

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 6, 2009

**Advice Letter 4022**

Ronald van der Leeden, Director  
Rates, Revenues and Tariffs  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**Subject: Clean-Up Filing to Revise (1) Preliminary Statement – Part XI,  
Performance Based Regulation; (2) Rule No. 2 – Description of  
Service; and (3) Form No. 6597-13, Pooling Service Agreement**

Dear Mr. van der Leeden:

Advice Letter 4022 is effective October 30, 2009.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Ronald van der Leeden**  
Director  
Rates, Revenues & Tariffs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.2009  
Fax: 213.244.3201  
*rvanderleeden@semprautilities.com*

September 30, 2009

Advice No. 4022  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Clean-Up Filing to Revise (1) Preliminary Statement – Part XI, Performance Based Regulation; (2) Rule No. 2 - Description of Service; and (3) Form No. 6597-13, Pooling Service Agreement**

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revision to its tariffs, applicable throughout its service territory, as shown on Attachment B.

### **Purpose**

This clean up filing corrects an inadvertent omission in the definition of Z Factor contained in Sheet 2 of the current and effective Preliminary Statement Part XI (PS XI); updates the second paragraph of Section K of Rule No. 2; and corrects the wrong references to the section numbers in the Pooling Service Agreement (Form No. 6597-13).

### **Background**

One of the eight criteria applicable to the current SoCalGas Z-factor mechanism is that *the costs are not a normal part of doing business*. The description of Z-factor criteria in D.05-03-023 omits the word “not” from this criterion. SoCalGas views this as an inadvertent clerical error since the Commission was merely attempting to describe the existing criteria, and neither the settling parties nor the Commission propose or describe any change to the existing Z-factor criteria other than the elimination of criterion No. 6 set forth in the Settlement Agreement. As a result of this inadvertent error in D.05-03-023, the same omission was also inadvertently carried forward into SoCalGas’ Preliminary Statement describing the Z-factor mechanism.

The second paragraph in Section K of Rule No. 2 states that the Utility may apply appropriate district daily heating values rather than the monthly average heating value in determining the customer’s bill. SoCalGas now wishes to update the language to reflect current practice of applying hourly heating values. This clarifies that SoCalGas may use daily, hourly or more frequent heating value data in combination with volume measurements in the same increments for more accurate energy measurement. SoCalGas is taking advantage of

current technology which supplies measurement of heating value and volume in smaller time increments.

The Pooling Service Agreement (Form No. 6597-13) sets forth the terms and conditions under which SoCalGas will provide end-use customers, customer agents, contracted marketers, core aggregators, its own Gas Acquisition, and any other legal entity seeking to conduct business on the SoCalGas system pooling service on the SoCalGas system.

### **Requested Tariff Revisions**

**PS XI:** The word “not” is inserted after the phrase “costs which are” in the second sentence of the definition of Z factor. The revised sentence now reads:

Additionally, Z factors include costs which are not a normal part of doing business, the costs and event are not reflected in the rate update mechanism, and the cost impact must be measurable and incurred reasonably.

**Rule No. 2:** The second paragraph under Section K now reads:

Where the Utility has a meter device that automatically gathers and records daily or more frequent consumption information, the Utility may apply appropriate district daily or more frequent heating values in determining the customer’s bill, rather than a monthly average heating value.

**Form No. 6597-13:** The reference to Section 7 in Section 2(B)(1) should be corrected to read Section 6 and the reference to Section 9 in the last sentence of Section 6(A) should be corrected to read “Section 2 and Section 8 of this Agreement.”

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

### **Protest**

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

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

Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas ([mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)) and Honesto Gatchalian ([jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No. (213) 244-4957  
E-mail: [snewsom@SempraUtilities.com](mailto:snewsom@SempraUtilities.com)

**Effective Date**

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests the tariff sheets filed herein be effective on October 30, 2009, which is 30 calendar days from the date filed.

**Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A.

---

Ronald van der Leeden  
Director  
Rates, Revenues & Tariffs

Attachments

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: SNewsom@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 4022

Subject of AL: Cleanup: PS XI to Correct Z Factor Definition, Update Rule No. 2, and Revise Pooling Service Agreement (Form No. 6597-13)

Keywords (choose from CPUC listing): Preliminary Statement, Rules, Sample Forms

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

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

None

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

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

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

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 10/30/09

No. of tariff sheets: 7

Estimated system annual revenue effect (%): None

Estimated system average rate effect (%): None

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: PS XI, Rules, Sample Forms and TOCs

