ALJ/MAB/lil **PROPOSED DECISION** Agenda ID #14946
Ratesetting

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Curtailment Procedures.	Application 15-06-020 (Filed June 26, 2015)

DECISION APPROVING DAILY BALANCING PROPOSAL SETTLEMENT AGREEMENT

Summary

By this decision, we adopt the "Daily Balancing Proposal Settlement Agreement" (Settlement), included as Attachment 2 to this decision. In adopting the Settlement, we thus grant the Joint Motion , dated April 29, 2016, of Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E) (together, the "applicant utilities"), and the "Indicated Parties,"[1] for adoption of the Settlement. By adopting the Settlement, we recognize its important and urgent benefits by implementing operational measures to help enable the applicant utilities to ensure gas supply reliability during the upcoming summer and next winter heating season.

[1] The specific sponsoring parties comprising the "Indicated Parties" are identified on page 1 of the Joint Motion, and appear in Attachment 1 of this decision.

The Settlement resolves parties' disputes relating to daily balancing requirements for the applicant utilities' natural gas service. As discussed below, we find that the Settlement conforms with applicable Commission rules and criteria relating to resolution of disputes through settlements. Accordingly, we approve the Settlement in its entirety and without modification.

1. Procedural Background

The Proposed Settlement was brought before the Commission in Application (A.) 15-06-020, a proceeding to consider revisions to Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) curtailment procedures for natural gas service. A prehearing conference (PHC) was held on October 27, 2015, to discuss the scope of issues, and various procedural matters. An Assigned Commissioner's Scoping Memo and Ruling was issued on November 6, 2015.

On March 1, 2016, SoCalGas and SDG&E filed a motion for an interim order temporarily establishing 5% daily balancing on their systems. The daily balancing authorization was sought to enhance reliability and protect against curtailments this summer and next winter due to operational limitations at the Aliso Canyon storage field.

On March 16, 2016, a number of parties filed responses to the SoCalGas/SDG&E proposal for daily balancing. At a hearing on March 28, 2016, the parties agreed to participate in an informal clarification process to understand the basis for the motion and to convene on April 20, 2016, for a second PHC regarding the issues in the motion.

Hearings had been scheduled on the original curtailment changes proposed in the application starting March 28, 2016. At the first day of the hearings, however, certain parties notified the Administrative Law Judge (ALJ)

that a settlement in principle had been reached regarding all contested issues other than those related to the daily balancing proposals, and that hearings were no longer necessary on the original scope of the proceeding.

A subsequent PHC was set for April 20, 2016, to address the daily balancing proposals. On April 20, 2016, SoCalGas and SDG&E reported that a settlement in principle had been reached regarding their daily balancing proposal and related proposals of other parties. SoCalGas and SDG&E served a Notice of Settlement Conference, and a subsequent Settlement Agreement was reached, which led to the Joint Motion on April 29, 2016.

The deadline for comments on the Settlement Agreement was May 23, 2016, and no party filed comments. Accordingly, the Settlement Agreement is uncontested. As discussed below, we conclude that the Settlement Agreement conforms to the Commission's criteria for approval.

By Assigned Commissioner Ruling (ACR) dated May 27, 2016, Commissioner Florio granted interim authorization to implement the Settlement Agreement. By today's decision, we confirm the interim approval of the Settlement Agreement adopt the Settlement Agreement, as attached to this decision, pursuant to the Ordering Paragraphs set forth herein.

2. Scope of the Settlement

The Settlement presented by the Joint Parties resolves the issues identified in the April 14, 2016 Amended Scoping Memo and Ruling, which stated:

> The issues to be addressed in this proceeding are expanded to include the need for temporarily establishing five percent daily balancing on the SoCalGas and SDG&E systems to

address operational constraints at the Aliso Canyon storage field.[2]

The applicant utilities made a recommendation regarding temporary daily balancing requirements in their March 1, 2016, motion. In view of the severely limited availability of the Aliso Canyon storage field, SoCalGas and SDG&E requested authorization temporarily establishing 5% daily balancing on the utility systems to enhance reliability and protect against curtailments this summer and next winter due to operational limitations at Aliso Canyon.[3] SoCalGas and SDG&E proposed that daily balancing remain effective for one year from the date of adoption, unless terminated earlier by order of the Commission.

The applicants state that the 10% monthly balancing tolerance which currently applies, with no daily balancing requirement on non-Operational Flow Order (OFO) days, was possible in the past because of substantial storage assets on the utility system. With the severely limited availability of Aliso Canyon, however, the applicants argued that the daily balancing requirements, as proposed, would better reflect actual operating conditions and bring additional flowing supplies to the utility systems on a regular and fairly uniform basis.

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[2] Assigned Commissioner's Amended Scoping Memo and Ruling at 2.

[3] In view of mandated actions to curtail gas leakage at the Aliso Canyon storage field, delivery of supplies to meet customer needs could be adversely impacted. Aliso Canyon gas is used to meet peak electric generation demands in the summer when, on high electric generation days, electric generation tends to peak in the late afternoon and early evening as people come home from work and turn on their air conditioners. On peak demand days, the utility system will be strained. Aliso Canyon is currently only available for limited withdrawals of the remaining working inventory to stave off curtailments.

The applicants stated that storage is crucial to meet heavy hourly swings in demand. The limitations on gas storage at the Aliso Canyon storage field could affect gas supply in the Los Angeles basin in the months to come. These supply limitations could require curtailment in gas delivery to electric generators during the peak summer demand.

During the term of the Settlement, SoCalGas and SDG&E will deal with supply shortages and surpluses using OFO tariff procedures rather than daily balancing procedures. To facilitate this approach, SoCalGas and SDG&E will make various temporary changes to their existing low and high OFO tariff provisions, including changing the existing 110% high OFO tolerance to a default of 105% that can be changed to 110% at SoCalGas and SDG&E's sole discretion.

The terms set forth in the Settlement are summarized on pages seven through 11 of the Joint Motion, as described below:

1. The Settlement is not intended by the Settling Parties to be precedent for any future proceeding or any issues not included in the Settlement. Except as expressly provided for in this Settlement, each of the Settling Parties expressly reserves its right to advocate, in current and future proceedings, positions, principles, assumptions, arguments and methodologies which may be different than those underlying this Settlement.
2. The term of the Settlement will begin upon adoption by the California Public Utilities Commission (Commission), and conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 million cubic feet per day (MMcfd) of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.
3. The Settling Parties request that the Commission establish a subsequent phase in this proceeding to consider reliability measures that may be needed beyond November 30, 2016, in the event that by that date: (1) Aliso Canyon has not returned to the service levels set forth in Section 2, or (2) working inventory at

Aliso Canyon is not at least 45 [Billion Cubic Feet] BCF. Parties will meet in good faith to address reliability measures that may be needed beyond November 30, 2016, through Clarification Sessions, informal meetings, and/or Rule 12 settlement discussions, and will provide a Status Report to the Commission no later than September 8, 2016. Settling Parties, individually or jointly, may seek Alternate Dispute Resolution or other procedures earlier than September 8, 2016, and other Settling Parties may oppose such proposals.

4. During the Settlement term, SoCalGas and SDG&E will deal with supply shortages and surpluses using OFO tariff procedures rather than daily balancing procedures, subject to paragraph 7 in this Settlement. To do this, SoCalGas and SDG&E may be required to call both low and high OFOs for the same gas day, as is permitted under current tariffs.

5. During the Settlement term, SoCalGas and SDG&E will make the following temporary changes to their existing low and high OFO tariff provisions. At the end of the Settlement term, unless ordered to do otherwise by the Commission, SoCalGas and SDG&E will remove each of these temporary changes from their tariffs.

   a. The existing 110% high OFO tolerance (specified in G-IMB) will be changed to 105% or 110%. The default will be 105%, but SoCalGas an SDG&E will have the ability to set the tolerance at 110% if, in SoCalGas' and SDG&E's sole discretion, operational circumstances allow.

   b. From the beginning of the Settlement term through July 1, 2016, the high OFO buyback rate will be double the otherwise applicable buy-back rate.

   c. Low OFO noncompliance charges for the gas flow day will be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled Backbone Transportation Service nominations during any of the Intraday 1-3 Cycles (Cycles 3-5).

   d. SoCalGas and SDG&E will have the discretion to waive OFO noncompliance charges for an electric generation customer

who was dispatched after the Intraday 1 (Cycle 3) nomination deadline in response to (1) a SoCalGas System Operator request to an Electric Grid Operator to reallocate dispatched electric generation load to help maintain gas system reliability and integrity, or (2) an Electric Grid Operator request to the SoCalGas System Operator to help maintain electric system reliability and integrity that can be accommodated by the SoCalGas System Operator at its sole discretion. For electric generators served by a contracted marketer, OFO noncompliance charges can be waived under this section only to the extent the contracted marketer nominates their electric generation customer's gas to the electric generation customer's Order Control Code.

e. The existing exemption from low OFO noncompliance charges for daily imbalances of 10,000 therms or less will be extended to high OFO buyback rate charges.

f. During the Settlement term, low OFO noncompliance charges received from noncore customers will be credited to the noncore fixed cost account and low OFO noncompliance charges received from core customers will be credited to the core fixed cost account.

g. These tariff changes are reflected in the redlined tariffs attached to this Settlement. SoCalGas and SDG&E will be authorized to implement these tariff changes via Tier 1 advice filings upon Commission approval of this Settlement. SoCalGas and SDG&E will also be authorized to remove each of these temporary changes from their tariffs via Tier 1 advice filings at the end of the Settlement term.

3. Standard of Review for Evaluating the Settlement

The Commission has long favored the settlement of disputes. This policy supports many worthwhile goals, including reducing litigation costs, conserving scarce resources, and allowing parties to reduce the risk that litigation will

produce unacceptable results.[4] In this instance, as a result of entering into the proposed Settlement Agreement, the parties as well as Commission staff were able to avoid the expenditure of time and resources that would otherwise be required to fully litigate the merits of parties' disputes. Although we favor the settlement of disputes, we have specific rules regarding the approval of settlements.

Rule 12.1(d) of the Commission's Rules of Practice and Procedure (Rules) states that the Commission will not approve a settlement "unless the settlement is reasonable in light of the whole record, is consistent with law, and in the public interest." We conclude that the instant Settlement Agreement, taken in its entirety, satisfies each of these criteria.

In assessing settlements, we consider individual settlement provisions but in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome. When looked at in total, the Settlement before us produces a reasonable outcome.

We find it significant that the Settlement Agreement is uncontested. In considering the relative merits of uncontested settlements, we have previously stated:

> In judging the reasonableness of a proposed settlement, we have sometimes inclined to find reasonable a settlement that has the unanimous support of all active parties in the proceeding. In contrast, a contested settlement is not entitled to any greater weight or deference merely by virtue of its label

[4] Decision (D.) 05-03-022, mimeo at 7-8.

> as a settlement; it is merely the joint position of the sponsoring parties, and its reasonableness must be thoroughly demonstrated by the record. (D.02-01-041, *mimeo.* at 13.)

Accordingly, based on the standard of review discussed above, we find that the Settlement warrants adoption, and hereby adopt it, as attached hereto, and in conformance with the ordering paragraphs set forth below.

3.1. The Settlement is Reasonable in Light of the Record

In reference to Rule 12.1(d), we conclude that the Settlement is reasonable in light of the record for the proceeding. In assessing the merits of settlements, the Commission evaluates the entire agreement, not just its individual parts, as explained in D.10-04-033:

> In assessing settlements, we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.[5]

After SoCalGas and SDG&E filed their March 1, 2016 daily balancing proposal, several other parties filed comments with opposing views. Settling Parties subsequently participated in settlement negotiation sessions to consider the SoCalGas and SDG&E daily balancing proposal and related proposals from other parties. The specific outcomes covered by the Settlement are within the range of pre-settlement positions and outcomes presented by the parties. The Settlement represents agreement among most parties that actively participated in

[5] D.10-04-033, *mimeo.* at 9.

this proceeding. Although there are a few parties who have not signed on to the Settlement, no party filed any comments in opposition to the Settlement.

