core Standby Rate}$

b. Storage Collateral

An ESP may elect to reduce its creditworthiness requirements by maintaining a set or prescribed quantity of gas in storage at all times. Gas stored for collateral is in addition to gas stored to meet core reliability requirements.

If the ESP fails to maintain the prescribed quantity of gas in storage, the ESP will have seven days or until the end of the month, whichever occurs first, to cure. If the ESP is unable to cure within the cure period, the ESP may purchase gas necessary to meet the condition from SoCalGas, at the retail core standby procurement charge, or SoCalGas may immediately terminate the ESP's participation in the Program.

The ESP will grant to SoCalGas a first priority security interest in all gas in storage pursuant to appropriate documents acceptable to SoCalGas.

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CORE AGGREGATION TRANSPORTATION

(Continued)

B. ESTABLISHMENT OF CREDIT (Continued)

3. Other Forms of Security Deposit (Continued)

b. Storage Collateral (Continued)

The prescribed quantity shall be specified by the ESP subject to SoCalGas' concurrence and will reduce the creditworthiness requirement by reducing the number of days used in the calculation of CWR1.2 by the quotient of the prescribed quantity divided by the DCQ as follows:

(1)  $CWR1.2 = (120 \text{ days} - (\text{prescribed quantity} / DCQ)) \times DCQ \times \text{Core Standby Rate}$ .

c. Accelerated Payments/Immediate Payment For Services Rendered

If the ESP bills customers for SoCalGas' transportation charges, then the ESP may pay these charges at the end of billing cycles 5, 10, 15 and 21 (i.e., make weekly payments).

These weekly payments are estimated based on the retail core transportation charges for the customers served by the ESP. The payments and charges may be reconciled at month-end billing time. If payment is not received by the 4:00 P.M. on the due date, SoCalGas will notify the ESP of non-payment. If payment is not received by close of business on the next business day, then the ESP's participation is subject to immediate termination. Any payment received after the due date will be considered past due and subject to the conditions described below in Section C.3., Late Payments.

This condition would be implemented in lieu of weekly summary billing. In addition, the ESP's creditworthiness requirement will be reduced as follows:

(1)  $CWR2.1 = CWR1."X" + (22 \times DCQ \times \text{Average Retail Core Transportation Charge})$ .

Where: "X" is equal to 0, 1, or 2 (e.g., CWR1.0, CWR1.1 or CWR1.2)

4. Additional Documents

The ESP shall execute and deliver all documents and instruments (including, without limitation, security agreements and Uniform Commercial Code financing statements) reasonably requested from time to time to implement the provisions set forth above and to perfect any security interest granted to SoCalGas.

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Sheet 13

CORE AGGREGATION TRANSPORTATION

(Continued)

C. BILLING AND PAYMENT TERMS

SoCalGas may allow or require the ESP to bill end-use customers for SoCalGas' transportation charges and the ESP may allow SoCalGas to bill end-use customers for the ESP's commodity charges, if available.

1. Weekly Billing

For an ESP who bills for SoCalGas' transportation charges, in order to eliminate the cash lag in the current month-end billing of SoCalGas' transportation charges and reduce the ESP's creditworthiness requirements, weekly summary billing of customer accounts will be implemented. Interstate transmission charges, and imbalance billing and notification will occur monthly. On a monthly basis, the ESP will receive from SoCalGas the interstate transportation credit less any unpaid, overdue Procurement Management Charges owed by the ESP.

2. Payment Terms

The ESP's bill is due and payable upon receipt. All payments will be made electronically or by wire transfer unless otherwise agreed to by SoCalGas. The bill will be considered past due if it is not paid within fifteen calendar days after transmittal. Past due notices will be mailed to the ESP and each of its customers. If the bill is not paid within seven days of the issuance of the past due notice, the ESP's participation will be subject to immediate termination by SoCalGas.

For an ESP who does not bill for SoCalGas' transportation charges, bills issued to the ESP for any Procurement Management Charges remaining after offset will be past due if not paid within fifteen calendar days after the date the bill is mailed.

3. Late Payment

If an ESP does not pay any bill rendered to it by SoCalGas within fifteen days after transmittal, then:

- a. A seven-day notice may be mailed to the ESP and its customers may be advised of such notice. If the charges in the notice remain unpaid after the expiration of the seven-day notice, participation under the Program is subject to termination. If participation is terminated, the ESP remains responsible for all charges incurred under the Program, even if such charges are identified after the termination becomes effective.
- b. The outstanding balance will be subject to any applicable late payment fees as authorized by the CPUC.

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CORE AGGREGATION TRANSPORTATION

(Continued)

C. BILLING AND PAYMENT TERMS (Continued)

5. Termination of the Service Agreement

If a payment is not received within seven days of the issuance of a past due notice, the ESP's participation in the Program will be subject to termination. In addition, if SoCalGas receives any notification that the ESP has filed or will be filing any type of bankruptcy, or is closing its business, the ESP's participation will be terminated immediately and all of the ESP's rights to conduct business with SoCalGas thereunder shall be terminated, consistent with any bankruptcy laws that may take precedence over the rules set forth herein. Further, SoCalGas may terminate an ESP's participation in the Program for failure to pay the interstate pipeline for the full cost of its assigned capacity.