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: None

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

**CPUC, Energy Division**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

**mas@cpuc.ca.gov and jnj@cpuc.ca.gov**

**Southern California Gas Company**

**Attention: Sid Newsom**

**555 West 5<sup>th</sup> Street, GT14D6**

**Los Angeles, CA 90013-1011**

**SNewsom@semprautilities.com**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 4022**

**(See Attached Service List)**

Alcantar & Kahl  
Kari Harteloo  
klc@a-klaw.com

Alcantar & Kahl  
Seema Srinivasan  
sls@a-klaw.com

Alcantar & Kahl LLP  
Annie Stange  
sas@a-klaw.com

Alcantar & Kahl, LLP  
Mike Cade  
wmc@a-klaw.com

BP Amoco, Reg. Affairs  
Marianne Jones  
501 West Lake Park Blvd.  
Houston, TX 77079

Barkovich & Yap  
Catherine E. Yap  
ceyap@earthlink.net

Beta Consulting  
John Burkholder  
burkee@cts.com

CPUC  
Consumer Affairs Branch  
505 Van Ness Ave., #2003  
San Francisco, CA 94102

CPUC  
Energy Rate Design & Econ.  
505 Van Ness Ave., Rm. 4002  
San Francisco, CA 94102

CPUC  
Pearlie Sabino  
pzs@cpuc.ca.gov

CPUC - DRA  
R. Mark Pocta  
rmp@cpuc.ca.gov

CPUC - DRA  
Jacqueline Greig  
jnm@cpuc.ca.gov

CPUC - DRA  
Galen Dunham  
gsd@cpuc.ca.gov

California Energy Market  
Lulu Weinzimer  
luluw@newsdata.com

Calpine Corp  
Avis Clark  
aclark@calpine.com

City of Anaheim  
Ben Nakayama  
Public Utilities Dept.  
P. O. Box 3222  
Anaheim, CA 92803

City of Azusa  
Light & Power Dept.  
215 E. Foothill Blvd.  
Azusa, CA 91702

City of Banning  
Paul Toor  
P. O. Box 998  
Banning, CA 92220

City of Burbank  
Fred Fletcher/Ronald Davis  
164 West Magnolia Blvd., Box 631  
Burbank, CA 91503-0631

City of Colton  
Thomas K. Clarke  
650 N. La Cadena Drive  
Colton, CA 92324

City of Long Beach, Gas & Oil Dept.  
Chris Garner  
2400 East Spring Street  
Long Beach, CA 90806

City of Los Angeles  
City Attorney  
200 North Main Street, 800  
Los Angeles, CA 90012

City of Pasadena - Water and Power  
Dept.  
G Bawa  
GBawa@cityofpasadena.net

City of Riverside  
Joanne Snowden  
jsnowden@riversideca.gov

City of Vernon  
Dan Bergmann  
dan@igservice.com

Commerce Energy  
Catherine Sullivan  
csullivan@commerceenergy.com

Commerce Energy  
Blake Lazusso  
blasuzzo@commerceenergy.com

Commerce Energy  
Brian Patrick  
BPatrick@commerceenergy.com

County of Los Angeles  
Stephen Crouch  
1100 N. Eastern Ave., Room 300  
Los Angeles, CA 90063

Crossborder Energy  
Tom Beach  
tomb@crossborderenergy.com

Culver City Utilities  
Heustace Lewis  
Heustace.Lewis@culvercity.org

DGS  
Henry Nanjo  
Henry.Nanjo@dgs.ca.gov

Davis Wright Tremaine, LLP  
Edward W. O'Neill  
505 Montgomery Street, Ste 800  
San Francisco, CA 94111

Davis, Wright, Tremaine  
Judy Pau  
judypau@dwt.com

Dept. of General Services  
Celia Torres  
celia.torres@dgs.ca.gov

Douglass & Liddell  
Donald C. Liddell  
liddell@energyattorney.com

Douglass & Liddell  
Dan Douglass  
douglass@energyattorney.com

Downey, Brand, Seymour & Rohwer  
Dan Carroll  
dcarroll@downeybrand.com

Dynegy  
Mark Mickelson  
Mark.Mickelson@dynegy.com

Dynegy - West Generation  
Joseph M. Paul  
Joe.Paul@dynegy.com

Gas Transmission Northwest  
Corporation  
Bevin Hong  
Bevin\_Hong@transcanada.com

General Services Administration  
Facilities Management (9PM-FT)  
450 Golden Gate Ave.  
San Francisco, CA 94102-3611

Goodin, MacBride, Squeri, Ritchie &  
Day, LLP  
James D. Squeri  
jsqueri@gmssr.com

Goodin, MacBride, Squeri, Ritchie &  
Day, LLP  
J. H. Patrick  
hpatrick@gmssr.com