3.2. The Settlement is Consistent with Law

In reference to Rule 12.1 (d), we conclude that the Settlement is consistent with the law. The Settling Parties are represented by experienced counsel, and assert that the Settlement complies with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. In agreeing to the terms of the Settlement, the Settling Parties considered relevant statutes and Commission decisions and believe that the Settlement is fully consistent with those statutes and prior Commission decisions. We do not detect, and it has not been alleged, that any element of the Settlement is inconsistent in any way with Public Utilities Code Sections, Commission decisions, or the law in general.

3.3. The Settlement is in the Public Interest

In reference to Rule 12.1(d), we conclude that the Settlement is in the public interest. The Commission has determined that a settlement that "commands broad support among participants fairly reflective of the affected interests" and "does not contain terms which contravene statutory provisions or prior Commission decisions" meets the "public interest" criterion.[6] All active parties who took positions on the issues covered by the Settlement joined the motion as signatories, indicating their belief that the Settlement represents a reasonable compromise of their respective positions. The Settling Parties include a range of interests, including those of the applicant utilities and of well-known representatives of impacted customer groups. Although a few parties did not

[6] *See* D.10-06-015, *mimeo.* at 11-12, citing D.92-12-019, *mimeo.* at 7.

sign on to the Settlement, no party affirmatively expressed opposition. The sheer number of interested parties involved in negotiations helps to ensure that the Settlement represents all parties' interests.

Although settlements are compromises of parties' preferred outcomes, the fact that multiple parties, with diverse interests and recommendations, reached a compromise that was acceptable from various viewpoints provides assurance that the overall result is reasonable. Where specific issues were identified and resolved in the Settlement Agreement, we find the results are reasonable and consistent with the record.

4. Subsequent Phase of this Proceeding

As requested by Settling Parties, we establish a subsequent phase in this proceeding to consider reliability measures that may be needed beyond the November 30, 2016 deadline set for applicability of the Settlement. Parties are directed to meet in good faith to address this, and to file and serve a Status Report to no later than September 8, 2016. Finally, pursuant to the terms of the Settlement, SoCalGas and SDG&E may elect to resubmit their daily balancing proposal during and after the Settlement term if low and high OFO procedures do not provide the necessary supply-related responses. Other Settling Parties have the right to oppose any future daily balancing proposal.

5. Waiver of Comment Period

The parties to the Settlement waived comment on a proposed decision that adopts the Settlement as presented. Accordingly, the otherwise applicable 30-day period for public review and comment is waived.

6. Assignment of Proceeding

Michel P. Florio is the assigned Commissioner and Maribeth Bushey is the assigned ALJ in this proceeding.

Findings of Fact

1. On April 29, 2016, a Joint Motion was filed by SoCalGas, SDG&E, and others identified as the "Indicated Parties" (as identified on page 1 of the Motion) for adoption of the "Daily Balancing Proposal" Settlement Agreement.

2. In view of the severely limited availability of the Aliso Canyon storage field, however, SoCalGas and SDG&E filed a motion on March 1, 2016 to modify their daily balancing requirements with the intent of better reflecting actual operating conditions and bringing in additional flowing supplies on a regular and fairly uniform basis.

3. All issues relating to the March 1, 2016 motion of SoCalGas and SDG&E seeking authorization temporarily establishing 5% daily balancing on the utility systems, together with other parties' proposals, filed on March 16, 2016, are resolved in the Settlement Agreement as attached to the April 29, 2016, Joint Motion.

4. The Settlement Agreement is uncontested. Parties to the Settlement represent most of the parties that actively participated in this proceeding. Although a few parties did not sign on to the Settlement, no party filed comments in opposition to the Settlement.

5. The parties to the Settlement are fairly reflective of the affected interests.

6. No term of the Settlement Agreement contravenes statutory provisions or prior Commission decisions.

7. The Settlement is reasonable in light of the record, is consistent with law, and is in the public interest.

Conclusions of Law

1. The "Daily Balancing Proposal" Settlement meets the Commission's criteria for approval, as prescribed in Rule 12 in that it is (a) reasonable in light of

the whole record, (b) consistent with law, and (c) in the public interest. Accordingly, the Settlement should be approved in its entirety and without modification.

2. The "Daily Balancing Proposal" Settlement Agreement adopted in this decision does not constitute precedent for any future proceeding or any issues not included in the Settlement. Except as expressly provided for in the Settlement, each of the Settling Parties expressly reserves its right to advocate, in current and future proceedings, positions, principles, assumptions, arguments and methodologies which may be different than those underlying this Settlement.

3. This decision should be effective today so that SoCalGas and SDG&E can take prompt action to implement the Settlement Agreement consensus approach to enhanced reliability measures, particularly in time for the start of summer air conditioning load increases.

4. The interim approval of the Settlement Agreement granted in the Assigned Commissioner Ruling, dated May 27, 2016, should be confirmed.

O R D E R

IT IS ORDERED that:

1. The "Daily Balancing Proposal" is adopted, as attached to the April 29, 2016, Joint Motion of Southern California Gas Company, San Diego Gas & Electric Company, and the "Indicated Parties," (as identified in Attachment 1 of this decision) (Joint Motion). The "Daily Balancing Proposal" Settlement Agreement is Attachment 2 to this decision. Accordingly, the Joint Motion for adoption of the Settlement Agreement is granted.

2. The interim approval of the "Daily Balancing Proposal" Settlement Agreement granted in the Assigned Commissioner's Ruling dated May 27, 2016, is hereby confirmed.

3. Within 30 days, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) are directed to implement, via Tier 1 Advice Letter filings, the applicable terms of the "Daily Balance Proposal" Settlement including the redlined tariff sheet changes attached to the Settlement approved by this decision. SoCalGas and SDG&E are authorized to remove each of these temporary changes from their tariffs via subsequent Tier 1 advice filings at the end of the Settlement term.

4. A subsequent phase of this proceeding is hereby established to consider reliability measures that may be needed beyond November 30, 2016, in the event that by that date: (1) Aliso Canyon has not returned to at least 450 million cubic feet per day (MMcfd) of injection capacity and 1,395 MMcfd of withdrawal capacity, consistent with the service levels set forth in Section 2 of the Settlement, or (2) working inventory at Aliso Canyon is not at least 45 Billion Cubic Feet.

   a. Parties shall meet in good faith to address reliability measures that may be needed beyond November 30, 2016, through Clarification Sessions, informal meetings, and/or Rule 12 settlement discussions. Parties shall file and serve a Joint Status Report on the results of these meetings no later than September 8, 2016.

   b. Settling Parties, individually or jointly, may seek Alternate Dispute Resolution or other procedures earlier than September 8, 2016. Other Settling Parties may oppose such proposals.

5. Application 15-06-020 remains open.

This order is effective today.

Dated _____, at San Francisco, California.

Attachment 1

Identification of the "Indicated Parties" that join in sponsoring the "Daily Balancing Proposal" Settlement Agreement

The "Indicated Parties" are identified as follows:

The "Indicated Parties" are comprised of The Alliance for Retail Energy Markets (AReM), California Independent System Operator (CAISO), California State University (CSU), California Cogeneration Council (CCC), California Manufacturers & Technology Association (CMTA), California League of Food Processors (CLFP), City of Long Beach Gas & Oil Department, City of Vernon, Clean Energy Fuels Corp., Commerce Energy, Commercial Energy, Independent Energy Producers Association (IEPA), Indicated Shippers, Interstate Gas Supply, Inc. (IGS), NRG Energy, Inc., Office of Ratepayer Advocates (ORA), Pacific Summit Energy LLC, Shell Energy North America (US), L.P., Southern California Edison Company (SCE), Southern California Generation Coalition (SCGC), Southwest Gas Corporation (SWG), Tiger Natural Gas, University of California (UC), and Western Power Trading Forum (WPTF).

(End of Attachment 1)

Attachment 2

"Daily Balancing Proposal" Settlement Agreement

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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.15-06-020 (Filed June 26, 2015)

SOUTHERN CALIFORNIA GAS COMPANY (U 904 G),
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 G), AND THE INDICATED PARTIES SETTLEMENT AGREEMENT REGARDING DAILY BALANCING ISSUES

Pursuant to Article 12 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), and the Indicated Parties comprised of The Alliance for Retail Energy Markets (AReM), California Independent System Operator (CAISO), California State University (CSU), California Cogeneration Council (CCC), California Manufacturers & Technology Association (CMTA), California League of Food Processors (CLFP), City of Long Beach Gas & Oil Department,[1] City of Vernon, Clean Energy Fuels Corp., Commerce Energy, Commercial Energy, Independent Energy Producers Association (IEPA), Indicated Shippers, Interstate Gas Supply, Inc. (IGS), NRG Energy, Inc., Office of Ratepayer Advocates (ORA), Pacific Summit Energy LLC, Shell Energy North America (US), L.P., Southern California Edison Company (SCE), Southern California Generation Coalition (SCGC), Southwest Gas Corporation (SWG), Tiger Natural Gas, University of California (UC), and Western Power Trading Forum (WPTF) (collectively referred to hereafter as the Settling Parties) respectfully submit to the Commission this Settlement Agreement (Settlement). In this Settlement, the

[1] The City of Long Beach Gas & Oil Department's inclusion as a Settling Party is contingent on the approval of the Settlement by the Long Beach city council.

Settling Parties provide a recommended resolution of the following item identified in the April 14, 2016 Assigned Commissioner's Amended Scoping Memo and Ruling:

> The issues to be addressed in this proceeding are expanded to include the need for temporarily establishing five percent daily balancing on the SoCalGas and SDG&E systems to address operational constraints at the Aliso Canyon storage field."[2]

I.
REASONABLENESS OF THE SETTLEMENT

The Settling Parties submit that this Settlement complies with the Commission's requirements that settlements be reasonable, consistent with law, and in the public interest. The Settling Parties have recognized that there is risk involved in litigation, and that a party's filed position might not prevail, in whole or in part, in the Commission's final determination. The Settling Parties have reached compromise positions that they believe are appropriate in light of the litigation risks. This Settlement reflects the Settling Parties' best judgments as to the totality of their positions and risks, and their agreement herein is explicitly based on the overall results achieved.

II.
SETTLEMENT TERMS AND CONDITIONS

A. Effective Date

1. The Effective Date of this Settlement is the date upon which the Commission approves the Settlement.

B. Settlement Terms

1. This Settlement is not intended by the Settling Parties to be precedent for any future proceeding or any issues not included in the Settlement. Except as expressly provided for in this Settlement, each of the Settling Parties expressly reserves its right to advocate, in current and future proceedings, positions, principles, assumptions, arguments and methodologies which may be different than those underlying this Settlement.

[2] Assigned Commissioner's Amended Scoping Memo and Ruling at 2.

2. The term of this Settlement will begin upon adoption by the California Public Utilities Commission (Commission), and conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.

3. The Settling Parties request that the Commission establish a subsequent phase in this proceeding to consider reliability measures that may be needed beyond November 30, 2016, in the event that by that date: (1) Aliso Canyon has not returned to the service levels set forth in Section 2, or (2) working inventory at Aliso Canyon is not at least 45 BCF. Parties will meet in good faith to address reliability measures that may be needed beyond November 30, 2016, through Clarification Sessions, informal meetings, and/or Rule 12 settlement discussions, and will provide a Status Report regarding their discussions to the Commission no later than September 8, 2016. Settling Parties, individually or jointly, may seek Alternate Dispute Resolution or other procedures earlier than September 8, 2016, and other Settling Parties may oppose such proposals.

