

Application No: A.15-06-
Exhibit No.:
Witness: Paul Borkovich

Application of Southern California Gas Company
(U 904 G) and San Diego Gas & Electric Company
(U 902 G) for Authority to Revise their Curtailment
Procedures

A.15-06-
(Filed June 26, 2015)

CHAPTER V
REQUESTED TARIFF CHANGES
PREPARED DIRECT TESTIMONY OF
PAUL BORKOVICH

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

June 26, 2015

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**PREPARED DIRECT TESTIMONY
OF PAUL BORKOVICH**

I. PURPOSE

The purpose of my direct testimony on behalf of Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) is to:

- 1) provide background information on the curtailment rules currently in effect on the SoCalGas and SDG&E systems;
- 2) request approval to eliminate the curtailment advice filing requirement for SoCalGas;
- 3) request approval to eliminate the Service Interruption Credit requirement for both SoCalGas and SDG&E;
- 4) request approval to modify the provisions relating to trading of curtailments among customers;
- 5) request approval to eliminate the diversion of customer-owned gas provisions for both SoCalGas and SDG&E;
- 6) request approval of tariff modifications presented in Attachment A to implement new localized curtailment rules proposed by SoCalGas and SDG&E;
- 7) provide an estimate of the information systems cost to implement the localized curtailment procedure for SoCalGas and SDG&E; and
- 8) propose the rate treatment for curtailment noncompliance charge revenue.

II. BACKGROUND

A. Capacity Brokering Proceeding Curtailment Rules

Prior to the deregulation of the natural gas industry, gas priorities for bundled service were established based on the customers' end use and their ability to burn alternative fuels. The lowest priority was given to the Utility Electric Generation (UEG) customers. UEG and other noncore customers were required to maintain adequate backup fuel supply on-site to continue operations when curtailed.

In the early 1990s the California Public Utilities Commission (Commission) significantly revised California gas utility curtailment rules in the Capacity Brokering Decisions, D.91-11-025 and D.92-07-025. SoCalGas, SDG&E, and PG&E were ordered to offer transmission service

1 unbundled from interstate transmission and commodity service to noncore customers. Priority of
2 Service on the respective gas utility systems was revised as follows:

- 3 1. Priority 1 core service;
- 4 2. Priority 2A core service;
- 5 3. Firm noncore intrastate service;
- 6 4. Interruptible noncore transmission service.

7 Interruptible noncore transmission service was to be curtailed on a percent of default rate
8 basis, with customers who pay the lowest percentage of default rate being curtailed first.

9 Interruptible customers paying the same rate shall be curtailed on a pro rata basis with the
10 exception that UEGs always be curtailed prior to cogenerators.

11 For firm noncore transmission service, SoCalGas and SDG&E were required to rotate
12 curtailments among firm transmission customers in order to minimize the number of curtailment
13 episodes experienced by any one customer. The one exception to this principle was that all firm
14 UEGs were to be curtailed first before any firm cogenerators are curtailed during each episode.
15 The firm transmission curtailment rotation system has proved itself to be impractical and
16 administratively burdensome. Fortunately, it has not been used much.

17 **B. PG&E Gas Accord**

18 PG&E was the first California gas utility to move away from the curtailment rules
19 enacted in the Capacity Brokering proceedings by further unbundling intrastate transmission
20 service offered to its noncore customers. The PG&E Gas Accord (D.97-08-055) unbundled
21 intrastate transmission service into backbone transmission service and local transmission service.
22 It provided all noncore customers with the opportunity to acquire priority on an equal basis,
23 including UEGs and cogenerators. Under the unbundled market structure adopted in the Gas
24 Accord, PG&E noncore customers' priority of service is largely determined by contract rights,
25 except on the local transmission systems. In the event of a constraint on a local transmission

1 system requiring a reduction in load, noncore customers located on such a system are curtailed
2 on a pro rata basis.¹

3 **C. SoCalGas/SDG&E Capacity OII**

4 On November 2, 2000, the Commission ordered an investigation (I.00-11-002) into the
5 adequacy of the SoCalGas and SDG&E systems to serve present and future gas requirements.
6 The first interim order issued in the proceeding after the original OII (D.01-06-008) modified
7 SDG&E's curtailment procedure adopted in the Capacity Brokering Proceeding to administer
8 curtailment by first curtailing electric generators on a pro rata basis and then second on a rotating
9 block basis for firm cogeneration, commercial and industrial customers. SDG&E was also
10 ordered to allow the reallocation of curtailment among electric generation customers based on
11 their respective need to fulfill reliability must run (RMR) contract requirements then in existence
12 in 2001.²

13 Final Order D.02-11-073 established reliability standards for the SDG&E gas system³
14 and the SoCalGas local transmission systems;⁴ procedures for the allocation of firm service on
15 the SDG&E system⁵ and constrained areas on the SoCalGas system;⁶ and a Service Interruption
16 Credit for SDG&E.⁷

17 **D. Electric Generation Priority OIR**

18 On March 15, 2001 the Commission initiated a rulemaking (R.01-03-023) to examine
19 whether the priority of service for gas-fired electric generators should be higher than the priority
20 for other noncore gas customers. The issue of whether natural gas service to electric generators

¹ R.01-03-023, PG&E Opening Comments at 9.

² D.01-06-008, mimeo., at 5.

³ D.02-11-073, mimeo., at 48 (Ordering Paragraph 1).

⁴ *Id.* at 49 (Ordering Paragraph 10).

⁵ *Id.* at 48 (Ordering Paragraph 4).

⁶ *Id.* at 34.

⁷ *Id.* at 49 (Ordering Paragraph 5).

1 should be preserved during the current electricity crisis then in effect was determined to be a
2 timely issue for the Commission to address. The order instituting rulemaking further opined that
3 if gas supplies intended for electric generators were curtailed or diverted to serve higher priority
4 customers, the result would be less electricity generated in California.⁸

5 R.01-03-023 was limited to PG&E and SoCalGas. SDG&E was excluded from this
6 proceeding since the issue of electric generation priority in the SDG&E service area was one of
7 the subjects of I.00-11-002.⁹ In the Commission’s decision in R.01-03-023, the Commission
8 declined to elevate the priority of electric generators over the priority of other noncore customers
9 in PG&E’s and SoCalGas’ service territories.¹⁰ In reaching this conclusion, the Commission
10 stated that “our discussion has shown that it is not practical, not efficient, and not fair to provide
11 electric generators with priorities over other gas customers.”¹¹ The Commission also determined
12 that:

13 Electric generators with gas in storage can generally avoid gas
14 supply curtailments, even when supplies are short by placing gas
15 into storage. Having gas in storage, however, will have no effect
16 on reducing or eliminating curtailments caused by inadequate
17 transportation capacity to deliver stored gas to the electric
18 generator.¹²

19 . . .

20 The link between a change in gas curtailment policies and the
21 avoidance of blackouts is weak. In the event of a shortfall, CGC’s
22 proposed priorities could curtail gas customers that are not electric
23 generators even when no blackouts are imminent.¹³

24 The Commission did request a second round of comments in that rulemaking to consider
25 whether setting priorities to allocate gas within the class of electric generators may serve the

⁸ R.01-03-023, mimeo., at 2.

⁹ *Id.* at 5.

¹⁰ D.01-12-019, mimeo., at 35 (Conclusion of Law 1)

¹¹ *Id.* at 18.

¹² *Id.* at 33 (Finding of Fact 5).

¹³ *Id.* at 33 (Finding of Fact 9).

1 public interest at times of gas curtailment citing the special role that “must-run-plants “ can play
2 when they are dispatched to preserve system reliability.¹⁴

3 In its comments SoCalGas opposed providing special priority allocations to reliability
4 must run facilities because it would create uncertainty and impose tremendous implementation
5 difficulties. A group of electric generators calling themselves the Joint Commentators disagreed
6 citing the system adopted for SDG&E in D.01-06-008 as a superior alternative. They supported
7 a prorata approach to curtailment that would allocate available supply among eligible electric
8 generation customers who had elected firm service and would curtail interruptible customers
9 before firm service customers. The Joint Commenters also argued that any curtailment system
10 affecting electric generators must accommodate the electric system’s reliability requirements.¹⁵

11 The Commission closed the proceeding with D.02-07-029 by once again declining to
12 modify the service priorities to electric generators on both the SoCalGas and PG&E systems.¹⁶
13 D.02-07-029 did note that pro rata rationing of service among members of a common service
14 class had already been adopted for PG&E and SDG&E and was under consideration for
15 SoCalGas in the SoCalGas BCAP (which was subsequently withdrawn in May 2003).¹⁷ The
16 Commission also found that the stability of the electric grid depends not only on the quantity of
17 electricity generated by an electric generator, but also on the location of the electricity.¹⁸

18 **E. SoCalGas Firm Access Rights (FAR)**

19 In December 2006, in D-06-12-031, the Commission adopted a system of firm access
20 rights (FAR) for SoCalGas and SDG&E that effectively unbundled priority rights at system
21 receipt points from intrastate transmission service. The FAR system enabled all credit-qualified

¹⁴ *Id.* at 35 (Ordering Paragraph 2).

¹⁵ D.02-07-029, mimeo., at 7.

¹⁶ *Id.* at 14 (Conclusion of Law 1).

¹⁷ *Id.* at 10.

¹⁸ *Id.* at 13 (Finding of Fact 5).

1 market participants to hold firm scheduling rights at a specific receipt point and zone, and
2 transport their supply on a firm basis to the SoCalGas and SDG&E City Gate. Adoption allowed
3 the FAR customer to determine the choice of gas supply that will flow through a receipt point
4 based on their FAR contract rights. It moved the selection of scheduling priority at a SoCalGas
5 receipt point from the upstream pipeline to the downstream contract rights of the FAR customer
6 on the SoCalGas and SDG&E system and separated customer priority on the backbone system
7 from service level and end use priority designations at the meter.

8 In its decision in a related FAR Update proceeding (D.11-04-032), the Commission
9 adopted further refinements to the FAR system including the renaming of FAR to Backbone
10 Transportation Service (BTS) and the adoption of cost-based BTS rates.

11 **F. Omnibus Proceeding**

12 In 2007, the Commission approved the implementation of revisions to the natural gas
13 operations and service offerings of SoCalGas and SDG&E relating to core procurement
14 operations, unbundled storage, and operational transparency in the so-called Omnibus
15 proceeding.¹⁹ Specific revisions adopted by the Commission in that proceeding included:

- 16 • Consolidation of the SoCalGas and SDG&E core portfolio.
- 17 • Requiring all customers, including the core, be subject to transportation imbalance
- 18 requirements and OFOs.
- 19 • Transferring the management of minimum flow requirements to the System
- 20 Operator.
- 21 • Required posting of information on hub and core storage inventory positions.
- 22 • Establishment of a fifth nomination cycle to facilitate the management of
- 23 transportation imbalances for customers with firm storage rights.

24 **G. Low OFO and EFO Procedures**

25 On June 11, 2015, the Commission approved SoCalGas and SDG&E's proposed Low

¹⁹ D.07-12-017

1 Operational Flow Order (OFO) and Emergency Flow Order (EFO) procedures.²⁰ These
2 procedures allow SoCalGas and SDG&E to replace winter balancing and standby curtailment
3 procedures with new tools to better manage potential system-wide supply shortages resulting
4 from under-scheduling of gas deliveries by customers and their balancing agents.

5 **III. ELIMINATION OF CURTAILMENT ADVICE FILINGS**

6 SoCalGas is currently required to submit an advice letter to Energy Division within 24
7 hours of a curtailment announcement. No other gas utility under the Commission’s jurisdiction
8 has this requirement. SoCalGas is requesting that this requirement be removed from its tariff.
9 This curtailment advice filing requirement was adopted in D.91-09-026 as one of the outcomes
10 of the SoCalGas 1988-89 reasonableness review.

11 In August 1988 transportation service for noncore customers was in its infancy. Noncore
12 customers could choose to transport gas supplies only on an interruptible basis across potentially
13 constrained interstate and intrastate pipeline systems backstopped by a noncore gas portfolio
14 whose administration sometimes conflicted with noncore customer’s interruptible transportation.
15 Noncore customers were not required to nominate bundled service requirements nor were they
16 held to any monthly or daily balancing requirements when transporting their own supply.
17 Noncore customer transmission service nominations were subject to trimming when SoCalGas’
18 procurement activities required use of the backbone system to inject gas into storage and to meet
19 bundled core and noncore commodity requirements.

20 The Commission also recognized back in 1991 when this requirement was issued that
21 “the gas industry structure is changing, and hopefully some of the problems that have been
22 occurring on SoCalGas’ system will be improved.”²¹ The persistent existence of slack capacity,

²⁰ D.15-06-004.

²¹ D.91-09-026, mimeo., at 34.

1 and the structural changes described in previous sections of my testimony implemented since
2 1991 have created a more stable and predictable operating environment for all customers and
3 their suppliers to transport and store natural gas to meet their respective requirements. The use
4 of modern communication technology not available in 1991 including but not limited to the
5 immediate posting of information and notices on the SoCalGas electronic bulletin board (EBB)
6 provides a much faster and efficient means to notify customers of a curtailment in comparison to
7 an advice letter filed 24 hours after the fact. SoCalGas believes that this requirement is now
8 redundant and proposes that it be deleted from its tariff. SoCalGas and SDG&E will continue to
9 notify customers of curtailment events through their EBB.

10 **IV. ELIMINATION OF THE SIC REQUIREMENT**

11 Commission Order D.91-11-025 authorized the implementation of a Service Interruption
12 Credit (SIC) on the SoCalGas system that became effective for a 10-year period, from August 1,
13 1993, through July 30, 2003. Since the SoCalGas SIC has expired, it should be removed from
14 SoCalGas Rule 23.

15 Commission Order D.02-11-073 established a similar SIC on the SDG&E natural gas
16 system for a 10-year period, from May 1, 2003, through April 30, 2013. Since the SDG&E SIC
17 has expired, it should be removed from SDG&E Rule 14.

18 **V. MODIFICATION OF EXISTING CURTAILMENT TRADING PROVISIONS**

19 In the Capacity Brokering Implementation Decision (D.92-07-025) the Commission
20 approved a proposal to allow intrastate customers to be permitted to “transfer or reallocate gas
21 diversions among themselves.”²² Since then the Commission adopted the PG&E Gas Accord in
22 1998 that eliminated this option for customers on the PG&E system. The Commission then
23 approved the SoCalGas and SDG&E FAR system that included mechanisms to allow customers

²² D.92-07-025, mimeo., at 47.

1 to broker and exchange BTS rights purchased from SoCalGas with other creditworthy parties.
2 For this reason SoCalGas and SDG&E are requesting that the respective tariff sections
3 authorizing the transfer of intrastate curtailment be modified to 1) limit transfers to trades
4 between noncore non-EG and noncore cogeneration customers located within the same Local
5 Service Zone; and 2) not apply to dispatchable electric generation customers.