Hanna & Morton  
Norman A. Pedersen, Esq.  
npedersen@hanmor.com

Imperial Irrigation District  
K. S. Noller  
P. O. Box 937  
Imperial, CA 92251

JBS Energy  
Jeff Nahigian  
jeff@jbsenergy.com

Jeffer, Mangels, Butler & Marmaro  
2 Embarcaero Center, 5th Floor  
San Francisco, CA 94111

Kern River Gas Transmission Company  
Janie Nielsen  
Janie.Nielsen@KernRiverGas.com

LA County Metro  
Julie Close  
closeJ@metro.net

LADWP  
Randy Howard  
P. O. Box 51111, Rm. 921  
Los Angeles, CA 90051-0100

LADWP  
Nevenka Ubavich  
nevenka.ubavich@ladwp.com

Law Offices of Diane I. Fellman  
Diane Fellman  
diane\_fellman@fpl.com

Law Offices of William H. Booth  
William Booth  
wbooth@booth-law.com

Megan Lawson  
MEHr@PGE.COM

Luce, Forward, Hamilton & Scripps  
John Leslie  
jleslie@luce.com

MRW & Associates  
Robert Weisenmiller  
mrw@mrwassoc.com

Manatt Phelps Phillips  
Randy Keen  
rkeen@manatt.com

Manatt, Phelps & Phillips, LLP  
David Huard  
dhuard@manatt.com

March Joint Powers Authority  
Lori Stone  
23555 Meyer Drive,  
March Air Reserve Base, CA 92518-  
2038

Matthew Brady & Associates  
Matthew Brady  
matt@bradylawus.com

Julie Morris  
Julie.Morris@PPMEnergy.com

National Utility Service, Inc.  
Jim Boyle  
One Maynard Drive, P. O. Box 712  
Park Ridge, NJ 07656-0712

Navigant Consulting, Inc.  
Ray Welch  
ray.welch@navigantconsulting.com

PG&E Tariffs  
Pacific Gas and Electric  
PGETariffs@pge.com

Praxair Inc  
Rick Noger  
rick\_noger@praxair.com

Questar Southern Trails  
Lenard Wright  
Lenard.Wright@Questar.com

Regulatory & Cogen Services, Inc.  
Donald W. Schoenbeck  
900 Washington Street, #780  
Vancouver, WA 98660

Richard Hairston & Co.  
Richard Hairston  
hairstonco@aol.com

Safeway, Inc  
Cathy Ikeuchi  
cathy.ikeuchi@safeway.com

Sempra Global  
William Tobin  
wtobin@sempraglobal.com

Sierra Pacific Company  
Christopher A. Hilén  
chilen@sppc.com

Southern California Edison Co  
Fileroom Supervisor  
2244 Walnut Grove Ave., Rm 290, GO1  
Rosemead, CA 91770

Southern California Edison Co  
Karyn Gansecki  
601 Van Ness Ave., #2040  
San Francisco, CA 94102

Southern California Edison Co.  
Kevin Cini  
Kevin.Cini@SCE.com

Southern California Edison Co.  
John Quinlan  
john.quinlan@sce.com

Southern California Edison Co.  
Colin E. Cushnie  
Colin.Cushnie@SCE.com

Southern California Edison Company  
Michael Alexander  
Michael.Alexander@sce.com

Southwest Gas Corp.  
John Hester  
P. O. Box 98510  
Las Vegas, NV 89193-8510

Suburban Water System  
Bob Kelly  
1211 E. Center Court Drive  
Covina, CA 91724

Sutherland, Asbill & Brennan  
Keith McCrea  
kmccrea@sablalaw.com

TURN  
Mike Florio  
mflorio@turn.org

TURN  
Marcel Hawiger  
marcel@turn.org

The Mehle Law Firm PLLC  
Colette B. Mehle  
cmehle@mehlelaw.com

Western Manufactured Housing  
Communities Assoc.  
Sheila Day  
sheila@wma.org

ATTACHMENT B  
Advice No. 4022

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 45064-G	PRELIMINARY STATEMENT, PART XI, PERFORMANCE BASED REGULATION, Sheet 2	Revised 43902-G
Revised 45065-G	Rule No. 02, DESCRIPTION OF SERVICE, Sheet 5	Revised 42762-G
Revised 45066-G	MASTER SERVICES CONTRACT - SCHEDULE K , POOLING SERVICE AGREEMENT, Form No. 6597-13 (09/2009)	Original 42316-G
Revised 45067-G	TABLE OF CONTENTS	Revised 43402-G**
Revised 45068-G	TABLE OF CONTENTS	Revised 44340-G
Revised 45069-G Revised 45070-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 45021-G Revised 44760-G

PRELIMINARY STATEMENT  
PART XI  
PERFORMANCE BASED REGULATION

Sheet 2

(Continued)

B. EFFECTIVE DATE/DURATION

The PBR mechanism shall be effective January 1, 2008 through the end of 2011. Pursuant to D.08-07-046, the performance incentive shall be effective from 2008 onwards until modified or terminated by further action of the Commission. SoCalGas shall file a Test Year 2012 general rate case application.