4. During the Settlement term, SoCalGas and SDG&E will deal with supply shortages and surpluses using OFO tariff procedures rather than daily balancing procedures, subject to paragraph 7 in this Settlement. To do this, SoCalGas and SDG&E may be required to call both low and high OFOs for the same gas day, as is permitted under current tariffs.

5. During the Settlement term, SoCalGas and SDG&E will make the following temporary changes to their existing low and high Operational Flow Order (OFO) tariff provisions. At the end of the Settlement term, unless ordered to do otherwise by the Commission, SoCalGas and SDG&E will remove each of these temporary changes from their tariffs.

    a. The existing 110% high OFO tolerance (specified in G-IMB) will be changed to 105% or 110%. The default will be 105%, but SoCalGas and SDG&E will have the ability to set the tolerance at 110% if, in SoCalGas' and SDG&E's sole discretion, operational circumstances allow.

    b. From the beginning of the Settlement term through July 1, 2016, high OFO buyback rate will be double the otherwise applicable buy-back rate.

    c. Low OFO noncompliance charges for the gas flow day will be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled BTS nominations during any of the Intraday 1-3 Cycles (Cycles 3-5).

    d. SoCalGas and SDG&E will have the discretion to waive OFO noncompliance charges for an electric generation customer who was dispatched after the Intraday 1 (Cycle 3) nomination deadline in response

to (1) a SoCalGas System Operator request to an Electric Grid Operator to reallocate dispatched electric generation load to help maintain gas system reliability and integrity, or (2) an Electric Grid Operator request to the SoCalGas System Operator to help maintain electric system reliability and integrity that can be accommodated by the SoCalGas System Operator at its sole discretion. For electric generators served by a contracted marketer, OFO noncompliance charges can be waived under this section only to the extent the contracted marketer nominates their electric generation customer's gas to the electric generation customer's Order Control Code.

e. The existing exemption from low OFO noncompliance charges for daily imbalances of 10,000 therms or less will be extended to high OFO buyback rate charges.

f. During the Settlement term, low OFO noncompliance charges received from noncore customers will be credited to the noncore fixed cost account and low OFO noncompliance charges received from core customers will be credited to the core fixed cost account.

g. These tariff changes are reflected in the redlined tariffs attached to this Settlement. SoCalGas and SDG&E will be authorized to implement these tariff changes via Tier 1 advice filings upon Commission approval of this Settlement. SoCalGas and SDG&E will also be authorized to remove each of these temporary changes from their tariffs via Tier 1 advice filings at the end of the Settlement term.

6. During the Settlement term, SoCalGas and SDG&E will take the following additional actions:

a. SoCalGas and SDG&E will revise their current Low OFO formula so that the balancing trigger is based on operational constraints. SoCalGas and SDG&E will have the sole discretion to set the level of withdrawal capacity available for balancing based on operational conditions. To the extent operationally feasible, SoCalGas and SDG&E will attempt to maximize the amount of withdrawal capacity available for balancing, up to the amount of withdrawal capacity allocated to the balancing function. SoCalGas and SDG&E will continue to post any changes to the low OFO formula on Envoy.

b. Injection nominations will be held to the injection capacity in every flowing cycle regardless of OFO status.

c. SoCalGas will provide a cycle-by-cycle low OFO calculation on Envoy.

d. SoCalGas will hold at least two customer education workshops regarding low and high OFO procedures prior to June 1, 2016.

7. SoCalGas and SDG&E reserve the right to resubmit their daily balancing proposal during and after the Settlement term if low and high OFO procedures do not provide the necessary supply-related responses, and the other Settling Parties reserve the right to oppose any future daily balancing proposal.

III.
ADDITIONAL TERMS AND CONDITIONS

A. The Public Interest

The Settling Parties agree jointly by executing and submitting this Settlement that the relief requested herein is just, fair and reasonable, and in the public interest.

B. Non-Precedential Effect

This Settlement is not intended by the Settling Parties to be precedent for any future proceeding or any issues not included in the Settlement. The Settling Parties have assented to the terms of this Settlement only for the purpose of arriving at the settlement embodied in this Settlement. Except as expressly precluded in this Settlement, each of the Settling Parties expressly reserves its right to advocate, in current and future proceedings, positions, principles, assumptions, arguments and methodologies which may be different than those underlying this Settlement, and the Settling Parties expressly declare that, as provided in Rule 12.5 of the Commission's Rules, this Settlement should not be considered as a precedent for or against them. Likewise, the Settlement explicitly does not establish any precedent on the litigated issues in the case.

C. Partial Settlement

This Settlement is a partial settlement of the issues in A.15-06-020. Namely, this Settlement only addresses the following item identified in the April 14, 2016, Assigned Commissioner's Amended Scoping Memo and Ruling:

> The issues to be addressed in this proceeding are expanded to include the need for temporarily establishing five percent daily

> balancing on the SoCalGas and SDG&E systems to address operational constraints at the Aliso Canyon storage field.[3]

This Settlement is not intended to resolve issues not covered by the Settlement, or to preclude any of the Settling Parties from making any arguments or taking any positions with respect to such issues.

D. Indivisibility

This Settlement embodies compromises of the Settling Parties' positions. No individual term of this Settlement is assented to by any of the Settling Parties, except in consideration of the other Settling Parties' assents to all other terms. Thus, the Settlement is indivisible and each part is interdependent on each and all other parts. Any party may withdraw from this Settlement if the Commission modifies, deletes from, or adds to the disposition of the matters stipulated herein. The Settling Parties agree, however, to negotiate in good faith with regard to any Commission-ordered changes to the Settlement in order to restore the balance of benefits and burdens, and to exercise the right to withdraw only if such negotiations are unsuccessful.

The Settling Parties acknowledge that the positions expressed in the Settlement were reached after consideration of all positions advanced in the March 1, 2016 motion of SoCalGas and SDGE, the various responses to that motion, and the April 12, 2016 motion of California Cogeneration Council, California Manufacturers and Technology Association, California League of Food Processors, Commercial Energy, Indicated Shippers, Southern California Generation Coalition, Pacific Summit Energy LLP, the City of Vernon, NRG Energy, Western Power Trading Forum, Shell Energy North America (US), L.P., and The Alliance for Retail Energy Markets, as well as proposals offered during the settlement negotiations. This document sets forth the entire agreement of the Settling Parties on all of those issues, except as

[3] Assigned Commissioner's Amended Scoping Memo and Ruling at 2.

specifically described within the Settlement. The terms and conditions of this Settlement may only be modified in writing subscribed by all Settling Parties.

Dated this 29th day of April, 2016.

SOUTHERN CALIFORNIA GAS COMPANY and
SAN DIEGO GAS & ELECTRIC COMPANY

By: *\/s/ Michael R. Thorp*
MICHAEL R. THORP
Title: Chief Regulatory Counsel

THE ALLIANCE FOR RETAIL ENERGY MARKETS
and **SHELL ENERGY NORTH AMERICA (US), L.P.**

By: *\/s/ John Leslie*
JOHN LESLIE
Title: Counsel

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

By: *\/s/ Andrew Ulmer*
ANDREW ULMER
Title: Director, Federal Regulatory Affairs

CALIFORNIA STATE UNIVERSITY

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Attachment to the Settlement Agreement

SoCalGas Rule 30 and 41, SoCalGas Schedule G-IMB, SDG&E Rule 30, SDG&E Schedule G-IMB, and SoCalGas CFCA and NFCA

Rule No. 30 Sheet 1

TRANSPORTATION OF CUSTOMER-OWNED GAS

The general terms and conditions applicable whenever the Utility System Operator transports customer-owned gas, including wholesale customers, the Utility Gas Procurement Department, other end-use customers, aggregators, marketers and storage customers (referred to herein as "customers") over its system are described herein.

A. General

1. Subject to the terms, limitations and conditions of this rule and any applicable CPUC authorized tariff schedule, directive, or rule, the customer will deliver or cause to be delivered to the Utility and accept on redelivery quantities of gas which shall not exceed the Utility's capability to receive or redeliver such quantities. The Utility will accept such quantities of gas from the customer or its designee and redeliver to the customer on a reasonably concurrent basis an equivalent quantity, on a therm basis, to the quantity accepted.

2. The customer warrants to the Utility that the customer has the right to deliver the gas provided for in the customer's applicable service agreement or contract (hereinafter "service agreement") and that the gas is free from all liens and adverse claims of every kind. The customer will indemnify, defend and hold the Utility harmless against any costs and expenses on account of royalties, payments or other charges applicable before or upon delivery to the Utility of the gas under such service agreement.

3. The point(s) where the Utility will receive the gas into its intrastate system (point(s) of receipt, as defined in Rule No. 1) and the point(s) where the Utility will deliver the gas from its intrastate system to the customer (point(s) of delivery, as defined in Rule No. 1) will be set forth in the customer's applicable service agreement. Other points of receipt and delivery may be added by written amendment thereof by mutual agreement. The appropriate delivery pressure at the point(s) of delivery to the customer shall be that existing at such point(s) within the Utility's system or as specified in the service agreement. T T

B. Quantities

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

(Continued)

Rule No. 30 Sheet 2

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

B. Quantities (Continued)

2. The gas to be transported hereunder shall be delivered and redelivered as nearly as practicable at uniform hourly and daily rates of flow. The Utility may refuse to accept fluctuations in excess of ten percent (10%) of the previous day's deliveries, from day to day, if in the Utility's opinion receipt of such gas would jeopardize other operations. Customers may make arrangements acceptable to the Utility to waive this requirement.

3. The Utility does not undertake to redeliver to the customer any of the identical gas accepted by the Utility for transportation, and all redelivery of gas to the customer will be accomplished by substitution on a therm-for-therm basis.

4. Transportation customers, including the Utility Gas Procurement Department, wholesale customers, contracted marketers, and Core Transport Agents (CTAs) will be provided monthly balancing services in accordance with the provisions of Schedule No. G-IMB. T

C. Electronic Bulletin Board

1. The Utility prefers and encourages customers, including the Utility Gas Procurement Department, to use Electronic Bulletin Board (EBB) as defined in Rule No. 1 to submit their transportation nominations to the Utility. Imbalance trades are to be submitted through EBB or by means of the Imbalance Trading Agreement Form (Form 6544). Use of EBB is not mandatory for transportation only customers.

2. Transportation nominations may be submitted manually or through EBB. D

D. Operational Requirements

1. Customer Representation

The customer must provide to the Utility the name(s) of any agents ("Agent") used by the customer for delivery of gas to the Utility for transportation service hereunder and their authority to represent customer.

A customer may choose only one of the following gas supply arrangements: 1) one Contracted Marketer, 2) one or multiple Agents (in addition to a Contracted Marketer if desired), or 3) itself for purposes of nominating to its end-use account (OCC). T T

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

2. Receipt Points

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

- El Paso Pipeline at Blythe (Southern Transmission Zone)
- North Baja Pipeline at Blythe (Southern Transmission Zone)
- Transportadora de Gas Natural de Baja California at Otay Mesa (Southern Transmission Zone)
- Kern River Pipeline and Mojave Pipeline (Wheeler Transmission Zone)
- PG&E at Kern River Station (Wheeler Transmission Zone)
- Occidental of Elk Hills at Gosford (Wheeler Transmission Zone)
- Transwestern Pipeline at North Needles (Northern Transmission Zone)
- Transwestern Pipeline at Topock (Northern Transmission Zone)
- El Paso Pipeline at Topock (Northern Transmission Zone)
- Questar Southern Trails Pipeline at North Needles (Northern Transmission Zone)
- Kern River Pipeline and Mojave Pipeline at Kramer Junction (Northern Transmission Zone)
- Line 85 (California Supply)
- North Coastal (California Supply)
- Other (California Supply)
- Storage

* Additional Receipt Points will be added as they are established in the future.