6 SoCalGas and SDG&E propose to not allow dispatchable electric generation customers
7 to trade curtailment priority because it would not allow the gas-electric coordination process to
8 work. The identity and operating status of a dispatchable electric generator must be known in
9 order to maintain reliable communications between gas system and electric grid operators
10 concerning electric generation demand, especially during times of system stress when
11 curtailment is being considered as a possible option, and most certainly once it is implemented.

12 **VI. ELIMINATION OF THE DIVERSION OF CUSTOMER-OWNED GAS POLICY**

13 The Commission established a policy for the diversion of customer-owned gas as part of
14 the Capacity Brokering process. When this policy was adopted, utility nomination and
15 scheduling processes were performed once per day at least one day in advance for gas
16 transported Tuesday – Saturday and up to three days in advance for gas transported on Sunday,
17 Monday and Tuesday if Monday was a holiday. Intraday nomination and scheduling processes
18 were not yet in existence. As a result, transportation customers in this era had no means to adjust
19 their scheduled deliveries when curtailed. Because these customers had no options, the
20 Commission authorized a diversion policy to provide a mechanism for compensation.

21 Times have changed. Nomination and scheduling processes have significantly improved
22 since the early 1990s. Customers can now nominate gas supply for delivery to the SoCalGas and
23 SDG&E systems through the use of two day-ahead scheduling cycles (Timely and Evening);

1 two, soon to be three intraday cycles (Intraday 1,2 and 3) during the gas day; and one imbalance
2 resolution cycle (currently Intraday 3, soon to be Intraday 4) for customers holding firm storage
3 rights. Today, customers who are ordered to curtail have no obligation to maintain deliveries to
4 their facility and can instead sell their gas supplies and nominate for delivery to another party in
5 the next available scheduling cycle. For these reasons the diversion policy is out of date and
6 should be removed from both SoCalGas and SDG&E's tariffs.

7 **VII. REQUESTED TARIFF MODIFICATIONS**

8 As described in the direct testimony of Mr. Watson and Ms. Marelli, SoCalGas and
9 SDG&E are proposing revised curtailment rules. Redline changes to the affected rules and rate
10 schedules for SoCalGas and SDG&E to implement the revised curtailment rules can be found in
11 Attachment A to this testimony.

12 The gas transmission systems of SDG&E and SoCalGas are operated on an integrated
13 basis under integrated transmission rates. But each utility continues to serve its respective end
14 use customers under separate tariff rules using separate curtailment administration systems. For
15 that reason I am sponsoring rule and rate changes for both SoCalGas and SDG&E in order to
16 implement a revised local service curtailment system on a consistent basis across the entire
17 integrated gas transmission system.

18 SoCalGas Tariff Rules requiring modification are Rule 1, Rule 23, Rule 30, and Rule 41.
19 SDG&E Gas Tariff Rules requiring modification are Rule 12, 14, Rule 25, and Rule 30.

20 **A. Proposed SoCalGas Rule 1 Modifications**

21 SoCalGas Rule 1 definitions will be added for Dispatchable Electric Generation, Electric
22 Grid Operators and Local Service Zones. These definitions are as follows:

1 Dispatchable Electric Generation: Electric Generation customers who operate in response
2 to dispatch orders from Electric Grid Operators.

3 Electric Grid Operators: California Independent System Operator (CAISO), Los Angeles
4 Department of Water and Power (LADWP), and Imperial Irrigation District (IID).

5 Local Service Zone: A geographic area within the integrated SoCalGas and SDG&E
6 system from which local service is provided whose boundaries are described in the map
7 section of the Utility tariff.

8 **B. Proposed SoCalGas Rule 23 Modifications**

9 **Section A**

10 Utility authority to shut off gas service to customers who fail to comply with an order to
11 curtail is added to this section.

12 **Section B – Priority of Service**

13 Firm and interruptible service distinctions are removed per the prepared direct testimony
14 of Ms. Marelli.

15 References to Off System Delivery service are deleted and moved to Rule 30 because
16 OSD is a service limited to the backbone transportation system. The allocation of backbone
17 transportation services are specified in Rule 30.

18 New curtailment steps are described including the reallocation of service to dispatchable
19 electric generation load on a best efforts basis by Utility in Steps 2 and 4.

20 **Section C.1. – Effectuation of Curtailment**

21 Local Service Zones are added to the introductory paragraph as the basis for a localized
22 curtailment event.

1 Both interruptible and firm OSD are removed from the curtailment queue because, as
2 explained in the prepared direct testimony of Mr. Watson, they are subject to the scheduling
3 procedures in Rule 30.

4 Interruptible and firm withdrawal services are removed from the queue because they are
5 allocated on a scheduled basis and do not increase capacity available for local service.

6 Interruptible and firm transmission intrastate service distinctions are removed from the
7 queue. Intrastate service is renamed Local Service to better describe the unbundled service
8 subject to allocation under Rule 23.

9 **Section C.2. – Curtailment of Firm Intrastate Service**

10 This section is eliminated due to the elimination of Firm Intrastate Service.

11 **Section C.3. – Transfers of Intrastate Curtailment**

12 This section is modified per Section V of my testimony.

13 **Section C.4. – Operating Emergency Declared By A Customer**

14 This section is updated to reflect the elimination of rotating block curtailments.
15 Preferences for Critical Customers are retained.

16 **Section C.5. – Intrastate California Produced Supply**

17 This section was made obsolete by implementation of FAR and should be deleted from
18 Rule 23. Under FAR, gas supply from California producers in the SoCalGas service territory
19 must first be received into the backbone transportation system before it can be scheduled to an
20 end use customer's burn account. Under FAR, California producers are given the opportunity to
21 procure firm BTS rights in the Step 1 set-aside round of the triennial BTS open season which
22 provides them with the highest priority on the SoCalGas and SDG&E backbone system.

1 **Section C.6. – Restoration of Service**

2 The reference to the restoration of firm intrastate service is eliminated.

3 **Section D. Diversions of Customer-Owned Gas**

4 This section is eliminated per Section VI of my testimony.

5 **Section E. Curtailment Due to Emergency Conditions**

6 No modifications are proposed to this section.

7 **Section F. Service to Unaffected Local Service Zones (formerly Localized**
8 **Curtailment)**

9 Section F retains the last sentence allowing customers in unaffected Local Service Zones
10 to continue to receive service when service is curtailed in a Local Service Zone.

11 **Section G. System Maintenance and Repair**

12 SoCalGas is deleting the portion of this section that specifies that curtailments during
13 scheduled maintenance outages will follow the firm and interruptible service order for intrastate
14 service since there will no longer be separate firm and interruptible curtailment orders. This
15 section eliminates duplicative provisions, clarifies that the existing 10-day notice provision
16 relates to initial notices, and adds language to enable SoCalGas and customers affected by such
17 curtailments to mutually agree on a curtailment order different from the prescribed curtailment
18 order.

19 **Section H. Utility Electric Generation Service**

20 Section H is updated to allow for the reallocation of local service capacity during a
21 curtailment affecting electric generation customers to avoid electric load curtailment by electric
22 grid operators.

1 **Section I. Wholesale Service**

2 Section I is modified to eliminate the negotiation of timing and extent of curtailments for
3 wholesale customer’s noncore loads. The existing language to be deleted was applicable when
4 curtailments were administered to maintain storage inventory levels to meet core customer peak
5 day demands. This practice has not been applicable since 1993.

6 **Section J. Curtailment Violations**

7 Curtailment violations are currently levied based on when the end-user is not in
8 compliance with the curtailment order. The violation fees increase based on when the
9 noncompliance occurs. Customers failing to curtail on request will be assessed a penalty of
10 \$1.00 per therm for the initial 5 hours of the Customer's operating day, \$3.00 per therm for hours
11 6 through 8, and \$10.00 per therm for hours 9 through the end of the curtailment episode. The
12 penalty applies to all gas quantities determined by SoCalGas to be in violation of curtailment.
13 For simplicity, the curtailment violation charge is proposed to be changed to a \$5 per therm
14 charge, plus the daily balancing standby rate, applicable to the entire curtailment period.²³ With
15 respect to the daily balancing standby rate, there will be no commodity transfer to the curtailed
16 customer in return for receiving this charge. This section is also updated to describe how the
17 curtailment baseline quantities (CBQs) described in the testimony of Mr. Nguyen will apply to
18 customers curtailed in Step 3.

19 **Sections J.1, J.2 and J.3**

20 Sections J.1, J.2 and J.3 are eliminated.

²³ The daily balancing standby rate has been recently approved by the Commission in D.15-06-004 for use in Stage 5 low OFO and EFO noncompliance charges. Upon approval of implementation Advice Letters, this rate will be described in SoCalGas and SDG&E’s respective Rate Schedules G-IMB as equal the InterContinental Exchange (ICE) Day-Ahead Index (including F&U and brokerage fee) for the SoCal-Citygate, rounded up to the next whole dollar.

1 **Section K. Service Interruption Credit (SIC)**

2 Section K is eliminated per Section IV of my testimony.

3 **Section L. Curtailment Notification**

4 Section L is eliminated per Section III of my testimony to eliminate this requirement.

5 **C. Proposed SDG&E Rule 14 Modifications**

6 **Sections A – B**

7 Utility authority to shut off gas service to customers who fail to comply with an order to
8 curtail is added to Section A.

9 **Sections C – E**

10 These sections are deleted. They pertain to the application of firm and interruptible
11 service level distinctions currently available to noncore customers which will no longer be
12 available under the proposal being sponsored in this application.

13 **Section F – Restoration of Service**

14 This section is replaced with language identical to that proposed for SoCalGas Rule 23,
15 Section C.6.

16 **Section G – Operating Emergency**

17 Like SoCalGas Rule 23, references to out of pattern curtailments are eliminated.
18 Preferences for Critical Customers who declare operating emergencies are retained.

19 **Section H – Electric Generation Service**

20 This section is deleted since dispatchable electric generators can no longer burn alternate
21 fuel when curtailed.

1 **Section I – Gas Transportation Service Levels**

2 For the reasons previously explained, the reference to Firm and Interruptible Service is
3 eliminated.

4 **Section J – End-Use Priority Classification**

5 This section is limited to describing core service priorities. Therefore, no changes are
6 proposed.

7 **Section K – Localized Curtailment**

8 This section is revised to describe how a customer unaffected by a localized curtailment
9 can continue to receive service when customers who are affected cannot.

10 **Section L – Backbone Transportation Constraint**

11 This section is deleted because it is redundant. Scheduling of BTS is specified in Rule
12 30.

13 **Section M.1 – Curtailment Implementation**

14 The existing section is deleted and replaced with language similar to that proposed for
15 SoCalGas Rule 23, Section C.1. Since the SDG&E service territory is entirely within one Local
16 Service Zone, references to Local Service Zones included in Rule 23, Section C.1 are excluded
17 from this Section.

18 **Section M.2 – Curtailment Charges**

19 For the same reasons discussed above in SoCalGas Rule 23, a \$5 per therm curtailment
20 violation charge, plus the G-IMB daily balancing standby rate, will apply across the entire
21 curtailment period. This section is also updated to describe how the CBQs described in the
22 testimony of Mr. Nguyen will apply to customers curtailed in Step 3.

1 **Section M.3 – Curtailment of Customer-Owned Gas**

2 This section is modified to eliminate the right to confiscate customer’s gas during a
3 curtailment.

4 **Section M.4 – Diversion of Customer-Owned Gas**

5 This section is deleted per Section VI of my testimony.

6 **Section M.5- Curtailment Trading**

7 This section is modified per Section V of my testimony.

8 **Section N – Emergency Curtailment**

9 The last two paragraphs in Section 5.e. concerning emergency situations are transferred
10 into this section.

11 **Section O – Service Interruption Credit**

12 This section is deleted per Section IV of my testimony.

13 **Section P – End-Use Curtailment Definitions**

14 The definition of Dispatchable Electric Generation is added to this section. Definitions
15 for As Available Service, Hourly Contract Quantity, Monthly Contract Quantity, and
16 Replacement Energy are deleted.

17 **D. Proposed SDG&E Gas Rule 25 Modifications**

18 **Sections A-C**

19 No changes are proposed for these sections.

20 **Section D – Noncore Service Elections**

21 This section is deleted since it references firm and interruptible service distinctions for
22 local service, which are being eliminated.

1 **Section E – Customer Notification**

2 This section’s references to open seasons are eliminated due to the elimination of firm
3 and interruptible distinctions for noncore service.

4 **Sections F-H**

5 These sections pertain to aspects of firm service, which are eliminated.

6 **Section I – Service Election**

7 This section’s references to firm and interruptible service options and open seasons are
8 eliminated.

9 **Section J – Firm Intrastate Transportation Service**

10 This section is eliminated.

11 **Section K – Local Transportation Service**

12 This section is modified to describe Local Transportation Service for noncore customers,
13 per the prepared direct testimony of Tuan Nguyen.

14 **Sections L, M and N**

15 No changes are proposed for these sections.

16 **Sections O and P**

17 These sections describe contract quantity options for noncore firm service, which is
18 eliminated.

19 **Section Q – Maximum Authorized Usage**

20 This section is modified to define the maximum quantity a noncore customer is entitled to
21 use during a curtailment.

22 **Section R**

23 No changes are proposed for this section.

1 **Sections S - Y**

2 These sections are eliminated since they pertain to aspects of noncore firm service, which
3 is eliminated.

4 **Section Z – Intrastate Capacity Trading**

5 This section is eliminated because it is redundant. This procedure is already described in
6 SDG&E Gas Rule 14.

7 **Section AA – Gas Curtailment**

8 This section is modified to reference SDG&E Gas Rule 14.

9 **Section BB – Gas Supply Diversions**

10 This section is eliminated per Section VI of my testimony.

11 **Section EE**

12 This section’s language describing curtailment violation charges is deleted since it is
13 redundant to the description in SDG&E Rule 14.

14 **E. Proposed SoCalGas Rule 30 Modifications**

15 Rule 30, Section D.5 specifies the scheduling rules for OSD service. The current rule
16 already provides the System Operator with the right to reduce OSD nominations to elapsed pro
17 rata quantities anytime it believes continued OSD service at a particular receipt point would
18 require additional purchases at additional cost. To better accommodate the transfer of OSD
19 management from Rule 23 to Rule 30, statements concerning “curtailed/reduced” and
20 “Curtailment/reduction” pertaining to the scheduling of OSD service will be changed
21 respectively to “reduced” and “Reduction.” Section E.2 concerning the interruption of
22 transportation service for maintenance activity is proposed for deletion since it is redundant of
23 conditions applicable to the same activity in SoCalGas Rule 23.

1 **F. Proposed SDG&E Rule 30 Modifications**

2 References to Service Level 5 rates are deleted from Section E.1 since they have not been
3 applicable since 1993. Section E.2 concerning the interruption of transportation service for
4 maintenance activity is deleted since it is redundant of conditions applicable to the same activity
5 in SDG&E Rule 14.

6 **G. Proposed SoCalGas Rule 41 Modifications**

7 A recent report on natural gas infrastructure and its availability to address electric
8 industry requirements²⁴ asserted that ongoing efforts to establish reliable communications
9 between gas and electric system operators should be encouraged in order to address the
10 increasing variability in both the electric and gas industries resulting from increases in renewable
11 electric generation. Adopting protocols for reliable and timely communications between gas and
12 electric grid operators will help each other adapt to rapidly changing conditions in system
13 operations.