C. AUTHORIZED BASE MARGIN

The 2008 authorized base margin for SoCalGas is \$1,610,510,000. For the attrition years of 2009-2011 the authorized base margin revenue requirement will increase by a fixed amount each year. The attrition year amounts, excluding FF&U, are:

\$52,000,000 in 2009,  
\$51,000,000 in 2010, and  
\$53,000,000 in 2011.

There will be no true-up or after-the-fact modification to any attrition year revenue requirement increase. Revenue requirement and rate base changes outside the scope of D.08-07-046 (e.g. cost of capital, Catastrophic Event Memorandum Account, etc) are incremental to the fixed attrition amounts. The attrition adjustment will be incorporated in rates in connection with SoCalGas' consolidated rate update filing for rates effective January 1 of the following year.

D. REVENUE ADJUSTMENT MECHANISM

On a monthly basis, actual base margin revenues are recorded to the Core Fixed Cost Account (CFCA), Enhanced Oil Recovery Account (EORA), Integrated Transmission Balancing Account (ITBA), and the Noncore Fixed Cost Account (NFCA) and balanced against the monthly portion of the authorized base margin revenue requirement. The CFCA, NFCA, ITBA, and EORA balance the costs and revenues associated with serving the core, noncore, and Enhanced Oil Recovery customer classes as is further described in Preliminary Statement, Part V, Regulatory Accounts – Balancing.

E. Z FACTOR

1. Definition

Z Factors are exogenous events, unforeseen at the implementation of PBR, largely uncontrollable by management, having a material and disproportionate impact on SoCalGas as described below. Additionally, Z factors include costs which are not a normal part of doing business, the costs and event are not reflected in the rate update mechanism, and the cost impact must be measurable and incurred reasonably. Potential Z Factors shall include, but are not limited to the items set forth below:

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4022  
DECISION NO.

206

ISSUED BY

**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Sep 30, 2009  
EFFECTIVE Oct 30, 2009

RESOLUTION NO. \_\_\_\_\_

T

DESCRIPTION OF SERVICE

(Continued)

K. Conversion of Metered Volumes to Therms for Billing Other Than Utility Electric Generation and Wholesale Customers (Continued)

The Btu factor for each Btu district will be determined monthly by dividing the average heating value of deliveries to that Btu district by 1,000. The average heating value in the Btu district is based upon the 4-week period ending on the second Tuesday of a 4-Tuesday month, or the 5-week period ending on the third Tuesday of a 5-Tuesday month. This Btu factor shall be used for all billing cycles of the next revenue month.

Where the Utility has a meter device that automatically gathers and records daily or more frequent consumption information, the Utility may apply appropriate district daily or more frequent heating values in determining the customer's bill, rather than a monthly average heating value.

N  
N

L. Conversion of Metered Volumes for Billing of Utility Electric Generation and Wholesale Customers

The number of therms to be billed shall be the product of the metered volume in Mcf delivered during each billing period for each service location times the conversion factor. The conversion factor will be determined monthly by dividing the average heating value in Btu per cubic foot (dry basis) for each service location by 100. The metered Mcf of gas delivered during each billing period is determined in accordance with other provisions of Rule 2.

M. The Utility reserves the right to refuse gas service to:

1. Any customer whose fuel requirements impose demands only at times which are coincidental with the period of extreme seasonal peak demands on the Utility's system.
2. Any premises for standby purposes. Utility will notify the Commission whenever a denial of service is contemplated.

N. Special Facilities

1. Request for Special Facilities. Utility will normally install only those permanent facilities needed to provide standard service pursuant to Rule No. 20, Gas Main Extensions and/or Rule No. 21, Gas Service Extensions. An Applicant for new permanent service or a customer receiving permanent service may request Utility to install special facilities that result in additional cost to Utility over normally installed permanent facilities. If Utility agrees to such installation, Applicant will pay to Utility all costs above Utility's estimated site-specific cost to install, own, maintain, operate and replace permanent, standard facilities, in addition to any other applicable charges pursuant to Utility's tariffs.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4022  
 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Sep 30, 2009  
 EFFECTIVE Oct 30, 2009  
 RESOLUTION NO. \_\_\_\_\_

MASTER SERVICES CONTRACT - SCHEDULE K  
POOLING SERVICE AGREEMENT  
Form No. 6597-13 (09/2009)

T

(See Attached Form)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO.    4022  
DECISION NO.