3. Backbone Transmission Capacity

Each day, Receipt Point and Backbone Transmission Zone capacities will be set at their physical operating maximums under the operating conditions for that day. The Utility will schedule nominations for each Receipt Point and Backbone Transmission Zone to the maximum operating capacity of that individual Receipt Point or Backbone Transmission Zone. The maximum operating capacity is defined as the facility design or contractual limitation to deliver gas into the Utility's system adjusted for operational constraints (i.e. maintenance, localized restrictions, and upstream delivery pressures) as determined each day.

The NAESB elapsed pro rata rules require that the portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination be confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected. As such, the scheduled quantities for each shipper are subject to change in the Intraday 1 Cycle, the Intraday 2 Cycle, and the Intraday Cycle 3. However, each shipper's resulting scheduled quantity for the Gas Day will be no less than the elapsed prorated scheduled quantity for that shipper. T N

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

3. Backbone Transmission Capacity (Continued)

Each day, the Utility will use the following rules to confirm nominations to the Receipt Point and Backbone Transmission Zone maximum operating capacities. The Utility will also use the following rules to confirm nominations to the system capacity limitation as defined in Section F for OFO events during the Intraday 1 and Intraday 2 cycles; and during the Intraday 2 cycle when an OFO event is not called and nominations exceed system capacity.

Confirmation Order:

- Nominations using Firm Primary backbone transportation rights will be first; pro-rated if over-nominated*.
- Nominations using Firm Alternate backbone transportation rights within the associated transmission zone will be second ("Firm Alternate Within-the-Zone"); pro-rated if over-nominated.
- Nominations using Firm Alternate backbone transportation rights outside the associated transmission zone will be third ("Firm Alternate Outside-the-Zone"); pro-rated if over-nominated.
- Nominations using Interruptible backbone transportation rights will be fourth, pro-rated if over-nominated.
- Southern Transmission Receipt Points will not be reduced in any cycle below 110% of the Southern System minimum flowing supply requirement established by the Gas Control Department.

Bumping Rules:

- Firm Primary rights can "bump" any Firm Alternate scheduled quantities through the Evening Cycle.
- Firm Alternate Within-the-Zone rights can "bump" Firm Alternate Outside-the-Zone scheduled quantities through the Evening Cycle.
- Firm Primary and any Firm Alternate can "bump" interruptible scheduled quantities through the Intraday 2 Cycle subject to the NAESB elapsed pro-rata rules. T
- Bumping will not be allowed in the Intraday 3 Cycle. T

* If the available firm capacity at a particular receipt point or within a particular transmission zone is less than the firm capacity figures stated in Schedule No. G-BTS, scheduling of firm backbone transportation capacity nominations will be pro rata within each scheduling cycle. Any nominations of firm backbone transportation rights acquired through the addition of Displacement Backbone Transmission Capacity facilities will be reduced pro rata to zero at the applicable receipt point or within the applicable transmission zone prior to other firm backbone transportation rights nominations being reduced.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

3. Backbone Transmission Capacity (Continued)

Priority Rules:

a. Firm primary scheduled quantities in the Evening Cycle will have priority over a new firm primary nomination made in the Intraday 1 Cycle.
b. Firm Alternate Inside-the-Zone scheduled quantities in the Evening Cycle will have priority over a new Firm Alternate Inside-the-Zone nomination made in the Intraday 1 Cycle.
c. Firm Alternate Outside-the-Zone scheduled quantities in the Evening Cycle will have priority over a new Firm Alternate Outside-the-Zone nomination made in the Intraday 1 Cycle.
d. Interruptible scheduled quantities in the Evening Cycle will have priority over a new Interruptible nomination made in the Intraday 1 Cycle.
e. This same structure will be applied in going from Intraday 1 Cycle (Cycle 3) to Intraday 2 Cycle (Cycle 4) to Intraday 3 Cycle (Cycle 5). However, this hierarchy will not affect Intraday 4 Cycle (Cycle 6) nominations or the elapsed pro-rata rule. N T

4. Storage Service Capacity

Each day, storage injection and withdrawal capacities will be set at their physical operating maximums under the operating conditions for that day and posted on the Utility's EBB. *Injection nominations will be held to the injection capacity specified in the Operational Flow Order calculation on the EBB in every flowing cycle regardless of OFO status.** The Utility will use the following rules to limit the nominations to the storage maximums.

- Nominations using Firm storage rights will have first priority, pro-rated to the available firm storage capacity.
- All other nominations using Interruptible storage rights will have second priority, pro-rated if over-nominated based on the daily volumetric price paid.
- Firm storage rights can "bump" interruptible scheduled storage quantities through the Intraday 3 cycle.

Notice to bumped parties will be provided via the Transactions module in EBB. Bumping is subject to the NAESB elapsed pro-rata rules.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

5. Off-System Delivery (OSD) Service T

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 2 Cycle, subject to the NAESB elapsed pro-rata rules. T
- Bumping of Interruptible OSD rights by Firm OSD rights will not be allowed in the Intraday 3 Cycle. T
- 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.
- Curtailment/reduction of Interruptible OSD nominations at any Delivery Point will be prorated at that particular Delivery Point.
- Curtailment/reduction of Firm OSD nominations at any Delivery Point will be prorated at that particular Delivery Point.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

6. Nominations

The customer shall be responsible for submitting gas service nominations to the Utility no later than the deadlines specified below.

Each nomination shall include all information required by the Utility's nomination procedures. Nominations received by the Utility will be subject to the conditions specified in the service agreements with the Utility. The Utility may reject any nomination not conforming to the requirements in these rules or in applicable service agreements. The customer shall be responsible for making all corresponding upstream nomination/confirmation arrangements with the interconnecting pipeline(s) and/or operator(s).

Evening and Intraday nominations may be used to request an increase or decrease to scheduled volumes or a change to receipt or delivery points.

Intraday nominations do not roll from day to day.

Nominations submitted in any cycle will automatically roll to subsequent cycles for the specified flow date and from day-to-day through the end date or until the end date is modified by the nominating entity.

Nominations may be made in the following manner:

FROM	TO	
Pipeline/CA Producer	Backbone Transportation Service Contract	
Backbone Transportation Service Contract	End User, Contracted Marketer, CTA	
Backbone Transportation Service Contract	Citygate Pool Account	
Backbone Transportation Service Contract	Storage Account	
Citygate Pool Account	End User, Contracted Marketer, CTA	
Citygate Pool Account	Citygate Pool Account	
Storage Account	End User, Contracted Marketer, CTA	
Citygate Pool Account	Storage Account	L
Storage Account	Citygate Pool Account	|
Storage Account	Storage Account	|
Storage Account	Off-System Delivery Contract	|
Citygate Pool Account	Off-System Delivery Contract	|
End User, Contracted Marketer, CTA	Storage Account	L

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TRANSPORTATION OF CUSTOMER-OWNED GAS

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D. Operational Requirements (Continued)

6. Nominations (Continued)

FROM	TO (Continued)
Off-System Delivery Contract	PG&E Pipeline (at Kern River Station)
Off-System Delivery Contract	Mojave Pipeline (at Wheeler Ridge)
Off-System Delivery Contract	Mojave Pipeline (at Kramer Junction)
Off-System Delivery Contract	Kern River Pipeline (at Wheeler Ridge)
Off-System Delivery Contract	Kern River Pipeline (at Kramer Junction)
Off-System Delivery Contract	Questar Southern Trails Pipeline (at North Needles)
Off-System Delivery Contract	Transwestern Pipeline (at North Needles)
Off-System Delivery Contract	Transwestern Pipeline (at Topock)
Off-System Delivery Contract	El Paso Pipeline (at Topock)
Off-System Delivery Contract	El Paso Pipeline (at Blythe)
Off-System Delivery Contract	North Baja Pipeline (at Blythe)
Off-System Delivery Contract	Transportadora de Gas Natural de Baja California (at Otay Mesa)
Receipt Point Pool Account	Receipt Point Pool Account
Receipt Point Pool Account	Backbone Transportation Contract

L

7. Timing

All times referred to below are in Pacific Clock Time. Requests for deadline extensions may be granted for 15 minutes only if request is made prior to the deadlines shown below.

Timely Cycle

Transportation nominations submitted via EBB for the Timely Nomination cycle must be received by the Utility by 11:00 a.m. one day prior to the flow date. Nominations submitted via fax must be received by the Utility by 10:00 a.m. one day prior to the flow date. Timely nominations will be effective at 7:00 a.m. on the flow date. T | T

Evening Cycle L

Nominations submitted via EBB for the Evening Nomination cycle must be received by the Utility by 4:00 p.m. one day prior to the flow date. Nominations submitted via fax must be received by the Utility by 3:00 p.m. one day prior to the flow date. Evening nominations will be effective at 7:00 a.m. on the flow date. | | | | L

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D. Operational Requirements (Continued)

7. Timing (Continued) L

Intraday 1 Cycle

Nominations submitted via EBB for the Intraday 1 Nomination cycle must be received by the Utility by 8:00 a.m. on the flow date. Nominations submitted via fax must be received by the Utility by 7:00 a.m. on the flow date. Intraday 1 nominations will be effective at 12:00 p.m. the same day. T

Intraday 2 Cycle

Nominations submitted via EBB for the Intraday 2 Nomination cycle must be received by the Utility by 12:30 p.m. on the flow date. Nominations submitted via fax must be received by the Utility by T
11:30 a.m. on the flow date. Intraday 2 nominations will be effective at 4:00 p.m. the same day. T

Intraday 3 Cycle

Nominations submitted via EBB for Intraday 3 Nomination cycle must be received by the Utility by N
5:00 p.m. on the flow date. Nominations submitted via fax must be received by the Utility by 4:00 |
p.m. on the flow date. Intraday 3 nominations will be effective at 8:00 p.m. the same day. N

Intraday 4 Cycle N

Nominations submitted via EBB for the Intraday 4 Nomination cycle must be received by the Utility T
by 9:00 p.m. Pacific Clock Time on the flow date. Nominations submitted via fax must be received
by the Utility by 8:00 p.m. Pacific Clock Time on the flow date. D

Intraday 4 nominations are available only for firm nominations relating to the injection of existing T
flowing supplies into a storage account or for firm nominations relating to the withdrawal of gas in
storage to meet an identified customer's usage. A customer may make Intraday 4 nominations from T
a third-party storage provider that is directly connected to the Utility's system or from the Utility's
storage, subject to the storage provider or the Utility being able to deliver or accept the daily quantity
nominated for Intraday 4 within the remaining hours of the flow day and the Utility's having the T
ability to deliver or accept the required hourly equivalent flow rate during the remaining hours of the
flow day. Third-party storage providers will be treated on a comparable basis with the Utility's
storage facilities to the extent that it can provide the equivalent service and operations.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

D. Operational Requirements (Continued)

8. Confirmation and Ranking Process L

A ranking must be received by the Utility at the time the nomination or the confirmation is submitted. The nominating party will rank its supplies and the confirming party will rank its markets. The Utility will then balance the pipeline system using the "lesser of" rule and the rankings submitted.

The ranking will automatically roll from cycle-to-cycle and day-to-day until the nomination end date, unless modified by the nominating entity.

If no ranking is submitted at the time the nomination is submitted, the Utility will assign the lowest ranking to the nomination.

The Utility will compare the nominations received for each transaction and the corresponding confirmation. If the two quantities do not agree, the "lesser of" the two quantities will be the quantity scheduled by the Utility. Subject to the Utility receiving notification of confirmed transportation from the applicable upstream pipeline(s) and/or operator(s), the Utility will provide scheduled quantities on EBB.

9. As between the customer and the Utility, the customer shall be deemed to be in control and possession of the gas to be delivered hereunder and responsible for any damage or injury caused thereby until the gas has been delivered at the point(s) of receipt. The Utility shall thereafter be deemed to be in control and possession of the gas after delivery to the Utility at the point(s) of receipt and shall be responsible for any damage or injury caused thereby until the same shall have been redelivered at the point(s) of delivery, unless the damage or injury has been caused by the quality of gas originally delivered to the Utility, for which the customer shall remain responsible. L

10. Any penalties or charges incurred by the Utility under an interstate or intrastate supplier contract as a result of accommodating transportation service shall be paid by the responsible customer.