14 The SoCalGas and SDG&E System Operator already has regular communications with
15 the electric grid operators, and the Commission recently recognized that these ongoing
16 communications “enabled CAISO to maintain reliable electric service in southern California.”²⁵
17 To better formalize these protocols, a new condition (No. 26) is proposed to be added to
18 SoCalGas Rule 41 concerning communications to maintain both gas system and electric grid
19 stability between SoCalGas’ Gas Control Department and Grid Operators. These Grid Operators
20 include the California Independent System Operator (CAISO), Los Angeles Department of
21 Water and Power (DWP), and Imperial Irrigation District (IID). The proposed Special Condition
22 No. 26 states:

²⁴ Natural Gas Infrastructure Adequacy in the Western Interconnection: An Electric System Perspective; Phase 2 Report; July 2014.

²⁵ D.15-06-004, mimeo., at 37 (Finding of Fact 21).

1 The Utility System Operator shall communicate with the California
2 Independent System Operator (CAISO) and other electric grid
3 operators on an as-needed basis to help maintain the reliability of
4 Utility's natural gas system and the electric grid. Such
5 communications may result in operational changes by the Utility
6 System Operator and changes in electric grid operations and
7 electric generation dispatch order by CAISO and other grid
8 operators. Such operational communications shall not be
9 considered curtailments of natural gas service unless Utility
10 expressly curtails service pursuant to Rule 23. SoCalGas and the
11 Utility System Operator are not responsible for electric grid
12 operations or reliability, but will take electric grid reliability into
13 consideration, to the extent feasible, when making operational
14 decisions.

15 **H. Proposed SDG&E Rule 12 Modifications**

16 A sentence referencing Use-or-Pay charges when customers change rate schedules is
17 deleted.

18 **VIII. INFORMATION SYSTEM MODIFICATIONS AND COSTS**

19 Information system enhancements are required to be made to the both the SoCalGas
20 Customer Contract System and the Special Contract Billing System (SCBS) to implement this
21 proposal. Programming changes for the Customer Contract System include updating the
22 Schedule A contract as proposed in the testimony of Mr. Nguyen. The SCBS changes include
23 updates to account for the new curtailment rules and the combining of firm and interruptible
24 noncore rates. The cost of these enhancements is estimated to be approximately \$1.2 million.

25 At SDG&E, modifications are needed to the Gas Curtailment Management system to
26 implement the proposals in this application. The cost of incorporating these proposals and
27 automate the changes from the new curtailment rules is estimated to be approximately \$100,000.

28 **IX. RATE TREATMENT FOR CURTAILMENT NONCOMPLIANCE CHARGES**

29 In the past, allocation of curtailment violation charge revenue has attempted to determine
30 who complied with curtailment orders and reward them by reducing the revenue requirement to

1 | their respective rate class. These attempts invariably become confused when the curtailment
2 | violators were often in the same rate category. To avoid this confusion in the future, SoCalGas
3 | and SDG&E propose to move away from this process by proposing that curtailment
4 | noncompliance charge revenue be allocated to the Noncore Fixed Cost Account (NFCA) for
5 | each respective utility and that revenue from the assessment of G-IMB daily balancing standby
6 | charge revenue will be allocated to the Purchased Gas Account (PGA).

7 | This concludes my prepared direct testimony.

1 **X. QUALIFICATIONS**

2 My name is Paul D. Borkovich. I am employed by SoCalGas as the Capacity Products
3 Support Manager in the Energy Markets and Capacity Products Department. My business
4 address is 555 West Fifth Street, Los Angeles, California, 90013-1011. My responsibilities are
5 to manage transportation services provided to suppliers and marketers who provide gas to
6 SDG&E and SoCalGas customers. I also manage the Backbone Transportation Service program,
7 the California Energy Hub back office, policies and procedures for scheduling and nominations
8 on the SDG&E and SoCalGas systems, daily operation and enhancements to SoCalGas'
9 Electronic Bulletin Board, and all aspects of SoCalGas and SDG&E's interconnect and
10 operational balancing agreements with pipelines delivering natural gas into their integrated
11 transmission system.

12 I have been employed by SoCalGas in numerous positions including: Senior Accounts
13 Manager, Project Manager, Market Strategy Manager, Senior Market Advisor, Gas Scheduling
14 Manager, Regulatory Affairs Administrative Manager, Account Executive Supervisor, Account
15 Executive, Market Analyst, and Energy Systems Engineer. I have been responsible for various
16 aspects of utility operations, sales and marketing, regulatory matters, and customer relations. I
17 graduated in 1981 from University of California Santa Barbara with a Bachelor of Science
18 Degree in Mechanical Engineering and in 1985 from the University of Southern California with
19 a Master of Science Degree in Petroleum Engineering.

20 I have previously testified before the Commission.

Attachment A

Index of Redlined Tariffs Included in Attachment A

- **SoCalGas Rule 23**
- **SoCalGas Rule 30**
- **SoCalGas Rule 41**
- **SDG&E Rule 12**
- **SDG&E Rule 14**
- **SDG&E Rule 25**
- **SDG&E Rule 30**

SoCalGas Rule 23

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. The Utility has the authority to temporarily shut off gas service without liability to any customer that fails to comply with a curtailment.

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 nonresidential usage less than 20,800 therms per active month*, excluding usage reclassified to noncore service pursuant to customer request. All electric generation, refinery and enhanced oil recovery (EOR) usage less than 20,800 therms per active month* electing core service.
- Priority 2A All nonresidential usage of 20,800 therms or greater per active month* eligible for core service, not electing noncore service.

Noncore Service

Noncore Service includes: (1) commercial and industrial usage electing noncore service, (2) electric generation, EOR, and refinery usage less than 20,800 therms per active month* electing noncore service, and (3) all usage ineligible for core service, including (a) refinery and EOR usage of 20,800 therms or greater per active month* and (b) all electric generation usage from generators greater than 1 megawatt (MW) system rated generating capacity, based on net continuous power output with usage of 20,800 therms or greater per active month*.

~~Firm Service — All usage served through firm intrastate transmission service.~~

~~Interruptible Service — All usage served through interruptible intrastate transmission service. — Interutility deliveries shall be considered interruptible intrastate service.~~

* A customer shall be considered to meet the size criteria of 20,800 therms or greater per active month when on an annualized basis, for any period of 12 contiguous months within the most recent 24-month period, the customer's active month consumption averages 20,800 therms or greater. An active month is one in which consumption exceeds 1,000 therms.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVISE LETTER NO. 4258
 DECISION NO. 11-03-029

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Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
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Rule No. 23

Sheet 2

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

B. Priority of Service (Continued)

Off System Delivery Service

~~Firm Service — All transportation served through firm off system delivery service.~~

~~Interruptible Service — All transportation served through interruptible off system delivery service.~~

C. Curtailement of Service

1. Effectuation of Curtailment

When in the judgment of the Utility, operating conditions require curtailment of service within one or more Local Service Zones, as defined in Rule 1, 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 dispatchable electric generation not operating when a curtailment order is issued. All Standby Procurement service.~~
- (2) ~~All Interruptible Off-system Delivery service. Customers will be curtailed on a pro rata basis (by equal percentage) at an off-system delivery point. Up to 60% of dispatched electric generation load. To the extent operationally feasible, Utility will work with affected grid operators on a best efforts basis to reallocate the aggregate maximum allowed usage for the remaining dispatched electric generation load within the affected Local Service Zone(s) among all of the dispatchable electric generation facilities within the affected Local Service Zone(s) to maintain grid reliability. Any such reallocation shall be at the sole discretion of Utility, and the default in the absence of reallocation shall be pro rata within each affected Local Service Zone.~~
- (3) ~~Up to 100% of non-electric generation noncore and noncore cogeneration usage on a pro rata basis. Electric generation load that is not dispatchable by an electric grid operator and therefore not subject to curtailment in step 2 will be considered non-electric generation noncore load for the purposes of curtailment. All Firm Off-system Delivery service. Customers will be curtailed on a pro rata basis at an off-system delivery point.~~
- (4) ~~Up to 100% of remaining dispatched electric generation load not curtailed in step 2. To the extent operationally feasible, Utility will work with the affected grid operators on a best efforts basis to reallocate the aggregate maximum allowed usage for any remaining dispatched electrical generation load within the affected Local Service Zone(s) among all of the dispatched electric generation facilities within the affected Local Service Zone(s) to maintain grid reliability. Any such reallocation shall be at the sole discretion of the Utility, and the default in the absence of reallocation shall be pro rata within each affected Local Service Zone. All interruptible storage withdrawal service or portions thereof according to the~~

(Continued)

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 Senior Vice President

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Rule No. 23

Sheet 2

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

~~interruptible 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 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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Rule No. 23

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

C. Curtailement of Service (Continued)

1. Effectuation of Curtailement (Continued)

~~(6) All firm intrastate service on a rotating basis as described in Section C.2 herein. During any period of firm intrastate service curtailement, standby procurement service shall be made available to core transportation customers. During such a curtailement period, however, core transportation customers using standby procurement in excess of the 10% tolerance band described in Schedule No. G-IMB shall pay the curtailement violation penalty described herein.~~

~~(7) All firm unbundled storage withdrawal, equally with the Utility's core price function storage, on a pro rata basis with the exception that all UEG service shall be curtailed before cogeneration service.~~

(85) All Priority 2A service on a pro rata basis.

(96) All Priority 1 non-residential service on a pro rata basis.

(107) All Priority 1 residential service on a pro rata basis.

2. Curtailement of Firm Intrastate Service

~~Firm intrastate service curtailement shall be effectuated by customer rotation. For determining the order of such curtailement, customers shall be separated into two firm service curtailement lists. The first list shall be for UEG and cogeneration customers and the second list shall be for all other firm service customers. Each curtailement list shall be ordered by individual customer as described in Section C.1. The order of customers for the two lists shall be established by lottery or other non-discriminatory means prior to the implementation date of the CPUC's Capacity Brokering Rules. The customer distribution for the two lists shall be maintained for the ten-year period beginning on the date of such implementation. During the ten-year period, new customers to firm service shall be randomly assigned a position on the appropriate list.~~

~~Once the order of the customers is established for each firm service curtailement list, the Utility shall aggregate customers with peak-day usage under 20 MMcfd into "blocks" of approximately 20 MMcfd, to the extent possible. Such aggregation shall be accomplished in the order of the listed customers for each list. Customers with peak-day usage of 20 MMcfd or more shall remain separately listed and shall be considered as one curtailement block. In the event firm service customers are added or deleted from the curtailement lists over the ten-year period, the Utility shall adjust the aggregation of the customer blocks as necessary.~~

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Chief Regulatory Officer

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Rule No. 23

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

C. Curtailement of Service (Continued)

~~2. Curtailement of Firm Intrastate Service (Continued)~~

~~In the event of a firm service curtailement, the Utility shall curtail, in unison, that number of customer blocks necessary to provide for a sufficient level of curtailement. The customer blocks curtailed shall be established by (1) selecting the first customer block from one firm service list, (2) then selecting the first customer block from the other firm service list, and (3) continuing such alternating selections down the two lists until that level of curtailement is reached that is operationally necessary. At the conclusion of the curtailement of the initially curtailed customer blocks, additional customer blocks shall be curtailed, if necessary, using the same alternating method beginning with the customer block immediately following the last block selected. Once all customers on a particular firm service list have been selected for curtailement, the alternating rotation process for such list shall continue at the beginning of the list.~~

~~In the event the curtailement of the last customer block selected would result in exceeding the level of curtailement operationally necessary, then the customers within that block shall be selected for curtailement based on the customer order within the block. Those customers not selected shall be treated as a separate block in succeeding curtailement rotations. If the curtailement of an individual customer would result in exceeding the level of curtailement necessary, then such customer shall be curtailed only to the level of curtailement which is necessary. Such partial curtailement shall still constitute an interruption for the purposes of the Service Interruption Credit.~~

~~For the UEG and cogeneration customer firm service list, UEG customers shall be listed before cogeneration customers. For each curtailement episode, UEG customers must be curtailed at least once using the alternating rotation process described above before beginning the curtailement order of cogeneration customers.~~

23. Transfers of Intrastate Curtailement

A customer that has a currently effective maximum allowed usage within a curtailed Local Service Zone (Holder) may request to transfer all or a portion of its maximum allowed usage capacity (Trade) to another noncore customer (Recipient) that desires the capacity for the same Local Service Zone curtailement as designated in the Notice of Intrastate Curtailement Transfer (Form No. 6600) (Trading Agreement). The following process shall apply to all proposed trades of maximum allowed usage capacity:

- a. Trades must be within the same curtailed Local Service Zone.
- b. Holder and Recipient shall submit to the Utility an original Trading Agreement signed by Holder and Recipient.
- c. All Trade Requests must be approved by the Utility before the Trade may commence.
- d. Utility shall determine, in its sole discretion, whether the proposed Trade is accepted or

(Continued)

Rule No. 23

Sheet 4

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

rejected based on operational feasibility and/or Recipient creditworthiness as set forth in the Utility's Rule 6.

e. Holder and Recipient may trade only the capacity amounts during the operating days or hours set forth in the Trading Agreement.

f. As of the first Trading Day and throughout the period subject to the Trade, all of Holder's obligations with regard to the traded capacity shall become Recipient's sole responsibility. Holder's maximum allowed usage will decrease and Recipient's maximum allowed usage will increase by the quantities set forth in the Trading Agreement executed by the Utility.

g. Trades are limited to Non-EG noncore and cogeneration customers.