106

ISSUED BY

**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED    Sep 30, 2009  
EFFECTIVE    Oct 30, 2009  
RESOLUTION NO.    \_\_\_\_\_

**MASTER SERVICES CONTRACT**  
**SCHEDULE K**  
**POOLING SERVICE AGREEMENT**

**Pool ID No.** \_\_\_\_\_  
**Account Number** \_\_\_\_\_

This Pooling Service Agreement (“Agreement”) is entered into as of the \_\_\_\_ day of **Month**, **Year**, by and between Southern California Gas Company (“Utility”) and **Customer Name** (“Customer”), and is an independent Agreement incorporating by reference all of the terms and conditions of that certain Master Services Contract (“MSC”) executed by the Parties.

NOW THEREFORE, in consideration of the promises and mutual undertakings set forth below, the parties agree as follows:

**Section 1 – Services**

This Agreement sets forth the terms and conditions under which Utility will provide end-use customers, customer agents, contracted marketers, core aggregators, SoCalGas Gas Acquisition, and any other legal entity seeking to conduct business on the SoCalGas system, pooling service on the SoCalGas system.

**Section 2 – Effective Date/Term**

- (A) **Effective Date** - This Agreement shall be effective at 6:00 a.m. on the 1<sup>st</sup> day of **Month**, **Year** and shall continue month to month thereafter until terminated by either party on 30 days prior written notice.
- (B) **Early Termination** - This Agreement may be terminated by Utility immediately under the following circumstances:
  - (1) In the event of a failure by Customer to pay on a timely basis all amounts billed by Utility, as provided in Section 6 of this Agreement.
  - (2) In the event that Customer fails to establish Customer’s continued creditworthiness in accordance with SoCalGas’ then applicable credit rules.

**Section 3 - Rates**

This Agreement shall be subject to Utility's Tariff Rate Schedule **G-POOL** and other applicable Tariff Schedules, as in effect from time to time, including without limitation Utility's Tariff Schedule G-RPA.

**Section 4 – Operations**

All nominations, confirmations, and other operating procedures for transportation services shall be subject to Utility's Tariff Rate Schedule **G-POOL** and Tariff Rules, as in effect from time to time.

**Section 5 – Notices**

All notices and requests under this Agreement shall be deemed to have been duly given if sent by first-class postage prepaid U. S. mail, by courier service, or if sent on a business day by facsimile (fax) properly addressed, and with confirming original copy thereof being sent (the same business day) by first-class postage prepaid mail, properly addressed, as follows:

CUSTOMER:  
Company  
Street Address  
City, State, Zip  
Attn: \_\_\_\_\_

UTILITY:  
Southern California Gas Company  
555 W. 5<sup>th</sup> Street  
Los Angeles, CA 90013  
Attn: Capacity Products, M.L. 22E1

**Section 6 – Billing and Payment**

(A) Billing/Payment - During the term hereof, all charges billed by Utility to Customer for pooling service charges and/or any other applicable charges shall be billed by Utility and paid by Customer in accordance with the MSC and Rule No. 9. If full payment has not been so received, Utility may terminate this Agreement as provided in Section 2 and Section 8 of this Agreement.

(B) Disputes - In the event of a billing dispute, the Customer may use the dispute resolution provision available and deposit the amount of the bill with the Public Utilities Commission in accordance with Rule No. 11.

**Section 7 – Establishment of Credit**

Credit requirements to participate in pooling services are described in Tariff Rate Schedule G-POOL and SoCalGas' applicable credit rules.

**Section 8 – Termination**

Service may be terminated as provided in Tariff Rate Schedule G-POOL and Rule No. 9.

**Section 9 – Regulatory**

Tariff Schedules - This Agreement shall be subject to Utility's Tariff Rate Schedule G-POOL and other applicable Tariff Schedules and Rules as in effect from time to time, including without limitation Tariff Rule No. 1, No. 4 and No. 30.

**Section 10 – Miscellaneous Legal Provisions**

All of the terms and conditions of the MSC are incorporated herein by reference.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed two (2) duplicate original copies hereof as of the date written above.

**“UTILITY”**  
**Southern California Gas Company**

Signature: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**“CUSTOMER”**  
**Company**

Signature: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

TABLE OF CONTENTS

RULES

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2	Description of Service .....	35722-G,36011-G,36012-G 36013-G,45065-G,42763-G,42764-G
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