11. Customers receiving service from the Utility for the transportation of customer-owned gas shall pay any costs incurred by the Utility because of any failure by third parties to perform their obligations related to providing such service. L

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(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 – High Operational Flow Order N

1. The Utility System Operator's protocol for declaring a High Operational Flow Order (High OFO) is N
described in Rule No. 41. Any High OFO shall apply to all customers, including wholesale N
customers and the Utility Gas Procurement Department.

2. The High OFO period shall begin on the flow date(s) indicated by the Utility Gas Control N
Department. Customers shall be allowed to reduce their nominations or adjust their supply ranking
in response to the High OFO. N

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 High OFO day. Customer meters subject to maximum daily quantity limitations N
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., High OFO days). For each OFO day, the Utility shall cash out, at the Retail Buy-Back N
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 High N
OFO day. The High OFO day imbalance of a California Producer with an existing access agreement N
will be treated consistent with the terms of that access agreement.

6. *If a Balancing Agent's High OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by 10,000 therms or less, Buy-Back service will not be applied. If the High OFO daily gas*

(Continued)

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

*imbalance exceeds the applicable daily imbalance tolerance by more than 10,000 therms, Buy-Back service will apply to the entire daily imbalance amount that exceeds the Balancing Agent's High OFO daily imbalance tolerance.**

7. *SoCalGas will have the discretion to waive High OFO Buy-Back Service for an electric generation customer under the terms specified in Section G.1.j.**

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Low Operational Flow Orders and Emergency Flow Orders N

1. Low Operational Flow Order (Low OFO) D N

a. The Utility System Operator's protocol for declaring a Low Operational Flow Order (Low OFO) is described in Rule No. 41. All Low OFO declarations will be identified by stage that will specify a Daily Imbalance Tolerance and Noncompliance Charge per the table below.

Stage	Daily Imbalance Tolerance	Noncompliance Charge ($/therm)
1	Up to -25%	0.025
2	Up to -20%	0.10
3	Up to -15%	0.50
4	Up to -5%	2.50
5	Up to -5%	2.50 plus Rate Schedule G-IMB daily balancing standby rate
EFO	Zero	5.00 plus Rate Schedule G-IMB daily balancing standby rate

b. The Low OFO shall apply to all customers financially responsible for managing and clearing transportation imbalances (Balancing Agents), including wholesale customers, Contracted Marketers, core aggregators, California Gas Producers and the Utility Gas Procurement Department.

c. The Low OFO period shall begin on the flow date(s) indicated by the Utility Gas Control Department. Generally an initial Low OFO event will start at Stage 1; however a Low OFO event may begin at any stage as deemed appropriate by the Utility Gas Control Department with the corresponding noncompliance charge.

d. A Low OFO will normally be ordered with at least twelve (12) hours notice prior to the beginning of the gas day, or as necessary as dictated by operating conditions. Charges for the first day of the Low OFO event will not be imposed if notice is given after 6:00 p.m. Pacific Time the day prior to the start of the Low OFO event.

e. When a Low OFO is in effect interruptible storage withdrawals are limited to one half of the capacity normally available for interruptible withdrawals. Interruptible storage withdrawal capacity is equal to Withdrawal Capacity minus confirmed firm storage withdrawal nominations minus withdrawal allocated to the balancing function. N

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Low Operational Flow Orders and Emergency Flow Orders (Continued)

1. Low Operational Flow Order (Low OFO) (Continued)

f. Low OFO and EFO compliance and charges will be based on the following for determination of daily usage quantities:

i. For a Noncore End-Use Customer equipped with automated meter reading device (AMR) and SDG&E's Electric & Gas Fuel Procurement Department, compliance during a Low OFO will be based on actual daily metered usage, and the calculation after the OFO event of any applicable noncompliance charge will be based on actual daily metered usage.

ii. For a Noncore End-Use Customer with non-functioning AMR meters, compliance during a Low OFO or EFO will be based on the Customer's actual daily metered usage; or the estimated daily usage in accordance with Section C of SoCalGas Rule 14 will be substituted for the actual daily metered usage when actual metered usage is not available.

iii. For a Noncore End-Use Customer without AMR capability compliance during a Low OFO or EFO will be based on the Customer's MinDQ.

iv. For the Utility Gas Procurement Department, the Daily Forecast Quantity will be used as a proxy for daily usage.

v. For core aggregators, their Daily Contract Quantity will be used as a proxy for daily usage.

vi. For a California Producer with an effective California Producer Operational Balancing Agreement, Form 6452, compliance with a Low OFO and EFO and calculation of any noncompliance charges will be based on the difference between scheduled receipts and measured receipts for each day of an event. Low OFO and EFO compliance for a California Producer with an existing access agreement will be treated consistent with the terms of that access agreement. N N | N

g. If a Balancing Agent's Low OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by 10,000 therms or less, the Low OFO, noncompliance charge will be zero. If the daily gas imbalance amount exceeds the daily imbalance tolerance by more than 10,000 therms, the Balancing Agent will be responsible for the full noncompliance charge; i.e. 10,000 therms will not be deducted from the daily gas imbalance that exceeds the daily imbalance tolerance. This exemption applies only to Low OFO noncompliance charges.

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G. Low Operational Flow Orders and Emergency Flow Orders (Continued) N

1. Low Operational Flow Order (Low OFO) (Continued)

h. The daily measurement quantity used to calculate the Noncompliance Charge for each Low OFO event will be the daily quantity recorded as of the month-end close of the applicable month.

i. *Low OFO noncompliance charges for the gas flow day will be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled BTS nominations during any of the Intraday 1-3 Cycles.* *

j. *SoCalGas will have the discretion to waive OFO noncompliance charges for an electric generation customer who was dispatched after the Intraday 1 (Cycle 3) nomination deadline in response to (1) a SoCalGas System Operator request to an Electric Grid Operator to reallocate dispatched electric generation load to help maintain gas system reliability and integrity, or (2) an Electric Grid Operator request to the SoCalGas System Operator to help maintain electric system reliability and integrity that can be accommodated by the SoCalGas System Operator at its sole discretion. For electric generators served by a contracted marketer, OFO noncompliance charges can be waived under this section only to the extent the contracted marketer nominates their electric generation customer's gas to the electric generation customer's Order Control Code.* *

2. Emergency Flow Order (EFO)

a. The Utility System Operator's protocol for declaring an Emergency Flow Order (EFO) is described in Rule No. 41.

b. During an EFO Customer usage must be less than or equal to scheduled supply for a gas day. EFOs will have a zero percent tolerance and a noncompliance charge of $5.00 plus the Schedule G-IMB Daily Balancing Standby Rate for each therm of usage in excess of scheduled supply.

c. The EFO shall apply to all customers financially responsible for managing and clearing transportation imbalances (Balancing Agents), including wholesale customers, Contracted Marketers, core aggregators, California Gas Producers and the Utility Gas Procurement Department. N

d. When an EFO is in effect interruptible storage withdrawals are limited to one half of the capacity normally available for interruptible withdrawals. Interruptible storage withdrawal capacity is equal to Withdrawal Capacity minus confirmed firm storage withdrawal nominations minus withdrawal allocated to the balancing function.

e. Daily measurement quantities used to determine EFO compliance and charges are the same as those used to determine Low OFO compliance and charges.

f. The daily measurement quantity used to calculate the noncompliance charges for each EFO

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event will be the daily quantity recorded as of the month-end close of the applicable month.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

G. Low Operational Flow Orders and Emergency Flow Orders (Continued) N

3. Information regarding the System Sendout, Withdrawal Capacity and Net Withdrawals will be made available to customers on a daily basis via the EBB. T,N,L N,L

4. If a wholesale customer so requests, the Utility will nominate firm storage withdrawal volumes on behalf of the customer to match 100% of actual usage assuming the customer has sufficient firm storage withdrawal and inventory rights to match the customer's supply and demand. T,L L L

5. The Utility will accept intra-day nominations to increase deliveries. T,L

6. In all cases, current rules for monthly balancing and monthly imbalance trading continue to apply. Quantities not in compliance with the Daily Imbalance Tolerance that are purchased at the daily balancing standby rate are credited toward the monthly 90% delivery requirements. Daily balancing charges remain independent of monthly balancing charges. Noncore daily balancing and monthly balancing charges go to the Purchased Gas Account (PGA). Net revenues from core daily balancing and monthly balancing charges go to the Noncore Fixed Cost Account (NFCA). Schedule No. G-IMB provides details on monthly and daily balancing charges. T,N,L N,L N,L L | | L

H. Accounting and Billing L

1. The customer and the Utility acknowledge that on any operating day during the customer's applicable term of transportation service, the Utility may be redelivering quantities of gas to the customer pursuant to other present or future service arrangements. In such an event, the Utility and customer agree that the total quantities of gas shall be accounted for in accordance with the provisions of Rule No. 23. If there is no conflict with Rule No. 23, the quantities of gas shall be accounted for in the following order:

   a. First, to satisfy any minimum quantities under existing agreements.

   b. Second, after complete satisfaction of (a), then to any supply or exchange service arrangements with the customer.

   c. Third, after the satisfaction of (a) and (b), then to any subsequently executed service agreement. L

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

H. Accounting and Billing (Continued)

2. The customer agrees that it shall accept and the Utility can rely upon, for purposes of accounting and billing, the allocation made by customer's shipper as to the quality and quantity of gas, expressed both in Decatherm and therms, delivered at each point of receipt during the preceding billing period for the customer's account. If the shipper does not make such an allocation, the customer agrees to accept the quality and quantity as determined by the Utility. All quality and measurement calculations are subject to subsequent adjustment as provided in the Utility's tariff schedules or applicable CPUC rules and regulations. Any other billing correction or adjustment made by the customer or third party for any prior period shall be based on the rates or costs in effect when the event occurred and accounted for in the period they are reconciled.

3. The Utility shall render to the customer an invoice for the services hereunder showing the quantities of gas, expressed in therms, delivered to the Utility for the customer's account, at each point of receipt and the quantities of gas, expressed in therms, redelivered by the Utility for the customer's account at each point of delivery during the preceding billing period. The Customer shall pay such amounts due hereunder within nineteen (19) calendar days following the date such bill is mailed.

4. Both the Utility and the customer shall have the right at all reasonable times to examine, at its expense, the books and records of the other to the extent necessary to verify the accuracy of any statement, charge, computation, or demand made under or pursuant to service hereunder. The Utility and the customer agree to keep records and books of account in accordance with generally accepted accounting principles and practices in the industry.

I. Gas Delivery Specifications

1. The natural gas stream delivered into the Utility's system shall conform to the gas quality specifications as provided in any applicable agreements and contracts currently in place between the entity delivering such natural gas and the Utility at the time of the delivery. If no such agreement is in place, the natural gas shall conform to the gas specifications as defined below.

2. Gas delivered into the Utility's system for the account of a customer for which there is no existing contract between the delivering pipeline and the Utility shall be at a pressure such that the gas can be integrated into the Utility's system at the point(s) of receipt.

