EXHIBIT B

SETTLEMENT AGREEMENT STRUCTURAL PROVISIONS

Pursuant to Section 2.1 of this Settlement Agreement ("Agreement"), SoCalGas, SDG&E and Edison shall cooperatively seek regulatory approval of certain changes to the operations, practices, policies, rates, cost recovery structures and tariffs of SoCalGas and SDG&E. Such changes, whose implementation is subject to obtaining all required regulatory approvals, will be effectuated through tariffs of SoCalGas and SDG&E and orders of the CPUC. Exhibit A contains draft tariffs that will be proposed to effectuate some of the changes. The following are the other changes not specifically encompassed within the proposed tariff revisions in Exhibit A. If there is any conflict between the proposed tariffs in Exhibit A and the changes below, the tariffs control.

1. SoCalGas and SDG&E will post the following information in aggregate form on their electronic bulletin board:

    i. Current and day-ahead receipts scheduled and maximum capacity available to be scheduled at each receipt point on the mainline, and any third-party storage interconnects. At a minimum, such information will be posted as often as necessary to enable firm and interruptible customers to nominate and schedule gas consistent with NAESB standards.

    ii. Imbalance volumes traded among all customers on a basis consistent with then-existing balancing requirements.

2. Gas Operations will make available for release, on an interruptible basis, all unutilized receipt point access capacity and storage capacity at up to 100% of firm capacity reservation charges. If SoCalGas' transmission revenue balancing account is undercollected, any interruptible transmission revenues will be credited on an annual basis to the balancing account until the undercollection is eliminated. If the balancing account is not undercollected, 90% of the interruptible transmission revenues will be credited to the balancing account with SoCalGas shareholders retaining the remaining 10%, subject to an annual cap of $5 million.

3. SoCalGas will establish a service that facilitates the ability of customers to manage transportation imbalances by permitting arrangements with SoCalGas' storage and third-party storage providers directly connected to the SoCalGas system (e.g., a "fifth" nomination cycle before the end of the flow day). SoCalGas will be entitled to recover from customers all reasonable costs of establishing and providing this new service.

4. Within three months after CPUC approval of the Agreement, SoCalGas will meet and confer with any customers interested in optional enhanced tariff balancing services relative to existing imbalance tolerances to determine if market interest warrants a new tariff service or if individual customer needs can be met with contract services under existing tariffs. So long as the proposed new services are physically practical and cannot be affirmatively demonstrated to impact the reliability of service to other customers, SoCalGas will thereafter present the new services to the CPUC for approval. SoCalGas will be entitled to recover from customers all reasonable costs of establishing and providing these new services.

5. SoCalGas will continue the currently authorized 50/50 sharing of noncore storage revenues, but cap annual shareholder revenues from its unbundled storage services at $20 million. Any unbundled storage revenues above the $20 million shareholder revenue cap will be refunded to customers. Revenues below the cap will continue to be shared 50/50 between customers (both core and noncore) and shareholders.

6. For five years after CPUC approval of the Agreement, three existing SoCalGas storage tariffs, G-AUC, G-LTS, and G-BSS, will close to new subscription. Thereafter, these schedules will automatically revert to their current status. At any time after five years from the date of CPUC approval of the Agreement, SoCalGas may seek permanent removal of these schedules from its tariffs, and customers are free to oppose such proposed removal.

7. If SoCalGas and SDG&E combine their core procurement portfolios and gas acquisition management, the storage reservation for the combined SoCalGas and SDG&E core portfolio, after combination, will be 70 Bcf, with a corresponding injection reservation of 327 MMcfd. In addition, SoCalGas holds in its inventory 2.75 Bcf of gas "banked" for CARE customers. This gas will be withdrawn either in the winter of 2006-2007 or the subsequent winter, but not later than March 31, 2008. Until this gas is withdrawn the combined core storage reservation will have an additional amount of inventory capacity incremental to the 70 Bcf equal to the volume of CARE gas remaining in storage. If the core wishes to procure storage capacity in excess of its storage reservation amounts it will be required to do so in the same manner as noncore customers (i.e., through Schedule G-TBS or any secondary storage market). Like any noncore customer, the core's nominations to its storage account(s) cannot exceed its available capacity. The core will have the same imbalance tolerances as noncore customers, including the ability to be over- or under-delivered in its transportation imbalance account by 10% of its monthly usage.