~~Firm and interruptible intrastate customers may make arrangements among themselves to transfer curtailment requirements in the event the Utility curtails service. Through such arrangements, responsibility for the curtailment imposed by the Utility shall be transferred from the original customer to be curtailed ("original curtailment assignee") to another customer or group of customers ("curtailment transferee") who would not otherwise be curtailed. All of the customers involved in the curtailment transfer must execute and provide to the Utility a Notice of Intrastate Curtailment Transfer (Form No. 6600).~~

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Rule No. 23

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

C. Curtailement of Service (Continued)

~~3. Transfers of Intrastate Curtailment (Continued)~~

~~In the event the Utility provides curtailment notification to the original curtailment assignee less than 48 hours prior to initiation of the curtailment of such customer, the Utility must receive the Notice of Intrastate Curtailment Transfer, executed by all customers involved in the transfer arrangement, within 24 hours of the Utility's notification to the original curtailment assignee. In the event the Utility provides more than 72 hours notice to the original curtailment assignee, the Utility must receive the Transfer Notice, signed by all involved customers, no later than 48 hours prior to the scheduled initiation of curtailment of the original curtailment assignee. In the event of a curtailment, parties involved in a transfer of intrastate curtailment shall have their authorized curtailment quantity (ACQ) adjusted to reflect the transfer. The original curtailment assignee shall have its authorized curtailment quantity increased and the curtailment transferee shall have their authorized curtailment quantity decreased. Any penalties and charges assessed to either the original curtailment assignee or the curtailment transferee, due to either parties' failure to curtail, will be based upon transfer adjusted ACQ's for each party.~~

~~The Service Interruption Credit (SIC) shall not apply to curtailed or diverted quantities transferred among customers and the original curtailment assignee shall be considered as having been curtailed for the purposes of the firm intrastate curtailment rotation list described in Section C.2 herein.~~

~~For the purpose of facilitating transfers of intrastate curtailment, as described in Section C.3, the Utility shall maintain a curtailment list by customer facility, as defined in Rule No. 1, for interruptible and firm intrastate service with the exception that for UEG customers, the curtailment order shall be listed by all service for an individual UEG customer for a particular level of service (firm or interruptible) and by percentage of default for interruptible service. The Utility shall make the curtailment list available to firm and interruptible end use customers upon request.~~

34. Operating Emergency Declared By A Customer

In the event of an operating emergency as declared by a customer at the customer's facility, service may be made available out of the normal curtailment pattern order, if in the judgment of the Utility it is possible to do so. To the extent operationally feasible, Utility will give preference to critical customers as defined in Rule No. 1 when they declare an operating emergency. ~~Out-of-pattern deliveries will be provided to critical customers, as defined in Rule No. 1, whenever they declare an operating emergency. In such an event, subsequent out-of-pattern curtailment may be imposed on the customer in order to balance the amount of curtailment with other customers at the same level on the curtailment order.~~

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Rule No. 23

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

C. Curtailment of Service (Continued)

~~5. Intrastate California Produced Supply~~

~~Noncore transportation service for customer-owned, California-produced gas, excluding exchange service and service at less than full tariff rates, shall be treated hereunder as firm intrastate transmission service. Noncore transportation service for customer-owned, California-produced gas under exchange agreements or at less than full tariff rates shall be treated hereunder as interruptible intrastate service.~~

46. 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 order~~ described in Section C.2-1 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 involuntary and/or 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~~
- ~~(3) Involuntary Diversions~~

~~1. Voluntary Diversion Agreements~~

~~In order to avoid or mitigate curtailment, the Utility may mutually agree with firm and/or interruptible intrastate transmission customers to purchase their flowing gas deliveries. The price paid by Utility for such diverted gas shall not exceed the price paid for gas that is involuntarily diverted as set forth in Section D.3 herein.~~

~~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)

~~D. Diversions of Customer-Owned Gas (Continued)~~

~~2. Voluntary Core Purchase Protection Agreements~~

~~The Utility may also enter into Voluntary Core Protection Purchase Agreements (VCPAs) with firm and interruptible intrastate transmission customers as a source of supply for the Utility's core requirements.~~

~~The price paid by the Utility for such VCPA deliveries shall be determined through negotiation with such customers and shall be subject to a ceiling price of 150% of the Adjusted Core Procurement Rate, G-CPA, set forth in Schedule No. G-CP, in effect during the period of diversion.~~

~~The Utility shall divert customer-owned gas through VCPAs on a least-cost basis, with least-expensive supplies being purchased first, to the extent operationally feasible.~~

~~As part of a VCPA, the Utility and the customer may agree to allow the customer to arrange a transfer of the responsibility for the diversion. In such event, the VCPA shall specify the conditions under which such a transfer would be allowed by the Utility.~~

~~3. Involuntary Diversions~~

~~To the extent that VCPA, discussed above, are inadequate for the protection of core service, the Utility shall be authorized to involuntarily divert gas supplies from firm noncore transmission customers.~~

~~The Utility shall notify the CPUC within one business day in the event of any involuntary diversion of customer gas.~~

~~An involuntary diversion of customer-owned gas shall occur as a result of the Utility's curtailment of the customer's service as described in Section C.~~

~~In the event customer-owned gas is involuntarily diverted as a consequence of curtailment, the Utility will reimburse the customer at the higher of:~~

- ~~(1) the customer's cost of alternative fuel or replacement energy used during the diversion plus associated transportation costs actually incurred by the customer;~~
- ~~(2) the customer's actual cost of gas (price as delivered to SoCalGas' intrastate system) diverted by Utility; or~~
- ~~(3) 150% of the Utility's Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP during the month in which the gas was diverted.~~

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CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

~~D. Diversions of Customer Owned Gas (Continued)~~

~~3. Involuntary Diversions (Continued)~~

~~The Utility shall have the right to audit the customer's alternate fuel or replacement energy cost, or the customer's actual cost of gas. In the event of disagreement, these costs shall be determined by binding third party arbitration.~~

DE. Curtailment Due to Emergency Conditions

At a time when there is a threatened or actual shortage creating an emergency condition for a short duration in the Utility's ability to meet the demands of Priority 1 and 2A customers, the Utility may, during such emergency period, curtail and/or divert service of all customers, or a portion of such customers, in the most reasonable and practicable manner possible. Further, in such event, the Utility shall have the right to shut off, discontinue, re-establish, or continue service for all customers or a portion of such customers, irrespective of the priority or preference provisions set forth herein or in the tariff schedules, contracts, or rules and regulations applicable to such service. In such emergency situations, curtailments shall generally be made based on the customer's level of demand and transfers of curtailment responsibility, as provided for in Section C.23 herein, shall not be allowed.

The Utility may also, during any national crisis, give preference, as between all customers, to facilities directly engaged in the production of food supplies and the production of national government requirements, when the discontinuance of service to such customers would stop, or materially diminish, the output of said plants.

EF. Service to Unaffected Local Service Zones (formerly Localized Curtailment)

~~—Curtailments may be effected in certain localized areas due to intrastate system capacity restrictions or emergencies. In such cases, curtailments will generally be made based on the order established herein to the extent it is operationally feasible to do so. In the event of a localized Local Service Zone curtailment, customers in unconstrained areas unaffected Local Service Zones may receive service while other customers of equal or higher priority are curtailed.~~

EG. System Maintenance and Repair

~~The Utility, shall have the right, without liability, to interrupt the receipt or delivery of gas whenever it becomes necessary to test, alter, modify, enlarge or repair any facility or property comprising the Utility's system or otherwise related to its operation. Except in cases of unforeseen emergency, the Utility shall give a minimum of ten (10) days initial notice of such activity, whenever it finds necessary for the purpose of making repairs or improvements to its system, will have the right to suspend temporarily the delivery of gas, but, in all such cases, as reasonable notice thereof as circumstances will permit will be given to customers, and t~~ The making of such repairs or improvements will be prosecuted as rapidly as may be practicable, and, if practicable, at such times as will cause the least inconvenience to the customers.

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 RESOLUTION NO. _____

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

FG. System Maintenance and Repair (Continued)

In the event such interruption of service affects more than one customer, interruption of service shall be made in the order established herein only to the extent it is operationally feasible to do so and Utility and affected customers have not mutually agreed on a different order. For non-emergency curtailments related to system maintenance and repair, prorationing in step 2 and step 4 will be based on connected hourly capacity rather than dispatched load. ~~Special conditions which apply to scheduled maintenance for firm intrastate service are set forth in Section K herein.~~

H. Utility Electric Generation Service

~~The Utility shall accommodate, subject to the capability of its existing physical facilities and the requirements of higher priority customers, requests by its retail and wholesale customers for reallocation of deliveries for use in electric generating plants deviating from the normal pattern of deliveries by the Utility (a) of an emergency nature to avoid actual electric load curtailment, and/or (b) based on requirements to minimize particularly adverse air pollution impacts expected to be of short duration. Such deviations in deliveries must be approved by the Utility and shall be in accordance with the agreements between the Utility's retail and wholesale customers relating to such reallocations and providing for compensation between such customers. In no event, however, will the Utility's total deliveries for electric generation requirements imposed on the Utility exceed in the aggregate the deliveries which would have been scheduled absent the reallocation agreements between Utility's customers. Customers requesting the Utility to redirect deliveries hereunder shall notify the CPUC promptly after each occurrence of the problem occasioning such request.~~

GI. Wholesale Service

Wholesale customers will receive Priority 1 and 2A service from the Utility in proportion to such customers' Priority 1 and 2A loads. Service to wholesale customers' loads shall be curtailed in the same manner as that for the Utility's retail customers. ~~Wholesale customers may, however, negotiate with the Utility regarding the timing and extent of curtailments for their noncore loads with the condition that such loads shall be subject to curtailments which are proportionate to the curtailment of the Utility's noncore customers.~~

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4238
DECISION NO.
900

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED May 4, 2011
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RESOLUTION NO. _____

Rule No. 23

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

Hf. Curtailment Violations

The Utility shall ~~read the meter of the curtailed customer at use metered hourly and daily usage recorded from~~ the beginning ~~and to the~~ end of each curtailment period ~~to calculate curtailment penalty charges~~ for the applicable service curtailed. For other than a customer operating emergency as set forth in Section C.36, customers failing to curtail on request will be assessed a penalty of ~~\$15.00~~ per therm ~~plus the daily balancing standby rate defined in Schedule No. G-IMB~~ for the ~~initial 5 hours of the Customer's operating day, \$3.00 per therm for hours 6 through 8, and \$10.00 per therm for hours 9 through the end duration~~ of the curtailment episode. The penalty applies to all gas quantities determined by the Utility to be in violation of curtailment. All other charges associated with such usage will apply. ~~Curtailment violations will be determined as follows:—~~

~~1. System Curtailment~~

For ~~the~~ curtailment of ~~interruptible or firm intrastate~~local service, customers whose consumption under their applicable service schedule exceeds their ~~authorized curtailment quantity~~maximum allowed usage during the curtailment of such service will be in violation of curtailment. ~~The maximum allowed usage for non-electric generation noncore and noncore cogeneration customers in step 3 will be equal to a percentage of their Curtailment Baseline Quantity (CBQ) divided by 24 hours, as specified by the Utility. CBQs will be established annually as a customer's peak day consumption in summer (April through October) and in winter (November through March) within the previous 24 months. In the event a customer does not have 24 months of operating history or a customer has a material change in operations, the customer's CBQ may be estimated.~~

~~For curtailment of standby procurement service under Schedule No. G-IMB, customers whose consumption under such schedule exceeds their actual transportation deliveries plus the ten percent (10%) tolerance band will be in violation of curtailment. The Utility shall assess negative imbalances incurred during the standby curtailment period separately from monthly imbalances incurred outside such period. Negative imbalances determined to be in violation of curtailment shall not be eligible for imbalance trading. Such negative imbalances will be charged at the applicable standby procurement rate in addition to the curtailment violation penalty.~~

~~2. Localized Curtailment~~

~~For curtailment of interruptible or firm intrastate service, customers whose consumption under their applicable service schedule exceeds their authorized curtailment quantity during the curtailment period for such service will be in violation of curtailment. Standby procurement service shall not be curtailed during a localized curtailment.~~

~~3. Authorized Curtailment Quantity~~

~~The authorized curtailment quantity used to determine a customer's compliance with curtailment shall be established on the basis of the monthly contract billing quantities set forth in the customer's Master Services Contract, Schedule A, Intrastate Transmission Service (Form Nos. 6597 and 6597-1).~~

(Continued)

(TO BE INSERTED BY UTILITY)
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DECISION NO.
1000

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Lee Schavrien
Senior Vice President
Regulatory Affairs

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Rule No. 23

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

HJ. Curtailment Violations (Continued)

~~3. Authorized Curtailment Quantity (Continued)~~

~~The customer's total authorized curtailment quantity for the applicable period of curtailment shall be equal to the sum of the authorized curtailment quantities for each of the customer's services which are not subject to curtailment during such period. For each such service, the authorized curtailment quantity shall be equal to the monthly contract quantity divided by the customer's actual number of operating days for such service during the month in which the curtailment occurs, multiplied by the customer's actual number of operating days during the curtailment period.~~

~~The customer's actual operating days for the month shall be determined based on the operating day information set forth in the customer's contract. For service designated as operating seven days per week, the operating days shall be all calendar days in the month. For service designated as less than seven operating days per week, the operating days shall be all designated days in the month excluding national holidays. Customers with non-uniform operating schedules for any particular month shall be required to designate in the contract the actual operating day schedule for such months. The customer may request a change to the operating schedule on a month-to-month basis. All operating schedules shall be subject to the Utility's acceptance and the Utility may adjust such schedules as it deems necessary based on the customer's operations.~~

K. Service Interruption Credit

~~A qualifying service interruption of firm intrastate transmission service is defined as any curtailment which is not (1) the result of either force majeure or scheduled maintenance, as described below, (2) a curtailment of Standby Procurement service, or (3) a curtailment of firm off-system delivery service. If a firm intrastate transmission customer experiences more than one qualifying interruption during the ten-year period beginning on the implementation date of the CPUC's Capacity Brokering Rules, the Utility shall provide such customer with a Service Interruption Credit (SIC) of \$0.25 per therm of gas curtailed or diverted.~~

~~For the customer's first qualifying interruption during the ten-year period, the SIC shall only apply to the volume of curtailed or diverted gas over and above 72 consecutive hours of full curtailment or the volumetric equivalent thereof during a five-day period. For subsequent qualifying interruptions during this period, the SIC shall apply to all of the customer's curtailed or diverted volumes resulting from the subsequent interruptions regardless of the duration or extent of the customer's initial interruption.~~

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4258
DECISION NO. 11-03-029

ISSUED BY
Lee Schavrien
Senior Vice President

(TO BE INSERTED BY CAL. PUC)
DATE FILED Jul 15, 2011
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RESOLUTION NO. _____

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

~~K. 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 transmission 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.~~

~~L. Curtailment Notification~~

~~The Utility shall submit an Advice Letter to the Commission's Energy Division within 24 hours of an announcement of a curtailment. The filing shall state the facts underlying and the reasons for the curtailment, shall demonstrate that the type of curtailment being declared complies with the Utility's tariffs, and shall set forth efforts the Utility has taken to minimize or alleviate the curtailment. The filing shall be served by electronic mail or overnight mail on affected noncore customers and posted by the Utility on its Electronic Bulletin Board.~~

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4619
DECISION NO.

ISSUED BY
Lee Schavrien
Senior Vice President

(TO BE INSERTED BY CAL. PUC)
DATE FILED Mar 12, 2014
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RESOLUTION NO. _____

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SoCalGas Rule 30

Rule No. 30

Sheet 6

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

5. Off-System Delivery (OSD) Services

For each flow date, the Utility will determine the quantity of capacity available for off-system deliveries. The quantity will include that available via physical redelivery from the Utility system along with displacement of forward haul flowing supplies. For each nomination cycle, the Utility customers who have contracted with the Utility for off-system delivery service may submit a nomination for such service pursuant to Schedule No. G-OSD and Section D.6. "Nominations" below, for deliveries to the PG&E system and to the Utility Transmission system's interconnection points with all interstate and international pipelines, but excluding California-produced gas supply lines.