3. Gas delivered, except as defined in I.1 above, shall conform to the following quality specifications at the time of delivery:

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Delivery Specifications (Continued)

3. (Continued)

a. Heating Value: The minimum heating value is nine hundred and ninety (990) Btu (gross) per standard cubic foot on a dry basis. The maximum heating value is one thousand one hundred fifty (1150) Btu (gross) per standard cubic foot on a dry basis.

b. Moisture Content or Water Content: For gas delivered at or below a pressure of eight hundred (800) psig, the gas shall have a water content not in excess of seven (7) pounds per million standard cubic feet. For gas delivered at a pressure exceeding of eight hundred (800) psig, the gas shall have a water dew point not exceeding 20 degrees F at delivery pressure.

c. Hydrogen Sulfide: The gas shall not contain more than twenty-five hundredths (0.25) of one (1) grain of hydrogen sulfide, measured as hydrogen sulfide, per one hundred (100) standard cubic feet (4 ppm). The gas shall not contain any entrained hydrogen sulfide treatment chemical (solvent) or its by-products in the gas stream.

d. Mercaptan Sulfur: The gas shall not contain more than three tenths (0.3) grains of mercaptan sulfur, measured as sulfur, per hundred standard cubic feet (5 ppm).

e. Total Sulfur: The gas shall not contain more than seventy-five hundredths (0.75) of a grain of total sulfur compounds, measured as sulfur, per one hundred (100) standard cubic feet (12.6 ppm). This includes COS and CS2, hydrogen sulfide, mercaptans and mono, di and poly sulfides.

f. Carbon Dioxide: The gas shall not have a total carbon dioxide content in excess of three percent (3%) by volume.

g. Oxygen: The gas shall not have an oxygen content in excess of two-tenths of one percent (0.2%) by volume, and customer will make every reasonable effort to keep the gas free of oxygen.

h. Inerts: The gas shall not contain in excess of four percent (4%) total inerts (the total combined carbon dioxide, nitrogen, oxygen and any other inert compound) by volume.

i. Hydrocarbons: For gas delivered at a pressure of 800 psig or less, the gas hydrocarbon dew point is not to exceed 45 degrees F at 400 psig or at the delivery pressure if the delivery pressure is below 400 psig. For gas delivered at a pressure higher than 800 psig, the gas hydrocarbon dew point is not to exceed 20 degrees F measured at a pressure of 400 psig.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Delivery Specifications (Continued)

3. (Continued)

j. Merchantability: The gas shall not contain dust, sand, dirt, gums, oils and other substances at levels that would be injurious to Utility facilities or that would cause gas to be unmarketable.

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

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

m. Interchangeability: The gas shall have a minimum Wobbe Number of 1279 and shall not have a maximum Wobbe Number greater than 1385. The gas shall meet American Gas Association's Lifting Index, Flashback Index and Yellow Tip Index interchangeability indices for high methane gas relative to a typical composition of gas in the Utility system serving the area.

Acceptable specification ranges are:

* Lifting Index (IL)
  IL <= 1.06

* Flashback Index (IF)
  IF <= 1.2

* Yellow Tip Index (IY)
  IY >= 0.8

n. Liquids: The gas shall contain no liquids at or immediately downstream of the receipt point.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Delivery Specifications (Continued)

4. The Utility, at its option, may refuse to accept any gas tendered for transportation by the customer or on his behalf if such gas does not meet the specifications at the time of delivery as set out in I. 2, I. 3, and J.5, as applicable.

5. The Utility will grant specific deviations to California production from the gas quality specifications defined in Paragraph I.3 above, if such gas will not have a negative impact on system operations. Any such deviation will be required to be filed through Advice Letter for approval prior to gas actually flowing in the Utility system.

6. The Utility will post on its EBB and/or general website information regarding the available real-time Wobbe Number of gas at identified operational locations on its system.

7. Gas monitoring and enforcement hardware and software including, but not limited to, a gas chromatograph and all related equipment, communications facilities and software, identified in Exhibit A to Schedule No. G-CPS, are required, and shall be installed at each interconnection meter site where a California Producer delivers natural gas into the Utility's gas transportation system. The gas chromatograph shall monitor non-hydrogen sulfide constituents in the gas delivered, and deny access to gas that does not comply with the gas specifications set forth in the Gas Delivery Specifications, Section I.1 or I.3 above. Compliance shall be assessed using the 4- to 8-minute monitoring interval adopted in D.07-08-029 and D.10-09-001.

8. The gas chromatograph and all related equipment and software, identified in Exhibit A to Schedule No. G-CPS, shall monitor and enforce the gas quality specifications, using the 4- to 8-minute monitoring interval adopted in D.07-08-029 and D.10-09-001. Access shall be denied by the Utility on a non-latching basis after a second consecutive monitoring interval results in an alarm for gas which exceeds the non-hydrogen sulfide specifications. The gas chromatograph and all related equipment and software shall also enable the Utility to remotely gather and retain gas quality and alarm data. Where additional measures are necessary to promote or enhance safety, SoCalGas may request a deviation from the aforementioned monitoring interval requirements established by the CPUC.

9. For California Producers currently delivering gas into the Utility's transportation system without a gas chromatograph and all related equipment and software in place, as required in Rule No. 39, non-hydrogen sulfide constituents of gas will, on an interim basis, continue to be monitored and access denied under the methods currently in place, until such time as a gas chromatograph and all related equipment and software are installed and operational, subject to Rule No. 39 conditions.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Biomethane Delivery Specifications

1. Biogas refers to untreated gas produced through the anaerobic digestion of organic waste material. Biomethane refers to biogas that has been treated to comply with this Rule No. 30.

2. Biomethane delivered, except as defined in Section I.1, must meet the gas quality specifications set out in Section I and the biomethane-specific specifications set out in this Section J. The terms and conditions contained in Section J apply solely to suppliers of biomethane and are incremental to Section I gas quality requirements.

3. Biomethane must not contain constituents at concentrations which would prevent or restrict the normal marketing of biomethane, be at levels that would be injurious to pipeline facilities, or be at levels that would present a health and/or safety hazard to Utility employees and/or the general public.

   a. Health Protective Constituents are constituents that may impact human health and include carcinogenic constituents ("Carcinogenic Constituents") and non-carcinogenic constituents ("Non-Carcinogenic Constituents").

   b. Pipeline Integrity Protective Constituents are constituents that may impact pipeline system integrity.

4. The party interconnected to the Utility pipeline system for purposes of delivering biomethane ("Biomethane Interconnector") shall be responsible for costs associated with periodic biomethane testing requirements contained in this Section J, but shall not be responsible for the Utility's discretionary biomethane testing or monitoring.

5. Biomethane Quality Specifications: Biomethane to be accepted and transported in the Utility pipeline system shall be subject to periodic testing and monitoring based on the biogas source. The Trigger Level is the level where additional periodic testing and analysis of the constituent is required. The Lower Action Level, where applicable, is used to screen biomethane during the initial biomethane quality review and as an ongoing screening level during the periodic testing. The Upper Action Level, where applicable, establishes the point at which the immediate shut-off of the biomethane supply occurs.

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J. Biomethane Delivery Specifications (Continued)

5. Biomethane Quality Specifications: (Continued)

Constituent	Trigger Level mg/m^3 (ppm_v)[i]	Lower Action Level mg/m^3 (ppm_v)	Upper Action Level mg/m^3 (ppm_v)
Health Protective Constituent Levels			
	Carcinogenic Constituents		
Arsenic	0.019 (0.006)	0.19 (0.06)	0.48 (0.15)
p-Dichlorobenzenes	5.7 (0.95)	57 (9.5)	140 (24)
Ethylbenzene	26 (6.0)	260 (60)	650 (150)
n-Nitroso-di-n-propylamine	0.033 (0.006)	0.33 (0.06	0.81 (0.15)
Vinyl Chloride	0.84 (0.33)	8.4 (3.3)	21 (8.3)
	Non-Carcinogenic Constituents		
Antimony	0.60 (0.12)	6.0 (1.2)	30 (6.1)
Copper	0.060 (0.02)	0.6 (0.23)	3 (1.2)
Hydrogen Sulfide	30 (22)	300 (216)	1500 (1080)
Lead	0.075 (0.009)	0.75 (0.09)	3.8 (0.44)
Methacrolein	1.1 (0.37)	11 (3.7)	53 (18)
Toluene	904 (240)	9000 (2400)	45000 (12000)
Alkyl Thiols (mercaptans)	(12)	(120)	(610)
Pipeline Integrity Protective Constituent Levels[ii]			
Siloxanes	0.01 mg Si/m³	0.1 mg Si/m^3	-
Ammonia	0.001vol%	-	-
Hydrogen	0.1vol%	-	-
Mercury	0.08 mg/m³	-	-
Biologicals	4 x 10^4/scf (qPCR per APB, SRB, IOB[iii] group) and commercially free of bacteria of >0.2 microns	-	-

Notes: i) The first number in this table are in milligrams per cubic meter of air (mg/m^3), while the second number () is in parts per million by volume (ppm_v). ii) The Pipeline Integrity Protective Constituent Lower and Upper Action Limits not provided above will be established in the Commission's next AB1900 update proceeding. Until that time, Biomethane supplies that contain Pipeline Integrity Protective Constituents exceeding the Trigger Level, but lacking a Lower or Upper Action Level, will be analyzed and addressed on a case-by-case basis based on the biomethane's potential impact on pipeline system integrity. iii) APB – Acid producing Bacteria; SRB – Sulfate-reducing Bacteria; IOB – Iron-oxidizing Bacteria

(Continued)

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Biomethane Delivery Specifications (Continued)

6. Biomethane Constituent Testing shall be based on the biomethane source:

a. Biomethane from landfills shall be tested for all Health Protective Constituents and the Pipeline Integrity Protective Constituents.

b. Biomethane from dairies shall be tested for Ethylbenzene, Hydrogen Sulfide, n-Nitroso-di-n-propylamine, Mercaptans, Toluene, and the Pipeline Integrity Protective Constituents.

c. Other organic waste sources, including biomethane from publicly owned treatment works (i.e., water treatment and sewage treatment plants) shall be tested for p-Dichlorobenzene, Ethylbenzene, Hydrogen Sulfide, Mercaptans, Toluene, Vinyl Chloride, and the Pipeline Integrity Protective Constituents.

7. Collective Health Risk

a. Group 1 Compounds are Constituents with a concentration below the test detection level or below the Trigger Level.

b. Group 2 Compounds are Constituents with a concentration at or above the Trigger Level.

c. For Health Protective Group 2 Compounds, the collective cancer and non-cancer risk from Carcinogenic and Non-carcinogenic Constituents must be calculated by summing the Group 2 Compounds' risk.

i. Cancer Risk: The potential cancer for Group 2 compounds can be estimated by summing the individual potential cancer risk for each carcinogenic constituent of concern. Specifically, the cancer risk can be calculated using the ratio of the concentration of the constituent in the biomethane to the health protective ("trigger") concentration value corresponding to one in a million cancer risk for that specific constituent and then summing the risk for all the Group 2 constituents. (For reference, see CARB/OEHHA Report submitted in R.13-02-008, p. 67.)

(Continued)

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Biomethane Delivery Specifications (Continued)

7. Collective Health Risk (Continued)

c. (Continued)

ii. Non-Cancer Risk: The non-cancer risk can be calculated using the ratio of the concentration of the constituent in biomethane to the health protective concentration value corresponding to a hazard quotient of 0.1 for that specific non-carcinogenic constituent, then multiplying the ratio by 0.1, and then summing the non-cancer chronic risk for these Group 2 Compounds. (For reference, see CARB/OEHHA Report submitted in R.13-02-008 p. 67.)

Collective from Carcinogenic and non-Carcinogenic Constituents			
Risk Management Levels	**Potential Risk from Carcinogenic Constituents (chances in a million)**	**Hazard Index from Non-Carcinogenic Constituents**	**Action**
Trigger Level [1]	≥ 1.0	≥ 0.1	Periodic Testing Required
Lower Action Level [2]	≥ 10.0	≥ 1.0	Supply shut-in after three exceedances in 12-month period in which deliveries occur
Upper Action Level	≥ 25.0	≥ 5.0	Immediate supply shut-in

1. For any Health Protective Constituent.
2. Sum of the Health Protective Constituents exceeding the trigger level.

8. Biomethane Pre-Interconnection Testing:

a. Prior to the injection of biomethane, the Biomethane Interconnector shall conduct two tests over a two- to four-week period for the constituents identified for that biomethane source (see Section J.6).