Upon termination of an ESP's participation:

- a. Notices of such Termination will be sent to the ESP, to each of its customers, and to the CPUC;
- b. SoCalGas will establish an escrow agreement/account for collections of outstanding customer payments;
- c. Any gas in storage and gas that has been delivered into SoCalGas' system on behalf of the Customers served by ESPs will be used to off-set any immediate imbalances. This gas cannot be subject to encumbrances of any kind, including, but not limited to, liens, trades, or sales to other customers;
- d. The ESP will lose its right to a 10% tolerance for transportation imbalances and will be required to trade toward a zero imbalance; and,
- e. All fees, charges and other obligations of ESP to SoCalGas shall be immediately due and payable without further notice of demand and shall thereafter be subject to CPUC authorized late payment fees and interest, until paid in full.
- f. The customer will have 90-days from date of cancellation by the ESP in which to join another ESP's group or the customer may return to full service from SoCalGas (see Section A.1.b., above).

At the time of termination, if the ESP has not paid SoCalGas billings, any deposit held on the ESP's accounts shall be applied to recoup unpaid bills. In addition, if an ESP is terminated and/or declares bankruptcy, the ESP will be liable to SoCalGas for any and all costs, expenses, and attorney's fees incurred by SoCalGas as a result of such termination or bankruptcy. Payment by the ESP of all such costs, expenses and attorney's fees will be a condition of re-entry into, or continuation in, the Program.

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Sheet 16

CORE AGGREGATION TRANSPORTATION

(Continued)

C. BILLING AND PAYMENT TERMS (Continued)

6. Customer Liability For ESP Obligations

If a security deposit has not been provided or does not adequately cover the outstanding charges owed by an ESP, excluding any Procurement Management Charges, the customers represented by the ESP will be liable for any such charges. These outstanding charges will first be reconciled and assigned to customers based on the customers' outstanding balance with SoCalGas and the payment records in the escrow account, if an escrow account has been established. Any outstanding charges that remain unreconciled after that process will then be allocated to customers served by the ESP on a pro rata basis to customers based on the customers' usage during the period the outstanding balance was accumulated.

Regardless of who renders bills for SoCalGas transportation charges, the ESP will continue to be financially liable for outstanding Procurement Management Charges.

7. SoCalGas Collection Assistance

SoCalGas will pursue normal collection activity for nonpayment of SoCalGas' charges, if SoCalGas bills such charges directly to the customer. SoCalGas will bill the customer directly for such charges when the ESP bills for the gas commodity only. Under this situation, the ESP's creditworthiness requirements will be reduced as set forth in Section B.2.b.(1).

8. Billing Disputes

If a Core Transportation Service customer disputes a SoCalGas bill, the disputed amount will be deposited by the customer with the CPUC pending resolution of the dispute under the existing CPUC procedures for resolving such disputes with SoCalGas. If a Core Transportation Service customer has a billing dispute with its ESP, the customer will remain obligated to pay SoCalGas charges in a timely manner. The ESP shall not withhold payment of any such SoCalGas charges pending resolution of any such disputes regarding the ESP's bills.

If the ESP, or customer who's transportation charges are billed by the ESP, disputes a SoCalGas bill, the disputed amount will be deposited by the ESP with the CPUC pending resolution of the dispute under existing CPUC procedures. No termination of participation in the Program will occur for this dispute while the CPUC is hearing this matter.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 2686  
 DECISION NO. 98-02-108

ISSUED BY  
**Paul J. Cardenas**  
 Vice President

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Mar 23, 1998  
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CORE AGGREGATION TRANSPORTATION

(Continued)

D. DELIVERY OF GAS

1. Transportation of Customer Owned Gas

ESPs participating in the Program will perform gas deliveries pursuant to the provisions and conditions set forth in Rule No. 30, Transportation of Customer Owned Gas.

2. Imbalance Service

The ESP is responsible for balancing transportation services with the customer's end-use consumption. The ESP 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. 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 ESP's DCQ will be used as a proxy for gas actually consumed by their customers. Immediately each month when actual meter usage information becomes available, an adjustment to the ESP's imbalance account will be made to account for any differences between actual consumption of its customers and the DCQ.

The ESP shall be responsible for all imbalance charges, including any Utility Users Tax. The ESP may pool the positive and negative imbalances of its customers in order to avoid or minimize imbalance charges

3. Backbone Transportation Service

ESPs may receive Backbone Transportation Service by utilizing Schedule No. G-BTS. ESPs will have the set-aside option, under Schedule No. G-BTS, to acquire firm Backbone Transportation Service during the open season process.

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E. STORAGE RIGHTS AND OBLIGATIONS

1. Allocation of Storage Rights

Storage rights and costs will be allocated to each ESP by SoCalGas in the same proportion as storage costs are allocated to the customer classes represented by each ESP in SoCalGas' core transportation rates based on the prorata share of the Utility Gas Procurement Department allocated rights.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4240  
DECISION NO. 11-04-032

ISSUED BY  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
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