The following rules will be used in scheduling of Off-System Delivery Services:

- Nominations using Firm OSD rights will have first priority; pro-rated if over-nominated.
- Nominations using Interruptible OSD rights will have second priority; pro-rated if over-nominated.
- Firm OSD rights can "bump" Interruptible OSD scheduled quantities through the Intraday 1 Cycle, subject to the NAESB elapsed pro rata rules.
- Bumping of Interruptible OSD rights by Firm OSD rights will not be allowed in the Intraday 2 Cycle.
- Both Firm and Interruptible OSD rights, at any Delivery Point, can be ~~curtailed~~/reduced in any cycle (subject to the NAESB elapsed pro rata rules) if, in the sole judgment of the Utility, the provision of OSD service at that Delivery Point would result in the Utility having to bring additional gas into the Utility's system at an additional cost.
- ~~Curtailed~~/reduction of Interruptible OSD nominations at any Delivery Point will be prorated at that particular Delivery Point.
- ~~Curtailed~~/reduction of Firm OSD nominations at any Delivery Point will be prorated at that particular Delivery Point.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4258
 DECISION NO. 11-03-029

ISSUED BY

Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jul 15, 2011
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 RESOLUTION NO. _____

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Rule No. 30
TRANSPORTATION OF CUSTOMER-OWNED GAS

Sheet 11

(Continued)

E. Interruption of Service

1. The customer's transportation service priority shall be established in accordance with the definitions of Core and Noncore service, as set forth in Rule No. 1, and the provisions of Rule No. 23, Continuity of Service and Interruption of Delivery. If the customer's gas use is classified in more than one service priority, it is the customer's responsibility to inform the Utility of such priorities applicable to the customer's service. Once established, such priorities cannot be changed during a curtailment period.

~~2. The Utility shall have the right, without liability (except for the express provisions of the Utility's Service Interruption Credit as set forth in Rule No. 23), to interrupt the acceptance or redelivery of gas whenever it becomes necessary to test, alter, modify, enlarge or repair any facility or property comprising the Utility's system or otherwise related to its operation. When doing so, the Utility will try to cause a minimum of inconvenience to the customer. Except in cases of unforeseen emergency, the Utility shall give a minimum of ten (10) days advance written notice of such activity.~~

F. Nominations in Excess of System Capacity

1. The Utility System Operator's protocol for declaring an Operational Flow Order (OFO) is described in Rule No. 41. Any OFO shall apply to all customers, including wholesale customers and the Utility Gas Procurement Department.
2. The OFO period shall begin on the flow date(s) indicated by the Utility Gas Control Department. Customers shall be allowed to reduce their nominations or adjust their supply ranking in response to the OFO.
3. In the event customers fail to adequately reduce their transportation nominations, the Utility shall reduce the confirmed receipt point access nominations as defined in Section D.
4. In accordance with the provisions of Schedule No. G-IMB, Buy-Back service shall be applied separately to each OFO day. Customer meters subject to maximum daily quantity limitations will use the maximum daily quantity as a proxy for daily usage. For the Utility Gas Procurement Department, the Daily Forecast Quantity will be used as a proxy for daily usage. For core aggregators, their Daily Contract Quantity will be used as a proxy for daily usage.
5. A California Producer, with an effective California Producer Operational Balancing Agreement, Form 6452, will be subject to Schedule No. G-IMB Buy-Back service during excess nominations days (i.e., OFO days). For each OFO day, the Utility shall cash out, at the Retail Buy-Back Rate as described in Schedule No. G-IMB, all of an individual California Producer's actual deliveries that are in excess of 110% of that particular California Producer's scheduled quantities for that OFO day. The OFO day imbalance of a California Producer with an existing access agreement will be treated consistent with the terms of that access agreement.

(Continued)

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Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Nov 18, 2013
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SoCalGas Rule 41

Rule No. 41
UTILITY SYSTEM OPERATION

Sheet 9

(Continued)

CPUC REPORTING REQUIREMENTS (Continued)

25. On October 1 of each year, the Utility shall provide a report (“Annual Compliance Report”) demonstrating that the Operational Hub’s procurement activities during the preceding twelve months ending August 31 were in compliance with the standards, criteria and procedures described in Sections 9 through 19 above. The Annual Compliance Report shall be submitted to the Energy Division by Advice Letter and shall be subject to comment or protest. Upon Energy Division review and verification of the Annual Compliance Report and the CPUC Resolution approving the Annual Compliance Report, all the transactions entered into the SRMA balance for the year in question that are found reasonable by the Energy Division shall be amortized in customer transportation rates over the following year.

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COMMUNICATIONS WITH GRID OPERATORS

26. The Utility System Operator shall communicate with the California Independent System Operator (CAISO) and other electric grid operators on an as-needed basis to help maintain the reliability of Utility’s natural gas system and the electric grid. Such communications may result in operational changes by the Utility System Operator and changes in electric grid operations and electric generation dispatch order by CAISO and other grid operators. Such operational communications shall not be considered curtailments of natural gas service unless Utility expressly curtails service pursuant to Rule 23. SoCalGas and the Utility System Operator are not responsible for electric grid operations or reliability, but will take electric grid reliability into consideration, to the extent feasible, when making operational decisions.

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Lee Schavrien
Senior Vice President

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SDG&E Rule 12



RULE 12

Sheet 1

RATES AND OPTIONAL RATES

A. Effective Rates

The rates to be charged by the Utility for gas service shall be the rates legally in effect and on file with the California Public Utilities Commission (Commission). Complete copies of all rate schedules legally in effect for any district shall be available for public inspection at all times in the Utility's local offices for that district. Such tariffs may be maintained on a website, and printed copies of such tariffs shall be made available to customers upon request.

Where negotiable rate options are available to the customer, the Utility shall not be obligated to provide the customer with any recommendation or comparison of options.

B. Establishing Rate Schedules for New Customers

At the time of application for service, the Utility shall, based on information provided by the applicant, ensure that the applicant is placed on an applicable rate schedule approved by the Commission.

C. New or Optional Rates

In the event of the adoption by the Utility of new or optional rates, the Utility shall take such measures as may be practicable to advise the customers who may be affected that such new or optional rates are effective.

D. Change of Rate Schedule

Except as provided otherwise in the rate schedule or contract required thereby, a customer may request only one rate schedule change or change the contract in effect for the purpose of obtaining preferential rates, priority of service, or avoiding minimum charges in any twelve-month period; however, if the customer's fuel requirements are permanently increased or decreased due to changed conditions of operation, the customer may, by application, request service under another schedule for which the customer can properly qualify. ~~A customer changing rate schedules shall not avoid any Use or Pay charges that would otherwise apply from the prior rate schedule under which the customer was served.~~ In the event that a customer desires to take service under a different schedule than that under which the customer is being served and qualifies for service thereunder, the change shall become effective for service rendered after the next regular meter reading following the date of notice to the Utility, based on the availability of metering and billing requirements.

It is the customer's responsibility to request another rate schedule or service option if the customer's connected load, hours of operation, type of business or type of service have changed. Where the customer changes equipment or operation without notifying the Utility, the Utility assumes no responsibility for advising the customer of other rate options available to the customer as a result of changes in the customer's equipment or operations.

SDG&E Rule 14



RULE 14

Sheet 1

SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
AND PRIORITY OF SERVICE

A. Service Conditions

The utility will use reasonable diligence and care to avoid any shortage or interruption of gas supply. The utility shall not be liable in damages or otherwise for any failure to deliver gas to the customer, 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, gas supply, mandatory or voluntary curtailments ordered by the Public Utilities Commission, or other conditions beyond its reasonable control. The Utility has the authority to temporarily shut off gas service without liability to any customer that fails to comply with a curtailment.

B. Temporary Suspension of Service

Whenever necessary for making repairs or improvements to its system, the utility may temporarily suspend the delivery of gas. In all such cases, the utility will provide as much notice as circumstances reasonably permit. Repairs or improvements will be carried out as rapidly as may be practicable, and, if practicable, at such times as will cause the least inconvenience to the customers.

~~C. Service Level and Priority of Service~~

~~Noncore customers must choose an appropriate Gas Transportation Service Level. Customers that do not choose an appropriate service level will be assigned to the lowest noncore service level and end-use priority classification for curtailment purposes. Customer denial of the utility's right of ingress and egress for the purpose of priority assignment will result in the customer being assigned to the lowest applicable priority. Where customers have more than one priority of service, those uses in a lower priority not exceeding 25 Mcf per day on a peak day, may be placed in the customer's next higher priority.~~

~~D. Curtailment Assignments~~

~~Curtailment shall be first made in the lowest priority group. Priority groups may be subdivided for curtailment purposes and, to the extent practical, curtailment shall be equalized among customers in each group by rotating curtailment among the subdivisions of the group. Curtailments which exceed the total volume of gas used by all customers in the lowest priority group shall, in the same manner, be affected successively in the higher priority groups. Restoration of curtailed service shall be made in the same manner, but inversely as to priority groups.~~

~~E. Changes in Curtailment Assignments~~

~~System curtailments shall be based first on transportation service levels. In the event a significant change is determined in a customer's requirements or equipment, resulting in a need for reclassification to another priority, such change shall be made in the billing month following such identification of the change.~~

~~CF. Restoration of Service~~

~~Restoration of service will be made starting with the highest priority block, and proceeding through each succeeding priority level.~~

(Continued)



RULE 14

Sheet 2

SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
AND PRIORITY OF SERVICE

CF. Restoration of Service (Continued)

~~Where curtailment takes place on a partial basis for a given priority block, the utility will attempt, at the earliest time practical, to balance the amount of curtailment for customers in any given curtailment block.~~

~~When curtailment of service is to be decreased, restoration of service shall be made (a) in the same manner as described in Section H 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 service in such order as it deems necessary irrespective of the curtailment order described in Section H herein.~~

DG. Operating Emergency

~~In the event a customer declares an operating emergency, service may be made available out of the normal curtailment pattern, if in the judgment of the utility it is possible to do so. To the extent operationally feasible, Utility will give preference to critical customers as defined in Rule 1 when they declare an operating emergency. Out of pattern deliveries will be provided to Critical Customers whenever they declare an operating emergency. Subsequent out of pattern curtailment will be imposed on such customers in order to balance the amount of curtailment with other customers served at the same priority.~~

H. Electric Generation Service

~~Subject to the capability of the utility's physical facilities, and the requirements of higher priority customers, dispatching arrangements will be made based on requirements to minimize particularly adverse air pollution impacts.~~

EI. Gas Transportation Service Levels

The utility shall offer the following levels of gas transportation service, and the service levels listed below shall serve as a basis for gas curtailment:

- 1. Core Service
Firm Inter- & Intrastate Transportation Service.
Gas Purchased from the utility.
Optional Intrastate Transportation-Only Service.
Curtailment based on end-use priorities.
Includes all P-1 and P-2A end-use priorities.

- ~~2. Firm Noncore Service 1/
Firm Intrastate Transportation Service.
Two Year Contract Term.
Use or Pay Obligations & Charges.~~

1/ Customers electing noncore service must have Automatic Meter Reading (AMR) equipment installed at customer's expense as a condition of noncore service.

(Continued)

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RULE 14

Sheet 3

SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
AND PRIORITY OF SERVICE

E. Gas Transportation Service Levels (Continued)

- 3. ~~Interruptible Noncore Service~~ 1/
~~Interruptible Intrastate Local~~ Transportation Service.
Minimum One-Month Contract Term.
No Use-or-Pay Obligations or Charges.

~~Gas curtailment among the service levels shall be made in reverse order with interruptible noncore transportation volumes curtailed first followed by firm noncore transportation volumes, including core subscription, with core service volumes curtailed last.~~ Gas curtailment within each service level is described in Section HN. hereunder.

In order to notify noncore customers of gas curtailments, the customer must provide and maintain accurate primary and alternate day/night contact phone numbers and contact names who will be responsible for responding to the utility's notice to curtail gas services. The inability of the utility to notify a noncore gas customer of curtailment due to having out-dated and/or incorrect phone numbers and contact names, will result in the customer being changed to core status for the next 12-month period.

F. End-Use Priority Classification

In the event of a curtailment within the core service, the utility will curtail gas supplies in the reverse order of the assigned end-use priorities described below:

<u>Priority</u>	<u>Description</u>
P-1	All residential use regardless of size. All non-residential use through a single meter that is equal to or less than 20,800 therms.
P-2A	Non-residential use through a single meter that is greater than an annual monthly average of 20,800 therms, where the customer has made a minimum two-year election to receive core reliability service. Electric generation start-up and igniter fuel.

1/ See footnote sheet 2

(Continued)

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RULE 14

Sheet 4

SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
AND PRIORITY OF SERVICE

GK. Delivery Point Curtailment

Delivery of natural gas may be interrupted in the event of projected or actual capacity constraints or projected or actual supply shortages at system delivery points.

~~1. Local System Constraint~~

~~In the event of a localized curtailment, customers in the unconstrained areas may continue to receive service while customers that are equal or higher in the curtailment order are curtailed in the constrained area.~~

~~2. SDG&E System Constraint~~

~~In the event projected or actual system wide operating constraints exist, SDG&E will schedule deliveries, to the extent feasible in accordance with the curtailment order listed under Section N.~~

~~L. Backbone Transportation Constraint~~

~~The provisions in this section apply to all end use customers in SDG&E's service territory and their designated agents.~~

~~1. Curtailment Because of Incompatibility of Gas~~

~~SDG&E has the right to maintain the gas in its system at the necessary level of quality. SDG&E has the right to refuse in part or in total the delivery of gas into its system that is not of the quality required for service to SDG&E's customers. SDG&E shall be the sole judge of the ability of its system to accept any gas and of the need for allocation of service because of incompatibility. (See Rule 30).~~

~~2. Option to Purchase SDG&E Gas~~

~~To the extent practicable, the Utility System Operator may offer standby service at the appropriate charges. If standby service is not available during a curtailment period and the customer continues to use gas that usage will be subject to the corresponding curtailment charge. (See Rule 30).~~

~~HM. Gas Curtailment of Service and Constraints~~

~~Gas Curtailment or constraints occur whenever the utility declares a gas shortage. A gas shortage exists when, in the utility's judgment:~~

~~(a) There is a deficiency of gas supplies available to meet customer requirements; or~~

~~(b) There is a restriction or limitation on transmission or distribution pipelines necessary for the acceptance, transmission or subsequent redelivery of gas.~~

(Continued)



RULE 14

SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
AND PRIORITY OF SERVICE

HM. Gas Curtailment of Service and Constraints (Continued)

1. When in the judgment of the Utility, operating conditions require curtailment of service, such curtailment shall be effectuated in the order and manner described below, unless otherwise specified in this rule.

(1) All dispatchable electric generation not operating when a curtailment order is issued.

(2) Up to 60% of dispatched electric generation load. To the extent operationally feasible, Utility will work with affected grid operators on a best efforts basis to reallocate the aggregate maximum allowed usage for the remaining dispatched electric generation load among all of the dispatchable electric generation facilities to maintain grid reliability. Any such reallocation shall be at the sole discretion of the Utility, and the default in the absence of reallocation shall be pro rata.

(3) Up to 100% of non-electric generation noncore and noncore cogeneration usage on a pro rata basis. Electric generation load that is not dispatchable by an electric grid operator and therefore not subject to curtailment in step 2 will be considered non-electric generation noncore load for the purposes of curtailment.