(Continued)

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Biomethane Delivery Specifications (Continued)

8. Biomethane Pre-Interconnection Testing: (Continued)

b. Pre-interconnection testing will be performed by the Biomethane Interconnect using independent certified third party laboratories (Environmental Laboratory Accreditation Program (ELAP) certified, where applicable). The Utility shall be notified of the biomethane sampling and tests and have the option to observe the samples being taken. Test results will be shared with the Utility within five calendar days of the test results being received by the Biomethane Interconnector.

c. During pre-injection testing, the Biomethane's collective potential cancer risk and non-cancer risk is calculated by summing the individual risk for each Health Protective Group 2 Compound. If the collective potential cancer risk or non-cancer risk is at or above the Lower Action Level (the cancer risk Lower Action Level is > 10 in a million and the non-cancer risk Lower Action Level is a Hazard Index of >1), the biomethane cannot be accepted or transported by the Utility's pipeline system. The Biomethane Interconnector shall make necessary modifications to lower the collective potential cancer risk or non-cancer risk below the Lower Action Level and restart pre-injection testing. If the Health Protective Constituents are found to be below the Trigger Level or the collective cancer or non-cancer risk from the Health Protective Group 2 Compounds is below the Lower Action Level in both pre-injection tests, then the biomethane may be injected subject to compliance with the periodic testing requirements specified below.

d. If during the pre-injection testing, any Pipeline Integrity Protective Constituents are found to be above the Lower Action Level, if applicable, the biomethane cannot be accepted or transported by the Utility's pipeline system. The Biomethane Interconnector shall make necessary modifications to lower the Pipeline Integrity Protective Constituents below the Lower Action Level and restart pre-injection testing. If the Pipeline Integrity Protective Constituents are found to be below the Trigger Level in both pre-injection tests, then the biomethane may be injected subject to compliance with the periodic testing requirements specified below.

9. Biomethane Periodic Testing:

a. Group 1 Constituent Testing

i. A Group 1 Compound shall be tested once every 12-month period in which deliveries occur. Thereafter, if the Group 1 Compound is found below the Trigger Level during two consecutive annual periodic tests, the Group 1 Compound may be tested once every two year-period in which deliveries occur.

ii. A Group 1 Compound will become a Group 2 Compound if testing indicates a concentration at or above the Trigger Level.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Biomethane Delivery Specifications (Continued)

9. Biomethane Periodic Testing: (Continued)

b. Group 2 Compound Testing

i. A Group 2 Compound shall be tested quarterly (at least once every three- month period in which deliveries occur).

ii. A Group 2 Compound will become a Group 1 Compound if testing indicates a concentration below the Trigger Level during four consecutive tests.

c. Collective Risk from Carcinogenic and Non-carcinogenic Constituents:

i. If four consecutive quarterly tests demonstrate that the Health Protective Group 2 Compound's collective cancer and non-cancer risk is below the Lower Action Level, monitoring can be reduced to once every 12-month period in which deliveries occur.

ii. If annual testing demonstrates that the Health Protective Group 2 Compound's collective cancer or non-cancer risk is at or above the Lower Action Level, then testing will revert to quarterly.

10. Biomethane Shut-Off and Restart Procedures: The Biomethane Interconnector may be shut-off when the following occurs:

a. The CPUC determines that a change in the biogas source at the facility or the upgrading equipment will potentially increase the level of any constituent over the previously measured baseline levels.

b. Testing indicates constituents are exceeding allowable concentration levels:

i. The collective cancer or non-cancer risk from Health Protective Group 2 Compounds is found at or above the Lower Action Level three times in a 12-month period in which deliveries occur.

ii. The collective cancer or non-cancer risk from Health Protective Group 2 Compounds is found at or above the Upper Action Level.

iii. If applicable, a Pipeline Integrity Protective Constituent is found at or above the Lower Action Level three times in a 12-month period in which deliveries occur.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Biomethane Delivery Specifications (Continued)

10. Biomethane Shut-Off and Restart Procedures (Continued)

b. (Continued)

iv. The biomethane contains constituents at concentrations which prevent or restrict the normal marketing of biomethane, are at levels that are injurious to pipeline facilities, or are at levels that present a health and/or safety hazard to Utility employees and/or the general public.

c. In order to restart injection after a Biomethane Interconnector has been shut-off, the Biomethane Interconnector shall test the biomethane using independent certified third party laboratories (ELAP certified where applicable). Deliveries can then resume, subject to the periodic testing requirements in Section J.9, if the test indicates: (1) the biomethane complies with the gas quality specifications contained in Section I of this Rule; (2) the collective cancer and non-cancer risk of Health Protective Group 2 Compounds is below the Lower Action Level; and, if applicable, (3) the Pipeline Integrity Protective Constituents are below the Lower Action Level. Thereafter, constituents shall be reevaluated by the Utility for eligibility for less frequent testing.

11. Testing Procedures: The Utility shall collect samples at the receipt point utility meter. The Biomethane Interconnector shall collect samples upstream of the utility meter. Samples will be analyzed by independent certified third party laboratories (ELAP certified where applicable). Testing for Health Protective Constituents shall be by the methods specified in Table V-4 of CARB/OEHHA Report submitted in R.13-02-008 and adopted in D.14-01-034. Testing for Pipeline Integrity Protective Constituents shall be by the methods approved in D.14-01-034. Retesting shall be allowed to verify and validate the results. The cost of retesting shall be borne by the entity requesting the retest.

12. Continuous Monitoring of Upgrading Process Integrity: Absent an agreement otherwise, the Biomethane Interconnector's compliance with the Utility's continuously monitored Section I gas quality specifications shall be used as an indicator that the upgrading system is effectively conditioning and upgrading the biomethane. If the indicator(s) used to continuously monitor biomethane constituent levels indicates the biomethane has not been sufficiently conditioned and upgraded, the Utility may accelerate the biomethane periodic testing schedule and initiate testing. Accelerated periodic testing shall count toward the recommended periodic testing requirements described in Section J.9.

13. Recordkeeping and Reporting Requirements will be as prescribed in Commission D.14-01-034 and as specified in the CARB/OEHHA Report submitted in R.13-02-008.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Biomethane Delivery Specifications (Continued)

14. Prohibition of Biomethane from Hazardous Waste Landfills: Hazardous waste landfills ("Hazardous Waste Landfills") include all contiguous land and structures, and other appurtenances and improvements, on the land used for the treatment, transfer, storage, resource recovery, disposal, or recycling of hazardous waste. The facility may consist of one or more treatment, transfer, storage, resource recovery, disposal, or recycling hazardous waste management units, or combinations of these units. Biomethane from Hazardous Waste Landfills, including landfills permitted by the Department of Toxic Substances Control, will not be purchased, accepted or transported. Before a Biomethane Interconnector can interconnect with the Utility's system, the Biomethane Interconnector must demonstrate and certify to the Utility's satisfaction that the biogas was not collected from a Hazardous Waste Landfill.

15. The biomethane rules in this section are intended to implement D.14-01-034, including rules regarding constituent concentration standards, monitoring and testing requirements, and reporting and recordkeeping requirements.

K. Termination or Modification

1. If the customer breaches any terms and conditions of service of the customer's service agreement or the applicable tariff schedules and does not correct the situation within thirty (30) days of notice, the Utility shall have the right to cease service and immediately terminate the customer's applicable service agreement.

2. If the contract is terminated, either party has the right to collect any quantities of gas or money due them for transportation service provided prior to the termination.

L. Regulatory Requirements

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

2. Transportation service shall not begin until both parties have received and accepted any and all regulatory authorizations necessary for such service.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

M. Warranty and Indemnification

1. The customer warrants to the Utility that the customer has the right to deliver gas hereunder and that such gas is free from all liens and adverse claims of every kind. Customer will indemnify, defend and save the Utility harmless against all loss, damage, injury, liability and expense of any character where such loss, damage, injury, liability or expense arises directly or indirectly out of any demand, claim, action, cause of action or suit brought by any person, association or entity asserting ownership of or any interest in the gas tendered for transportation hereunder, or on account of royalties, payments or other charges applicable before or upon delivery of gas hereunder.

2. The customer shall indemnify, defend and save harmless the Utility, its officers, agents, and employees from and against any and all loss, costs (including reasonable attorneys' fees), damage, injury, liability, and claims for injury or death of persons (including any employee of the customer or the Utility), or for loss or damage to property (including the property of the customer or the Utility), which occurs or is based upon an act or acts which occur while the gas is deemed to be in the customer's control and possession or which results directly or indirectly from the customer's performance of its obligations arising pursuant to the provisions of its service agreement and the Utility's applicable tariff schedules, or occurs based on the customer-owned gas not meeting the specifications of Sections I or J of this rule.

N. Temporary Settlement Terms

1. The Sections of this Rule italicized and followed by an asterisk (*) are temporary and will end upon the expiration of the term in the settlement approved by the Commission in D._____. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.

Rule No. 41 Sheet 1

UTILITY SYSTEM OPERATION

The Utility's operational organization, procedures, and reporting requirements are described herein.

STRUCTURE, PROCEDURES, AND PROTOCOLS

1. The mission of the Utility System Operator is to maintain system reliability and integrity while minimizing costs at all times.

2. The term "Utility System Operator" as defined in Rule No.1 denotes all of the applicable departments within Southern California Gas Company and San Diego Gas & Electric Company responsible for the physical and commercial operation of the pipeline and storage systems specifically excluding the Utility Gas Procurement Department.

   The activities involved in meeting any physical flowing gas supply requirements as determined by the Gas Control Department are conducted by the Operational Hub.

3. The Gas Control Department is the sole authority for: operating the pipeline and storage system, developing the system sendout (i.e., demand) forecasts to be used for purposes of determining on a daily basis Southern System minimum flow requirements, and for issuing Operational Flow Orders ("OFOs").

4. The Gas Control Department will fully utilize storage injection capacity prior to issuing a High OFO. N
   The Gas Control Department is responsible for calculating forecasted sendout and physical storage injection capacity. For every nomination cycle, the Gas Scheduling Department shall calculate the system capacity as the sum of forecasted sendout, physical storage injection capacity, and off-system scheduled quantities. The forecasted system capacity shall then be compared to the latest on-system scheduled quantities. The following table summarizes which scheduled quantities are used in each cycle for the High OFO calculation for both on-system and off-system volumes: N

(Continued)

UTILITY SYSTEM OPERATION

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

4. (Continued)

Cycle	Quantity Used for OFO Calculation
1) Timely	Prior Flow Day - Evening Cycle Scheduled Quantity
2) Evening*	Current Flow Day - Timely Cycle Scheduled Quantity
3) Intraday 1	Current Flow Day - Evening Cycle Scheduled Quantity
4) Intraday 2	Current Flow Day - Intraday 1 Cycle Scheduled Quantity

A High OFO may be issued only if the level of quantities, from the table above, exceeds the forecasted system capacity. System linepack will not be part of the formula used to determine when a High OFO shall be issued. The conditions for issuing a High OFO are summarized below. N N

A High OFO is issued if Forecasted System Capacity < On-system Scheduled Quantities. N

Where,

Forecasted System Capacity = Forecasted Sendout
+ Physical Storage Injection Capacity
+ Off-System Scheduled Quantities

* The Utility will provide a minimum one-hour notice prior to the Evening Cycle nomination deadline when calling an Evening Cycle High OFO. N

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(Continued)

Rule No. 41 Sheet 3 N
UTILITY SYSTEM OPERATION N

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued) N

5. SoCalGas will issue a Low OFO if, on a day prior to this Gas Day, in the sole judgment of Gas Control, the system forecast of storage withdrawal used for balancing exceeds the withdrawal capacity allocated to the balancing function. When a Low OFO is issued customers financially responsible for managing and clearing transportation imbalances (Balancing Agent) will be required to balance supply and demand on a daily basis within a specified tolerance band or be subject to charges for noncompliance. SoCalGas may elect not to issue a Low OFO for a Gas Day if the system forecast for the following gas day indicates the use of storage withdrawal used for system balancing will return to reasonable levels without the assistance of a Low OFO.