8. Any minimum flow requirements for system reliability, including Blythe and Otay Mesa, will be managed by the system operator and paid for by all customers. This requirement will become effective simultaneously with the

implementation of the Daily Forecast Quantity process, as described in the revised Rule 1 tariff schedule contained in Exhibit A of the Agreement.

9. If SoCalGas and SDG&E combine their core procurement portfolios and gas acquisition management, after combination SoCalGas will make available to the unbundled storage market at least 51 Bcf of inventory capacity so long as the system balancing allocation remains at 5.3 Bcf and core's combined storage reservation remains at 70 Bcf.

10. SoCalGas and SDG&E will promptly expand, or, if SoCalGas and SDG&E deem necessary or desirable, seek CPUC approval to expand, their intrastate backbone transportation system when the combined annual system load factor of the transportation system of the two utilities is forecasted by the utilities to exceed 80% within five years.

11. SoCalGas and SDG&E will annually publish the capacity and projected average daily usage of their combined backbone transmission system for the upcoming year. In addition, if actual usage for any 12-month period exceeds 75%, SoCalGas and SDG&E will convene a public workshop to review the forecast and determine whether a change to the five-year forecast is warranted.

12. SoCalGas and SDG&E will seek CPUC approval to expand receipt points where sustained customer benefits can reasonably be achieved or when customers or shippers are willing to fund those expansions. The CPUC will determine, in each instance, whether rates should be incremental or rolled-in. SoCalGas and SDG&E will seek CPUC approval for rolled-in or incremental rate treatment consistent with then extant FERC policy. Any customer or shipper paying for such an expansion on an incremental basis will have the right to contract for increased firm access rights to correspond to the additional firm receipt point capacity associated with the expansion for not less than 15 years.

13. SoCalGas and SDG&E will permit market participants, at their option, to fund an expansion of a receipt point with limited delivery rights. The market participant will not be required to fund an expansion of the system to ensure that its gas deliveries at a specified receipt point are deliverable to all points on the gas system, but will be required to fund any system expansions demonstrated by SoCalGas as needed to provide associated balancing services. The intent of this provision is to permit market participants to obtain firm incremental receipt access and redelivery on a lateral transmission line to a specific point cost-effectively, without shifting costs to other customers.

14. Within one year after CPUC approval of the Agreement, and then at least once every three years thereafter, SoCalGas and SDG&E will develop a system expansion study of the SoCalGas and SDG&E interconnect points, backbone system, and storage facilities. The results of these studies will be

public, as will key study assumptions, including reliability parameters, but SoCalGas and SDG&E will be able to keep portions of the studies confidential for security reasons. These studies will: (1) address various increments of expansion at each interconnect point on the integrated SoCalGas and SDG&E backbone system, including required system expansions to accommodate an interconnect point expansion (2) address various increments of storage inventory, injection, and withdrawal capacity expansion, including required system expansions to accommodate a storage capacity expansion, and (3) provide data sufficient for any interested party to confirm the reasonableness of the projected costs for all studied expansions. Each study will be reviewed and commented on by a qualified independent third party selected by SoCalGas and SDG&E and approved by the Commission's Energy Division through an advice letter. SoCalGas and SDG&E will recover from customers all reasonable costs related to performing these studies and having the studies reviewed by an independent third party. Interested parties will have the ability to comment on and challenge these studies, including key study assumptions and reliability parameters.

15. SoCalGas will define a storage development plan, where feasible and economic, to increase the storage capacity and operational capability of its existing storage services. This incremental capability will be made available to SoCalGas customers on an open access basis. If customers subscribe to this incremental capacity offering, SoCalGas will implement the plan to meet that subscription. In the event SoCalGas invests in facilities to expand storage capacity, SoCalGas' storage rate and shareholder revenue caps described above will increase as described in the proposed tariff revisions in Exhibit A to the Agreement.

16. Beginning with the winter of 2007-2008, all financial transactions used by SoCalGas to hedge natural gas prices for any portion of the November through March period (Winter Hedges) will be excluded from the GCIM. Customers will pay the cost of the Winter Hedges, and receive all gains and losses from the transactions. Winter Hedges will constitute the majority of SoCalGas' hedging activities.

17. To the extent practicable, the additional potential tariff revisions contemplated by either Section 4.3 or Section 4.4 of this Agreement will be consistent with the FERC open access rules set forth in 18 CFR Parts 284.8, 284.12, and 284.13.