(4) Up to 100% of remaining dispatched electric generation load not curtailed in step 2. To the extent operationally feasible, Utility will work with the affected grid operators on a best efforts basis to reallocate the aggregate maximum allowed usage for any remaining dispatched electrical generation load among all of the dispatched electric generation facilities to maintain grid reliability. Any such reallocation shall be at the sole discretion of the Utility, and the default in the absence of reallocation shall be pro rata.

5) All Priority 2A service on a pro rata basis.

(6) All Priority 1 non-residential service on a pro rata basis.

(7) All Priority 1 residential service on a pro rata basis.

Delivery Point Curtailments

When in the judgment of the utility, based upon expected gas requirements compared with available system supply and capacity, operating conditions require the curtailment of service, curtailment shall be made as necessary:

a. Local System Constraint

(1) All standby procurement service, or portions thereof, serving:

- i. Interruptible noncore transportation customers;
- ii. Followed by firm noncore transportation customers.

(2) Interruptible Noncore Transportation Service

(Continued)



RULE 14

Sheet 5

SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
AND PRIORITY OF SERVICE

- ~~i. Curtail gas according to the percent of the default transportation rate paid for interruptible intrastate services, with customers paying the lowest percentage to be curtailed first and customers paying the highest percentage to be curtailed last.~~
- ~~ii. For customers who are paying the same percentage of default transportation rate, curtail gas on a pro rata basis (equal percentage), with actual curtailments to EG to be curtailed before cogeneration volumes in each curtailment episode.~~

~~(3) Firm Intrastate Noncore Transportation Service~~

~~Curtail gas on a pro rata basis (equal percentage) with EG volumes curtailed before cogeneration volumes in each curtailment episode.~~

~~(4) Upon declaration of a supply emergency by the CPUC, curtail all gas volumes serving core customers in the following manner:~~

- ~~i. All core standby procurement service;~~
- ~~ii. P-2A gas volumes, or portions thereof;~~
- ~~iii. P-1 gas volumes, or portions thereof.~~

(Continued)

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Advice Ltr. No. 1745-G

Decision No. D.07-12-019

Issued by
Lee Schavrien
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RULE 14

Sheet 6

SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
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~~M. Gas Curtailment and Constraints (Continued)~~

~~1. Delivery Point Curtailments (Continued)~~

~~b. SDG&E System Constraints~~

~~(1) All standby procurement service, or portions thereof, serving:~~

- ~~i. Interruptible noncore transportation customers;~~
- ~~ii. Followed by firm noncore transportation customers.~~

~~(2) Interruptible Noncore Transportation Service~~

- ~~i. Curtail gas according to the percent of the default transportation rate paid for interruptible intrastate services, with customers paying the lowest percentage to be curtailed first and customers paying the highest percentage to be curtailed last.~~
- ~~ii. For customers who are paying the same percentage of default transportation rate, curtail gas on a pro rata basis (equal percentage), with EG curtailed before cogeneration volumes in each curtailment episode.~~

~~(3) Firm Noncore Transportation Service~~

- ~~i. Service shall first be interrupted to EG customers other than cogeneration customers. SDG&E shall administer the interruption of service to EG customers other than cogeneration customers on a two-step pro rata basis.~~
- ~~ii. In Step 1, SDG&E shall allocate the interruption based upon either: (a) the awarded Firm Noncore Monthly Contract Quantity (MCQ) divided by operating days, divided by 24 hours; or (b) the awarded Hourly Contract Quantity (HCQ) for the specific hour, whichever is applicable.~~

(Continued)



RULE 14

Sheet 7

SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY
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~~M. Gas Curtailment and Constraints (Continued)~~

~~1. Delivery Point Curtailments (Continued)~~

~~b. SDG&E System Constraints (Continued)~~

~~(3) Firm Noncore Transportation Service (Continued)~~

~~iii. In Step 2, if any EG customer has been called upon by the California Independent System Operator (ISO) to generate pursuant to its reliability must run (RMR) contract with the ISO, and the EG is unable to satisfy its RMR contract using the natural gas made available to it in Step 1, and the EG notifies the utility of both these facts, the utility shall make an additional quantity of natural gas available to that customer such that the total of the Step 1 allocation and the Step 2 allocation are sufficient to allow the customer to satisfy its RMR commitments using only natural gas. A Step 2 allocation shall result in an additional pro rata interruption, in accordance with the Step 1 allocation percentages, of all other EG customers that either (a) are not generating to satisfy RMR contracts at that time, or (b) whose Step 1 allocation provides them with more natural gas than they require to satisfy their RMR contracts. The Step 2 allocation of additional interruption to an EG customer who has been called upon by the ISO to generate pursuant to its RMR contract and has notified the utility of this fact will be limited to the amount of natural gas not needed by such customer to satisfy its RMR contract. Any additional interruption which would have been allocated to such a customer pursuant to Step 2 will be reallocated on a pro rata basis to the other EG customers who are subject to the initial Step 2 allocation.~~

~~Should an EG customer have a source of gas other than the utility, it must notify the utility of the quantity of gas it is receiving from the alternate source. For all such customers, the utility will assume that their RMR contracts are served by all sources of natural gas in the same percentage as the source bears to the total supply of natural gas available to the customer on the day of the system interruption. Gas from a source other than the utility will not otherwise be considered in either a Step 1 or Step 2 allocation.~~

(Continued)



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SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
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M. Gas Curtailment and Constraints (Continued)

1. Delivery Point Curtailments (Continued)

b. SDG&E System Constraints (Continued)

(3) Firm Noncore Transportation Service (Continued)

- iv. ~~The utility shall be entitled to rely upon information from its EG customers regarding their individual RMR contract requirements, the calls made on them by ISO to generate pursuant to their RMR contracts, natural gas supplies from sources other than the utility, and plant outages (Customer Information). The Commission shall have the right to audit EG customers for the limited purpose of determining the accuracy of any Customer Information provided by EG customers to SDG&E. In the event that the Commission determines that any Customer Information provided by an EG customer to the utility is inaccurate, and the customer experienced less of an interruption than it would if it had provided accurate information to the utility, the decrease in interruption experienced by the customer as a result of the inaccurate information shall be subject to the charges prescribed in Section N.4 of this Rule.~~
- v. ~~Interruption of service to all cogeneration customers and non-EG customers shall be done on a rotating block basis. For determining the order of customer rotations, customers shall be divided into two curtailment lists:

 - ~~The first list shall consist of cogeneration customers.~~
 - ~~The second list shall consist of all firm service non-EG noncore customers.~~~~
- vi. ~~Each curtailment list shall be ordered by individual customer with the order of customers for each list established by lottery or other non-discriminatory means. New customers to firm service shall be randomly assigned a position on the appropriate list.~~
- vii. ~~Once the order of customers is established for each list, the utility may aggregate the listed customers into blocks where operationally feasible. In the event firm service customers are added or deleted from the curtailment lists, the utility shall adjust the aggregation of the customer blocks as necessary.~~

(Continued)



RULE 14

SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
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M. Gas Curtailment and Constraints (Continued)

1. Delivery Point Curtailments (Continued)

b. SDG&E System Constraints (Continued)

(3) Firm Noncore Transportation Service (Continued)

viii. ~~In the event of a firm service curtailment, the utility shall curtail, in unison, that number of customer blocks, or a portion thereof, necessary to maintain service to higher priority customers. The customer blocks curtailed shall be established by:~~

- ~~- Selecting the first customer block from one curtailment list; then~~
- ~~- Selecting the first customer block from the other curtailment list.~~
- ~~- Continuing such alternating selections down the two curtailment lists until the required level of curtailment is reached.~~

~~For subsequent curtailment episodes, once customers on both lists have been selected for curtailment, the alternating rotations process shall continue at the beginning of the curtailment lists.~~

ix. ~~In the event the curtailment of the last customer block selected would result in exceeding the necessary level of curtailment, then the customers within that block shall be selected for curtailment based on the customer order within the block.~~

x. ~~Those customers not selected for curtailment shall be treated as a separate block in succeeding curtailment rotations. If the curtailment of an individual customer would result in exceeding the level of curtailment necessary, then such customer shall be curtailed only to the level of curtailment which is necessary.~~

~~The utility will make every endeavor to curtail firm service to noncore customers in the manner specified above.~~

(4) Upon declaration of a supply emergency by the CPUC, curtail all gas volumes serving core customers in the following manner:

- i. All core standby procurement service;
- ii. P-2A gas volumes, or portions thereof;
- iii. P-1 gas volumes, or portions thereof.

(Continued)

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Sheet 10

SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
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HM. Gas Curtailment of Service and Constraints (Continued)

2. Curtailment Charges

Noncore customers who fail to curtail when ordered by the utility, shall be subject to a \$5 per therm plus the daily balancing standby rate defined in Schedule G-IMB curtailment charge for each therm consumed ~~including pilot light gas,~~ during the curtailment period, in addition to the charges under the customer's applicable rate schedule. The curtailment charge shall apply hourly for any hourly volumes that exceed those authorized during a curtailment ~~and shall consist of the following charges:~~ The authorized usage for non-electric generation noncore and noncore cogeneration customers in step 3 will be equal to a percentage of their Curtailment Baseline Quantity (CBQ) divided by 24 hours, as specified by the Utility. CBQs will be established annually as a customer's peak day consumption in summer (April through October) and in winter (November through March) within the previous 24 months. In the event a customer does not have 24 months of operating history or a customer has a material change in operations, the customer's CBQ may be estimated.

- 1. ~~\$1 per therm for the first five hours,~~
- 2. ~~\$3 per therm for the next three hours,~~
- 3. ~~\$10 per therm for the remaining curtailment period.~~

3. Curtailment of Customer-Owned Gas

If self-procuring ("customer-owned") customer's service has been curtailed and the customer continues to deliver gas into the utility's system, the utility may, at its option:

- 1. Refuse to confirm the customer's gas nomination; or
- 2. Accept the customer's gas nomination and credit the gas to the customers imbalance account.
- 3. ~~Confiscate the customer's gas.~~

4. Diversion of Customer-Owned Gas

~~In the event that there is insufficient supply or capacity to serve P-1 and P-2A customers, the utility may divert customer-owned gas from noncore customers.~~

~~The diversion of customer-owned gas to serve core customers may be either voluntary or involuntary. Voluntary diversions of gas shall be performed before any involuntary diversions to protect core customers. The utility shall notify the Commission within one business day following the initiation of any involuntary diversion.~~

- a. ~~Under a voluntary diversion of gas, the utility may offer to purchase the flowing supplies of noncore shippers to maintain service to higher priority core and noncore customers. The price paid by the utility for voluntarily diverted interruptible supplies shall not exceed the price paid for involuntarily diverted gas supplies.~~

~~Gas that is made available to the utility through voluntary core protection arrangements shall be purchased on a least cost basis, with least expensive supplies being purchased first, to the extent operationally feasible. The price paid by the utility for voluntary core protection gas shall be determined through negotiation~~

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San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 16787-G

Canceling Revised Cal. P.U.C. Sheet No. 11760-G

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~~with the customer, subject to a price ceiling of 150% of the utility's monthly weighted average cost of gas (WACOG).~~

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SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
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HM. Gas Curtailment of Service and Constraints (Continued)

4. Diversion of Customer Owned Gas (Continued)

b. ~~Under an involuntary diversion of gas, the utility may divert either interruptible or firm customer owned gas to serve core customers. The utility will pay the customer for volumes involuntarily diverted the higher of:~~

- ~~(1) The cost of alternate fuel or replacement energy used by the customer during the diversion, plus associated transportation costs actually incurred by the customer; or~~
- ~~(2) 150% of the utility's WACOG for the month in which the curtailment occurred; or~~
- ~~(3) The customer's actual cost of gas.~~

~~The compensation paid for involuntary diverted gas as described above shall be presumed reasonable in CPUC proceedings, provided that the diversion is deemed a prudent utility action. The utility has the right to audit the customer's alternate fuel or replacement energy costs, the customer's actually incurred transportation costs, or the customer's actually incurred cost of gas. In the event of a disagreement, these costs shall be determined by binding third party arbitration.~~

45. Curtailment Trading Negotiation of Curtailment and Diversion Order

An SDG&E customer that has a currently effective maximum allowed usage (Holder) may request to transfer all or a portion of its maximum allowed usage capacity (Trade) to another SDG&E noncore customer (Recipient) that desires the capacity for the same curtailment as designated in the Curtailment Trading Agreement (Form 142-2010) (Trading Agreement). The following process shall apply to all proposed trades of maximum allowed usage capacity:

- a. Holder and Recipient shall submit to the Utility an original Trading Agreement signed by Holder and Recipient.
- b. All Trade Requests must be approved by the Utility before the Trade may commence.
- c. Utility shall determine, in its sole discretion, whether the proposed Trade is accepted or rejected based on operational feasibility and/or Recipient creditworthiness as set forth in the Utility's Rule 6.
- d. Holder and Recipient may trade only the capacity amounts during the operating days or hours set forth in the Trading Agreement.
- e. As of the first Trading Day and throughout the period subject to the Trade, all of Holder's obligations with regard to the traded capacity shall become Recipient's sole responsibility. Holder's maximum allowed usage will decrease and Recipient's

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maximum allowed usage will increase by the quantities set forth in the Trading Agreement executed by the Utility.

f. Trades are limited to Non-EG noncore and cogeneration customers.

~~a. Customers may negotiate among themselves the order of gas supply curtailments or diversions. Firm service customers may negotiate curtailments or diversion order with interruptible service customers, and vice versa. Through such arrangements, responsibility for the supply curtailments or diversions imposed by the utility shall be transferred from the original customer to another customer or group of customers.~~

~~b. All customers involved in changing the order of gas curtailments or diversions, as originally established by the utility, must execute and provide to the utility a signed written notice. Notification to the utility must be made consistent with the posted gas nomination schedule, but not less than 48 hours, prior to the effective date of the agreement, whichever is greater.~~

~~c. If the transferee does not comply with the supply curtailments or diversion agreement, the original assignee shall be held entirely responsible, including any resulting charges that would be incurred as a result of such responsibility.~~

~~d. In the event the assignee pays a transportation rate which is less than the applicable tariff rate, such customer shall be required to pay the higher transportation rate of either the curtailment assignee or assignor.~~

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~~M. Gas Curtailment and Constraints (Continued)~~

~~5. Negotiation of Curtailment and Diversion Order (Continued)~~

~~e. Customers who enter into voluntary gas diversion arrangements with the utility may negotiate the order of gas supply diversions pursuant to the diversion agreement only if all parties to the agreement agree to allow such negotiations.~~

~~However, at a time when there is a threatened or actual shortage, creating an emergency for a short duration in the supply of gas to meet the demands of Priority 1 customers, the utility may, during such emergency period, apportion its available supply of gas among demands of all or a portion of such Priority 1 customers. Such apportionment shall be made in the most reasonable and practicable manner possible. During such an emergency the utility will have the right to shut off, discontinue, re-establish, or continue service for all such customers or some of such customers, irrespective of priority.~~

~~The utility may, during any national or local crisis, give preference, as between all customers, to customers directly engaged in the production of food supplies, maintaining public health and the production of national government requirements, when the discontinuance of service to such customers would stop, or materially diminish their operation.~~

~~N.~~ Emergency Curtailment

Curtailments may result with little notice due to capacity restrictions or emergencies. The foregoing gas curtailment procedures do not apply to curtailment under local or emergency conditions, which will be handled in a manner that immediate operating conditions appear to require at the time.

~~However, at a time when there is a threatened or actual shortage, creating an emergency for a short duration in the supply of gas to meet the demands of Priority 1 customers, the utility may, during such emergency period, apportion its available supply of gas among demands of all or a portion of such Priority 1 customers. Such apportionment shall be made in the most reasonable and practicable manner possible. During such an emergency the utility will have the right to shut off, discontinue, re-establish, or continue service for all such customers or some of such customers, irrespective of priority.~~

~~The utility may, during any national or local crisis, give preference, as between all customers, to customers directly engaged in the production of food supplies, maintaining public health and the production of national government requirements, when the discontinuance of service to such customers would stop, or materially diminish their operation.~~

~~O.~~ Service Interruption Credit

~~A qualifying service interruption of firm intrastate transportation service is defined as any curtailment which is not the result of either force majeure or scheduled maintenance, as described below. If a firm intrastate transportation customer (including core subscription service) experiences more than one qualifying interruption during the ten year period beginning on May 1, 2003, the Utility shall provide such customer with a Service Interruption Credit (SIC) of \$0.25 per therm of gas curtailed as set forth on each applicable rate schedule.~~

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SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY,
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~~Q. Service Interruption Credit (Continued)~~

~~For the customer's first qualifying interruption during the ten-year period, the SIC shall only apply to the volume of curtailed gas over and above 72 consecutive hours of full curtailment or the volumetric equivalent thereof during a five day period. For subsequent qualifying interruptions during this period, the SIC shall apply to all of the customer's curtailed volumes resulting from the subsequent interruptions regardless of the duration or extent of the customer's initial interruption.~~

~~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.~~

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RULE 14

Sheet 14

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JP. End-Use Curtailment Definitions

Abnormal Peak Day (APD): An APD is the coldest day which could reasonably be expected to occur within SDG&E's service territory.

Alternate Fuel: Gaseous or nongaseous fuel, including fuel oil, synthetic natural gas (SNG), liquefied natural gas (LNG), and liquid petroleum gas (LPG). Electricity shall not be considered an alternate energy source.

~~**As Available Service:** That service provided to customers at times when additional service beyond firm service may be made available by the utility.~~

Boiler Fuel: Gas used specifically to fire boilers, regardless of the end-use of the steam produced.

Cogeneration: The sequential use of energy for the production of electrical and useful thermal energy. The sequence can be thermal use followed by power production or the reverse, subject to the following standards:

1. At least 5 percent of the facility's total annual energy output shall be in the form of useful thermal energy.
2. Where useful thermal energy follows power production, the useful annual power output plus one-half the useful annual thermal energy output equals not less than 42.5 percent of any natural gas and oil energy input.

Curtailment: Utility initiated suspension of gas service resulting from a supply or capacity shortage of gas. A Capacity Curtailment occurs when the utility declares a capacity shortage. A capacity shortage exists when, in the utility's judgment, there exists a restriction or limitation on utility transmission or distribution pipelines necessary for the acceptance, transmission, or subsequent redelivery of gas resulting in the utility being unable to meet its operational, contractual, or gas customers' requirements. A Supply Curtailment occurs when the utility declares a supply shortage. A supply shortage exists when, in the utility's judgment, the utility has a deficiency of gas supply available to meet its operational, contractual, or sales customers' requirements.

Customer: The person or entity in whose name service is rendered as evidenced by the signature on the application, contract, or agreement for that service, or in the absence of a signed instrument, by the receipt and payment of bills regularly issued in the person or entities name.

Critical Customer: One where danger to human life, health or safety is involved, and includes customers such as hospitals, other state licensed health care facilities, medical research facilities, medical facilities at military installations and detention facilities, municipal water pumping plants and sanitation facilities.

Electric Utilities' Start-up and Igniter Fuel: Electric utility 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.

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RULE 14

Sheet 15

**SHORTAGE OF GAS SUPPLY, INTERRUPTION OF DELIVERY
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P. End-Use Curtailment Definitions (Continued)

Emergency Conditions: Operating conditions that may result in a curtailment of service to customers due to failure of utility facilities, however caused, war, riots, acts of God, strikes, failure of, or interruption in, gas supply, mandatory or voluntary curtailments ordered by the Public Utilities Commission, or other conditions beyond its reasonable control.

~~Hourly Contract Quantity (HCQ): The quantities awarded each hour as set forth in the customer's Request for Retail Noncore Gas Services (Form 142-1259).~~

Local Operating Constraint: An operating condition limiting the ability of the utility to provide gas service in a confined geographical area.

~~Monthly Contract Quantity (MCQ): The quantities awarded each month as set forth in the customer's Request for Retail Noncore Gas Services (Form 142-1259).~~

Peak-Day Demand: A customer's highest billing month's requirement divided by the number of days of operation in that month.

Pilot Light: A small gas burner which is kept lighted to rekindle a principal burner when needed.

Point of Delivery: The place(s) where the utility delivers gas to a customer at the customer's facility or customer managed storage.

Point(s) of Receipt: The place(s) where the customer delivers, or has delivered on his behalf, gas for delivery under a utility gas transportation agreement(s).

~~Replacement Energy: Replacement Energy includes alternative energy purchases or generation utilizing alternative fuel following involuntary diversion or curtailment of the Customer's gas by the utility. The cost of Replacement Energy does not include any charges incurred by the Customer for unforecasted or unscheduled power received by the Customer from the utility as a result of the Customer's failure to purchase or generate enough Replacement Energy during such diversion or curtailment.~~

Residential Use: Service to customers which consists of natural gas use in serving a residential dwelling or multi-unit dwelling for space heating, air conditioning, cooking, water heating, and other residential uses, except for central heating plants, serving a combination of residential and commercial uses where the commercial portion of the use is in excess of 100 Mcf per day, or is more than 15% of the total natural gas requirements.

System Operating Constraint: An operating condition that limits the ability of the utility to provide gas service throughout its entire operating system.

Dispatchable Electric Generation: Electric Generation customers who operate in response to dispatch orders from Electric Grid Operators.

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SDG&E Rule 25



RULE 25

Sheet 1

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

The general terms and conditions that apply whenever the utility transports customer-procured gas volumes for noncore customers are described below. This rule will be part of any contract to provide such service.

- A. Definitions. The definitions of principal terms used in this rule are found either herein or in Rule 1, Definitions.
- B. Customer Responsibility for Interstate Transportation. Customers who qualify for either core or noncore transportation-only services are responsible for acquiring interstate transportation services to deliver customer gas to a point of interconnection with the Utility System Operator's pipeline system.
- C. Customer Procured Gas. Customers who procure their own gas supplies must satisfy the terms and conditions stated hereunder as well as the terms and conditions stated in Rule 30.

~~D. Noncore Service Elections. Customers who qualify for noncore transportation services may choose among the following service options from the utility:~~

- ~~1. Firm Intrastate Transportation.~~
- ~~2. Interruptible Intrastate Transportation.~~

E. Customer Notification. Once annually, in February, the utility shall send by separate mail (not combined with billing) a notice to all customers receiving and/or eligible for noncore gas service. The notice shall clearly explain the options and levels of service available to the customer. ~~If, during any given year, the utility is holding an Open Season, as defined in Rule 1, the notice shall identify the deadline for making changes to current gas service elections.~~

~~The utility shall make all reasonable efforts to solicit the customer's response for noncore service elections during an Open Season. If the customer fails to inform the utility of their intent during the Open Season period, they will be considered a Non-Bidding customer and will receive service consistent with the Non-Bidding Customer provision as defined in Section Y.~~

F. Customer Size. ~~For the purposes of bidding for firm capacity in potentially capacity constrained areas, large noncore customers are defined as (1) commercial/industrial customers with historical peak day usage of 20 million cubic feet per day (MMcfd) or more and (2) electric generation customers using three (3) million therms or more per year. Small noncore customers are defined as (1) commercial/industrial customers with historical peak day usage of less than 20 MMcfd and (2) electric generation customers using fewer than three (3) million therms per year.~~

G. Contract Addendum. ~~The Scheduled Quantity Addendum (Form 142-2000) shall be used to specify monthly or hourly scheduled quantities for longer terms or in greater detail than provided for in the standard Request For Retail Noncore Gas Services (Contract).~~

H. Term. ~~For large noncore customers, the term for firm service shall be the earlier of (a) two (2) years beyond the in-service date of facilities associated with the expansion of local transmission service or (b) five (5) years. For small noncore customers, the term is two years. In the event all requests for firm noncore capacity can be awarded without proration and the Utility does not plan to expand the local transmission system within the five year contract period, the Utility will inform the Commission. Upon Commission agreement that there is no need to construct additional facilities within the five year contract period, the Utility shall amend the five year contracts to expire after two years, consistent with the term for small customers.~~

(Continued)



RULE 25

Sheet 2

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

~~I. Service Election. Customers who elect firm noncore intrastate transportation service will only be able to change this election at the end of the term of their Firm Service contract term.~~

~~Customers who elect interruptible intrastate transportation service may only change to firm noncore intrastate transportation service during an Open Season.~~

~~Noncore-eligible customers including, but not limited to new customers and customers that become noncore-eligible between the Open Seasons, requesting noncore service between Open Seasons shall receive interruptible service. Additionally, customers that are not eligible for core service requesting gas transportation service between Open Seasons shall receive interruptible service may request noncore service no later than 20 days prior to the first calendar day of the month that customer wants noncore service to commence.~~

~~J. Firm Intrastate Transportation Service. Customers who qualify for this service will be responsible for satisfying the following terms and conditions:~~

- ~~1. Firm intrastate transportation service.~~
- ~~2. Minimum contract term or as awarded in Section H above with hourly or monthly gas nominations.~~
- ~~3. A 75% use or pay volume obligation.~~
- ~~4. An 80% use or pay rate charge.~~
- ~~5. Gas curtailed pursuant to Rule 14.~~

~~Service under this option will be provided under a single service schedule: Schedule EG for distribution level electric generation and cogeneration customers, Schedule GTNC for distribution level commercial and industrial customers and Schedule TLS for customers receiving Transmission Level Service, as defined in Rule 1.~~

~~Service under this option provides for the transportation of gas supplies across both the SoCalGas and SDG&E pipeline systems to the customer's end use meter, excluding backbone transportation service which can be obtained under SoCalGas' Schedule G-BTS.~~

~~K. Interruptible Intrastate Local Transportation Service. Customers who qualify for this service will be responsible for satisfying the following terms and conditions:~~

- ~~1. Interruptible intrastate Local transportation service.~~
- ~~2. One-month contract term, with monthly gas nominations.~~
- ~~3. No use-or-pay volume obligations or rate charges.~~
- ~~4. Gas curtailed pursuant to Rule 14.~~

~~Service under this option will be provided under a single service schedule: Schedule EG for distribution level electric generation and cogeneration customers, Schedule GTNC for distribution level commercial and industrial customers and Schedule TLS for customers receiving Transmission Level Service, as defined in Rule 1.~~

~~Service under this option provides for the transportation of gas supplies across the SoCalGas pipeline, excluding backbone transportation service which can be obtained under SoCalGas' Schedule G-BTS, and SDG&E pipeline systems to the customer's end-use meter.~~

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RULE 25

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

- L. Customer Obligations. Customers electing any of the noncore service options available to them will be required to sign a Request for Retail Noncore Gas Services, Form 142-1259, specifying the customer's service elections, gas nominations, and other relevant data that the utility requires to provide such service to the customer. In addition, the customer will be obligated to the following provisions:
1. Interpretation. The interpretation and performance of any contracts for gas service shall be in accordance with the laws of the State of California, and the orders, rules and regulations of the Public Utilities Commission of the State of California, in effect from time to time.
 2. Amendment or Modification. Except as required to conform with California Law and the orders, rules and regulations of the Public Utilities Commission of the State of California (which retains continuing jurisdiction over this Contract and the Schedules attached hereto), no amendment or modification shall be made to this Contract except by an instrument in writing executed by all parties thereto, and no amendment or modification shall be made by course of performance, course of dealing or usage of trade.
 3. Waiver. No waiver by any party of one or more defaults under this Contract shall operate or be construed as a waiver of any other default or defaults, whether of a like or different character.
 4. Damages. No party under this Contract shall be assessed any special, punitive, consequential, incidental, or indirect damages, whether in contract or tort, for any actions or inactions arising from or related to this Contract.
 5. Assignment. This contract (or any rights or obligations related thereto) shall not be assigned without the prior written consent of utility, which consent shall not be withheld unreasonably (but utility may require that any assignee confirm in writing its assumption of the rights and obligations of its predecessor).
 6. Hinshaw Exemption. In the event that any governmental entity (including a court) issues an order or rule which would result in the loss of utility's Hinshaw Exemption from federal regulations if this Contract entered into by utility remains in effect, utility may terminate this Contract.
 7. CPUC Jurisdiction. This contract shall at all times be subject to such changes or modification by the Public Utilities Commission of the State of California as said Commission may, from time to time, direct in the exercise of its jurisdiction.
 8. Payment. All bills rendered by utility shall be paid by customer within fifteen (15) days after the billing date to utility's depository (which may be changed by utility on ten (10) days prior written notice). One master billing may be made by utility for all services provided under this contract as mutually agreed. Such billing shall be sent to customer at the designated address provided on the customer's signed service agreement.
 9. Request for Multiple Service. Although the customer may request several services under one service agreement, each service provided by utility to customer is separate and independent from all other services. Thus, the breach of the agreement for one service under the customer's service agreement shall not result in the breach of, or excuse performance under, another service for which the customer has contracted. Likewise, there shall be no offset between any amounts claimed to be payable or due under one schedule against amounts claimed to be payable or due under another schedule.

(Continued)



RULE 25

Sheet 4

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

- M. Service Termination. Customers who elect to terminate service will continue to be subject to the use-or-pay obligations for firm transportation service, and, if applicable, transportation reservation charges for the contracted period, and such charges will be due and payable on the effective date of service termination.
- N. Partial Requirements Service. Customers may split their transportation requirements among the noncore service options available to them. The customer is obligated to inform the utility how the customer wishes to allocate their gas load requirements among the noncore services available to them. The customer will be responsible for satisfying the terms and conditions under each rate schedule the customer receives service.
- O. ~~Hourly Contract Quantity (HCQ). Customers choosing firm noncore services may bid for transmission capacity by hour. The HCQ shall be the quantity awarded each hour as set forth in the customer's applicable service agreement.~~
- P. ~~Monthly Contract Quantity. Customers receiving firm noncore services may bid on a monthly basis. The Monthly Contract Quantity (MCQ) shall be the quantity awarded each month as set forth in the customer's applicable service agreement. For customers bidding hourly, the MCQ shall be equivalent to the summation of the HCQs for the month.~~
- Q. ~~Authorized Curtailment Quantity~~Maximum Authorized Usage: The maximum hourly quantity (in therms) the customer is entitled to use during an interruptible sLocal Service curtailment is equal to any core Monthly Contract Quantity (MCQ) for the month divided by operating days specified for that sequence in the contract divided by 24 hours. In addition, the customer is authorized to use either: (a) the firm noncore MCQ for the month divided by operating days specified for that sequence in the contract divided by 24 hours for customers who bid monthly MCQs; or (b) the awarded Hourly Contract Quantity (HCQ) for the specific hour.
- R. Availability of Daily and Hourly Data: In the event daily usage data is not available, the recorded monthly volumes delivered to the customer shall be assumed to have been delivered at a constant rate over the number of calendar days during the month. In the event hourly usage data is not available, the recorded daily volumes delivered to the customer shall be assumed to have been delivered at a constant rate for each hour during a 24-hour period.
- S. ~~Use or Pay Obligations and Charges for Firm Service.~~
 - a. ~~Distribution level Customers electing firm transportation service will be obligated to use at least 75% of their MCQ, or pay a charge, equal to 80% of the total transportation charges applicable for firm service, on those volumes that are less than the 75% trigger.~~
 - b. ~~If during any billing period a Transmission Level Customer's firm noncore usage is less than 75% of its MCQ (use or pay obligation) Customer will be assessed use or pay charges. The use or pay charges will be equal to 80% of the CA or NV rate, as applicable, multiplied by the difference between a) Customer's use or pay obligation minus its Daily Reservation Quantity (DRQ) summed over the month and b) Customer's firm noncore usage above its DRQ summed over the month, provided that use or pay charges shall not be less than zero (0).~~

~~Use or Pay charges shall be forgiven by the amount customer's reduced gas consumption is due to firm service curtailments imposed by the utility.~~

(Continued)



RULE 25

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

- T. ~~Use or Pay Aggregation: Individual customers may aggregate their firm intrastate transmission service only at their facilities located within the same constrained area for purposes of use or pay charge determination. If the customer aggregates facilities with different rates, use or pay charges shall be based on the highest transmission charge.~~
- U. ~~Awarding of Firm Noncore Capacity: For any period where the firm bids exceed firm capacity, all bids that exceed the customers' historical usage will be reduced to historical usage. The historical usage will be equal to a customer's peak day usage for that month within the most recent 12 months. Peak day usage will be divided by 24 to determine historical hourly usage. If firm capacity remains over-subscribed after customers' bids have been reduced to historical usage, the Utility shall first award available firm capacity pro-rata based on historical usage. If firm capacity is not over-subscribed after customers' bids have been awarded based on historic usage, quantities bid in excess of the customer's historical usage and quantities submitted by new customers will be awarded on a pro-rata basis.~~
- V. ~~Hourly Allocation of Bids When Oversubscribed: In the event that only certain hours are oversubscribed, then monthly bids will be converted to an hourly basis by dividing by the number of operating days in the month and then by 24 hours; the "converted hourly bid" will be pro-rated along with hourly bids for the oversubscribed hour(s); and then converted back into a monthly award by multiplying the pro-rated hourly amount by 24 hours and then multiplying the product by the number of operating days in the month.~~
- W. ~~Firm Quantities Bid but Not Awarded: Such quantities shall be added to the customer's interruptible sequence.~~
- X. ~~Right of Refusal: Utility reserves the right to reject any bid. Once a bid is rejected, Utility shall notify the customer as to the reason for the rejection. The customer may re-submit a bid, provided that firm quantities have not yet been awarded to participants in the open season.~~
- Y. ~~Non-Bidding Customers: Noncore customers eligible to participate in the open season that do not submit a bid will default to interruptible noncore transportation service. Any potential noncore eligible customer, offered an opportunity to bid for firm noncore service, but declines to bid, or was not awarded sufficient firm capacity, may not elect core service during the period covered by the open season. Noncore eligible customers on core service as of the open season start date that do not submit a bid for service may remain core.~~
- Z. ~~Intrastate Capacity Trading: A customer that has a currently effective MCQ for firm noncore intrastate capacity within a capacity-constrained service area (Capacity Holder) may request to transfer all or a portion of its awarded firm noncore intrastate capacity and the associated obligations, including monthly use or pay obligations (Trade), to another noncore customer (Recipient) that desires the capacity for the same capacity-constrained area during the periods designated in the Constrained Area Firm Capacity Trading Agreement (Form 142-2010) (Trading Agreement) see the forms section of <http://www.sdge.com/business/GSPDocs.shtml>. The following process shall apply to all proposed Trades of intrastate firm capacity in constrained areas:~~
 - a. ~~Trades must be within the same constrained service area.~~
 - b. ~~No less than thirty (30) calendar days prior to the first proposed Trading Day, defined as a calendar day on which a Trade occurs, Capacity Holder and Recipient shall submit to the Utility an original Trading Agreement signed by Capacity Holder and Recipient.~~

(Continued)

Lee Schavrien
Senior Vice President
Regulatory Affairs



RULE 25

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

Z. Intrastate Capacity Trading: ~~(Continued)~~

- ~~e. All Trade Requests must be approved by the Utility before the Trade may commence.~~
- ~~d. Utility shall determine, in its sole reasonable discretion, whether the proposed Trade is accepted or rejected based on operational feasibility and/or Recipient creditworthiness as set forth in the Utility's Rule 6.~~
- ~~e. Within twenty five (25) calendar days after receiving the trade request, the Utility shall notify the Capacity Holder and Recipient as to whether the proposed Trade is approved or rejected.~~
 - ~~i. If the Utility approves the proposed Trade, the Utility shall execute the Trading Agreement and return a copy of the fully executed original to Capacity Holder and Recipient. The Trade is approved as of the date on which Utility executes the Trading Agreement.~~
 - ~~ii. If the Utility rejects the proposed Trade, the Utility shall notify Capacity Holder and Recipient that Request has been rejected and the reason for rejection.~~
- ~~f. Capacity Holder and Recipient may trade only the capacity amounts during the operating days or hours set forth in the Trading Agreement.~~
- ~~g. Customers desiring a Trade may use a Utility hosted platform or other lawful means to solicit a Trade.~~
- ~~h. As of the first Trading Day and throughout the period subject to the Trade, all of Capacity Holder's obligations with regard to the traded capacity, including use or pay obligations, shall become Recipient's sole responsibility. Capacity Holder's use or pay obligation will decrease and Recipient's use or pay obligation will increase by the quantities set forth in the Trading Agreement executed by the Utility.~~

AA. Gas Curtailment. ~~If a gas curtailment occurs, then gas will be curtailed according to service election, with interruptible transportation service volumes curtailed first, followed by firm transportation service volumes, including core subscription volumes, and core volumes curtailed last. Gas curtailment procedures are specified in Rule 14.~~

BB. Gas Supply Diversions. ~~The utility has the right to divert noncore gas to serve core customers. These diversions may be either voluntary or involuntary. Customers may also trade among themselves for the order of gas diversions established by the utility. See Rule 14 for a description of the terms and conditions governing gas diversions by the utility.~~

CC. Negotiation Rights. Certain elements of the transportation charges for interruptible services provided hereunder may be negotiable. Customers who qualify for and elect interruptible services have the right to negotiate an alternative transportation contract with the utility. All negotiated agreements must be filed with the Commission within 5 days of execution. The utility shall make these agreements available for public inspection at its general offices within five (5) days of execution, and upon request, at any of its district offices within ten (10) days of execution.

(Continued)



RULE 25

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

CC. Negotiation Rights (Continued)

The utility is not obligated to negotiate any terms which may differ from the default charges. All transportation charges for firm services provided hereunder are not subject to negotiation except as set forth under the Expedited Application Docket (EAD) procedure which the Commission established in D.92-11-052. Under the EAD procedure, the utility may negotiate a discounted firm contract with a customer in order to prevent uneconomic bypass by that customer. The Commission must approve all such discounted contracts.

DD. Service Seasons and Billing Prorations. The winter season begins December 1 and ends March 31. The summer season begins April 1 and ends November 30. In the event that the current billing period usage includes both summer and winter usage, a proration of the billing period throughput applicable to each season shall be employed. This proration shall be in proportion to the number of days gas is delivered for each season during the billing period.

EE. Alternate Fuel Requirement for Non-Cogeneration Service. Commission Decision 93-09-082, effective September 29, 1993, adopted the existing size requirement of 20,800 therms monthly average usage for determining noncore status for new customers and grandfathered those customers below the 20,800 therms per month size limit who were receiving noncore service as of September 17, 1993.

~~In the event that the customer does not curtail their noncore gas load when ordered to by the utility, the following charges would apply hourly:~~

- ~~(1) A charge of \$1 per therm will apply to all metered noncore gas during the initial five hours of the curtailment episode;~~
- ~~(2) A charge of \$3 per therm for all metered noncore gas during the next three hours; and~~
- ~~(3) A charge of \$10 per therm for all metered noncore gas during the remainder of the curtailment episode.~~

Noncore non-cogeneration customers with core load through the same gas meter and/or cogeneration customers with metered gas in excess of the heat rate allowance which is core, will be able to continue use of the core gas during a curtailment without a charge, so long as the core gas has been contractually identified in advance of the curtailment, and, as such, has been billed on the customer's otherwise applicable core rate schedule.

FF. Alternate Fuel Requirement for Cogeneration Service. In accordance with Section 277.3 of the Public Utilities Code, customers will not be required to maintain alternate fuel capability with respect to equipment which uses gas for purposes of cogeneration. However, in the event of curtailment, customers under this schedule will be curtailed in accordance with Rule 14, Shortage of Gas Supply, Interruption of Delivery, and Priority of Service.

GG. Standby Boiler Customer Classification for Cogeneration Service. Cogeneration facilities with standby boilers on a given premises will be treated as one customer for purposes of assessing customer and charges, if applicable, provided the cogeneration customer has signed an affidavit (Form 143-1659) to the effect that its boiler system only operates when the cogeneration system is not operating.

(Continued)



RULE 25

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

- HH. Additional Metering for EG Services. Pursuant to anti-gaming provisions adopted in Decision 00-04-060, an electric generation customer receiving electric generation services must make available upon request any measurement devices required to directly or indirectly determine the kilowatt-hours generated, or the average heat rate for the electric generation equipment. The utility shall have the right to read, inspect and/or test all such measurement devices during normal business hours. Additional gas and/or steam metering facilities required to separately determine gas usage to which the electric generation rate(s) are applicable may be installed, owned, and operated by the utility at its expense, however, the utility may, in accordance with the other anti-gaming provision, utilize estimated data to determine such gas usage. The full text of the anti-gaming provisions are provided under the Special Conditions of Schedule EG.
- II. Gas Balancing Services and Standby Service Charges. Customers are subject to the provisions specified in Schedule G-IMB.
- JJ. Retail Gas Service. Self-procured or utility-procured customer gas will be transported for use only by the customer, and, with the exception of UEG gas, will not be for delivery or resale to any other entity except in cases where over deliveries may be exchanged for trading of imbalances or as the result of authorized gas diversion.
- KK. Interruptibility by the Utility. Service is subject to discontinuance in whole or in part without notice in case of an actual or anticipated system capacity or supply shortage. The utility will not be liable for damages resulting from service interruption or service discontinuance. Use-or-pay charges for firm transportation services will be forgiven to the extent the customer's usage falls below the use-or-pay level due to service interruptions imposed by the Utility, or upstream pipeline or Force Majeure conditions, excluding required maintenance of customer's facilities, plant closures, economic conditions, or variations in agricultural crop production.

Under force majeure conditions, a proration of customer charges will be made only if the utility has received written notice from the customer within 60 days of Force Majeure occurrence. Use-or-pay charges will be prorated in proportion to the number of days gas is offered during the billing period. Interruption or discontinuance of service will be made in accordance with Rule 14.
- LL. Interruptibility by the Customer. Written notice to the utility will be required at least 30 days prior to any customer shut-down for maintenance or routine repair of a duration anticipated to exceed one day or any other action that would significantly impact the delivery of contracted volumes of gas into the utility's pipeline distribution system.
- MM. Gas Distribution Extensions. All extensions of gas distribution mains necessary to furnish permanent gas service to applicants will be made by the utility in accordance with Rule 15, Gas Main Extensions.

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San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 17943-G

Canceling Revised Cal. P.U.C. Sheet No. 16517-G

RULE 25

Sheet 9

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

NN. Standby Boiler Customer Classification for Cogeneration Service. Cogeneration facilities with standby boilers on a given premises will be treated as one customer for purposes of assessing customer and charges, if applicable, provided the cogeneration customer has signed an affidavit (Form 143-1659) to the effect that its boiler system only operates when the cogeneration system is not operating.

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Advice Ltr. No. 1909-G

Decision No. 09-11-006

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Dec 8, 2009

Effective Feb 1, 2010

Resolution No. _____

SDG&E Rule 30



RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

D. Operational Requirements (Continued)

- 10. Any penalties or charges incurred by the Utility System Operator under an interstate or intrastate supplier contract as a result of accommodating transportation services shall be paid by the responsible customer.
- 11. Customers receiving service from the Utility System Operator for the transportation of customer-owned gas shall pay any costs incurred by the Utility System Operator because of any failure by third parties to perform their obligations related to providing such service.

E. Interruption of Service

- ~~1.~~ The customer's transportation service priority shall be in accordance with the definitions of Core and Noncore service, as set forth in Rule 1 and the provisions of Rule 14. If the customer's gas use is classified in more than one service priority and/or service level, it is the customer's responsibility to inform the Utility System Operator of the priority or priorities and service levels applicable to transportation service. Once established, such priorities cannot be changed during a curtailment period or more often than monthly ~~except that service level 5 rates, which affect their curtailment status, may be changed as often as once per month.~~
- ~~2.~~ ~~The Utility System Operator shall have the right, without liability, to interrupt the acceptance or redelivery of gas whenever it becomes necessary to test, alter, modify, enlarge or repair any facility or property comprising a part of, or appurtenant to, the utility's system or otherwise related to its operation. The Utility System Operator will try to cause a minimum of inconvenience to the customer. Except in cases of unforeseen emergency, the utility shall give a minimum of ten (10) days advance written notice of such activity.~~

F. Nomination in Excess of System Capacity

- 1. The Utility Gas Control Department's protocol for issuing an Operational Flow Order (OFO) is described in SoCalGas Rule No. 41. Any OFO shall apply to all customers, including wholesale customers and Utility Gas Procurement Department.
- 2. The OFO period shall begin on the flow date(s) indicated by the Utility Gas Control Department. Customers shall be allowed to reduce their nominations or adjust their supply ranking in response to the OFO.
- 3. In the event customers fail to adequately reduce their transportation nominations, the Utility System Operator shall reduce the confirmed Backbone Transportation nominations on a pro rata basis across the system consistent with the scheduling priorities of backbone transportation.
- 4. In accordance with the provisions of Schedule G-IMB, Buy-Back service shall be applied separately to each OFO day. Customer meters subject to maximum daily quantity limitations will use the maximum daily quantity as a proxy for daily usage, For Utility Gas Procurement Department, the Daily Forecast Quantity will be used as proxy for daily usage. For Core aggregators, their Daily Contract Quantity will be used as proxy for daily usage.

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