   System linepack will not be part of the formula used by Gas Control to determine when a Low OFO should be issued.

   The criteria for determining Low OFOs may be revised as needed by SoCalGas to maintain the safety and reliability of the pipeline system. These changes, along with a supporting explanation, will be posted as a regular notice on the SoCalGas Envoy EBB.

   *Utility will revise their current Low OFO formula so that the balancing trigger is based on operational constraints. Utility will have the sole discretion to set the level of withdrawal capacity available for balancing based on operational conditions. To the extent operationally feasible, Utility will attempt to maximize the amount of withdrawal capacity available for balancing, up to the amount of withdrawal capacity allocated to the balancing function. Utility will continue to post any changes to the low OFO formula on the SoCalGas Envoy EBB. Utility will provide a cycle-by-cycle low OFO calculation on the SoCalGas Envoy EBB.**

6. Should SoCalGas' implementation of a Low OFO prove to be inadequate to ensure system integrity, SoCalGas may implement other measures including, but not limited to, implementing an Emergency Flow Order (EFO). N

   SoCalGas may invoke EFOs when a forecast or an actual supply and/or capacity shortage threatens deliveries to End-Use Customers. An EFO will normally be invoked following a Low OFO but SoCalGas may invoke an EFO without previously invoking a Low OFO if, in SoCalGas' judgment, emergency operating conditions exist. There shall be no minimum notice period for EFOs: however SoCalGas will attempt to provide as much notification to Customers as practicable under the circumstances. T,L

7. The minimum flowing supply for the Southern System is a function of the forecasted gas demand for the Southern System, including SDG&E demand, less the capability to provide additional supplies to the Southern System from the Northern System or storage, and other factors, such as but not limited to: the state of the Southern System, demand and supply available on the remainder of the Utility system, and expectations of changing demand patterns. The Gas Control Department estimates the level of demand and the capability to transport supply from the Northern System or storage each day. The Utility System Operator will use all of its available transmission facilities to move gas from the Northern System to the Southern System. L

(Continued)

Rule No. 41 Sheet 3 N
UTILITY SYSTEM OPERATION N

(Continued)

(Continued)

UTILITY SYSTEM OPERATION

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

8. The Operational Hub will use the tools authorized by the Commission to support the Southern System minimum flow requirement, including the purchase/sale of spot gas supplies, and the issuance of "Requests For Offers" (RFOs) for proposals to enable the Utility to manage its minimum flow requirements to the Southern System delivery points (in accordance with Sections 9 and 10 below), and the movement of supplies between the Blythe and Otay Mesa Southern System delivery points. All purchases and sales of spot gas to support the minimum flow requirement will be made subject to Sections 11 and 12 below, and the movement of supplies between the Blythe and Otay Mesa Southern System delivery points will be made subject to Section 15 below. The initial daily quantity of needed supplies will be determined by the Gas Control Department based on the following formula: T

   Minimum Flowing Supply Requirement minus

   Best Available Scheduled Quantities Reflecting Customer Flows into the Southern System =

   Additional Supplies Needed by the Gas Control Department

   "Best Available Scheduled Quantities" are the last available scheduled quantities. The last available scheduled quantities will be adjusted by the Gas Control Department to account for revised customer nominations for a particular day if the last available scheduled quantities cannot be achieved on the day in question. On those days a lower number would be utilized to reflect expected deliveries. The same would apply if the Gas Control Department becomes aware of pipeline issues such as approaching maintenance or lack of upstream pipeline/supplier performance, in which case the last available scheduled quantities would be reduced to reflect the expected deliveries.

9. Whenever the Gas Control Department determines that additional supplies are needed for the Southern System, the Gas Control Department will promptly contact the Operational Hub for assistance. The Operational Hub will attempt to acquire needed supplies in accordance with Sections 9 through 19 below. T

(Continued)

UTILITY SYSTEM OPERATION

(Continued)

STRUCTURE, PROCEDURES, AND PROTOCOLS (Continued)

10. The Gas Control Department shall be physically separated from those departments engaging in marketing/sales activities, shall have no knowledge of or involvement in any marketing/sales activities, and shall be strictly concerned with the operation, safety, and integrity of the pipeline and storage system. The Operational Hub shall have no access to non-public customer-specific information other than the information it obtains through its own contracts, negotiations, and discussions with customers. The Gas Control Department may communicate with the Operational Hub to discuss changes to the Southern System minimum flow requirements, circumstances that might require the Operational Hub to obtain supplies, and options to ensure minimum flowing supplies requirements are met. Discussions may also take place with regard to short-term operational needs for flowing supplies to support system reliability elsewhere on the system that may arise to support operations and maintenance (O&M) activities, related pipeline integrity work, or to address a force majeure event such as a line breakage or failure. T

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES

11. The Utility shall issue an RFO at least annually for proposals enabling the Utility to manage its minimum flow requirements to the Southern System delivery points for system reliability. The Utility, at its sole discretion, may enter into transactions with one or more RFO respondents to provide the best value to the Utility's customers based upon the Utility's evaluation criteria. The RFO shall not be a binding offer by the Utility to enter into a contract for any product(s) or service(s). The Utility shall reserve the right to reject any or all offers submitted in response to the RFO. T

12. Any contract with an RFO respondent will be conditioned on the Utility obtaining the prior approval of the California Public Utilities Commission (CPUC) acceptable to the Utility. Respondent offers will be considered non-binding until a definitive agreement is reached between the respondent and the Utility, and the CPUC issues an order approving the definitive agreement memorializing the terms and conditions of the transaction between the respondent and the Utility. T

13. Except for transactions related to the Utility Gas Procurement Department's role as "provider of last resort" (addressed below in Section 12), any gas commodity purchases and sales between the Operational Hub and the Utility Gas Procurement Department or an affiliate of Sempra Energy will occur through an Independent Party, where the counterparties are not known until after the transaction is completed. "Independent Party" refers to gas trading exchanges such as the Intercontinental Exchange (ICE), gas brokers who have been instructed to provide no preference to Sempra affiliates or to the Utility Gas Procurement Department, or open auctions available to all qualified parties conducted by the Operational Hub, in which gas purchases or sales are made with counter-parties that are not known until after the transaction is completed. T

(Continued)

UTILITY SYSTEM OPERATION

(Continued)

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES (Continued)

14. The Utility Gas Procurement Department will act on a best-efforts basis to provide gas supplies based on the Operational Hub's request if called upon as a provider of last resort. "Provider of last resort" relates to the circumstance in which the Operational Hub has attempted to use all other available tools, has entered the open market for gas commodity purchases, has been unsuccessful in meeting its need to receive a required volume of flowing supplies at a specific location, and system reliability is therefore jeopardized. If the Operational Hub has exhausted its other options available to acquire the required flowing supplies, it will contact the Utility Gas Procurement Department and request that it provide gas to meet the remaining minimum flow requirement. Such requests will occur as soon as possible during the actual flow day. The Utility Gas Procurement Department will charge the Operational Hub the actual incremental costs incurred to provide the specific supplies. Verification that the Utility has followed this procedure will be included in the annual compliance report provided to the CPUC in conjunction with the Advice Letter addressed in Section 25 below. T

15. Standards and criteria for spot purchases or sales of gas commodity for which standards and criteria are not specified in CPUC-approved contracts shall be as follows: T

    a. Should it be necessary for the Operational Hub to purchase or sell spot supplies of gas in the day-ahead market, the Operational Hub shall be deemed to have made reasonable (1) spot purchases if the purchase price is less than or equal to 110% of the ICE Wtd Avg Index for the flow date for the relevant trading point and (2) spot sales if the sale price is greater than or equal to 90% of the ICE Wtd Avg Index for the flow date for the relevant trading point.

    b. Should it be necessary for the Operational Hub to purchase or sell spot supplies of gas in the intraday market, the Operational Hub shall be deemed to have made reasonable (1) spot purchases if the purchase price is less than or equal to 110% of the ICE High for the current flow date for the relevant trading point and (2) spot sales if the sale price is greater than or equal to 90% of the ICE Low for the current flow date for the relevant trading point.

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UTILITY SYSTEM OPERATION

(Continued)

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES (Continued)

16. Purchases or sales at prices that are outside the ranges specified in Section 13 (a) and (b) above shall nevertheless be deemed reasonable if the Operational Hub abides by the following procedure: When the Gas Control Department determines that spot purchases are necessary to meet minimum flow requirements, the Operational Hub shall monitor ICE and record the relevant price information, if available, for deliveries of gas at all relevant trading points. If volumes available on ICE meet or exceed the minimum flow requirements, transactions for the volumes offered through ICE shall be deemed reasonable. The Operational Hub may also post an offer/bid on ICE for volumes. When less than the required volumes are available on ICE, the Operational Hub shall contact gas suppliers (other than the Utility Gas Procurement Department or affiliates), request offers for the necessary supplies, and record their offers for gas delivered to the relevant trading points to ensure at least three offers from three different suppliers are available for comparison. The Operational Hub shall compare prices posted on ICE and, if applicable, prices quoted by its supplier contacts, and select the best prices available to meet the quantities required to meet minimum flow requirements. Verification that the Operational Hub has followed this procedure shall be provided to the CPUC in the Annual Compliance Report described in Section 25 below. T

17. When the Gas Control Department determines that deliveries at Otay Mesa are necessary to meet minimum flow requirements, such requirements may be satisfied either through spot purchases at Otay Mesa or through the movement of supplies from Blythe to Otay Mesa. Standards and criteria for spot purchases are set forth above. Should it be necessary for the Operational Hub to move supplies from Blythe to Otay Mesa, the movement shall be deemed to be reasonable if (1) the cost of moving the supplies is less than or equal to the difference between the ICE Wtd Avg Index for the Blythe and the cost of spot gas available for purchase at Otay Mesa for the relevant flow date, or (2) if sufficient spot supplies are not available for purchase at Otay Mesa for the relevant flow date, and the movement fills some or all of the shortfall between supplies needed at Otay Mesa and supplies available for purchase at Otay Mesa. T

18. Purchases and sales other than those described in Sections 14 and 15 above will not be deemed unreasonable but shall be subject to review and any requests for explanation by the CPUC Energy Division in conjunction with the Annual Compliance Report described in Section 25 below. T

19. Standards, criteria and procedures set forth in Sections 13, 14, 15 and 16 apply to Operational Hub's purchases and sales as of April 1, 2009. T

20. Should the Operational Hub deem it necessary or advisable to enter into baseload contracts for Southern System support at one or more of the Southern System receipt points, the Operational Hub shall be deemed to have made reasonable baseload purchases if: (1) the total cumulative baseload volumes at any time are less than or equal to 255,000 Dth/day; (2) the price is less than or equal to T

(Continued)

UTILITY SYSTEM OPERATION

(Continued)

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES (Continued)

20. (Continued) T

NGI's Bidweek average for "Southern Cal. Bdr. Avg." plus 8.2 cents/Dth for the relevant baseload month(s); (3) the term is for the December - March period, or any subset of that period; and (4) the baseload contracts can only be made for one season at a time and only within the nine month period directly preceding that season. The Operational Hub shall be deemed to have made reasonable sales of such baseload gas if: (1) for baseload sales, the sale price is greater than or equal to 90% of NGI's Bidweek average for "SoCal Citygate" for the relevant baseload month(s); and (2) for spot sales, the sale price is greater than or equal to 90% of the ICE Wtd Avg Index for the relevant trading point and trading period. This provision shall expire on March 31, 2016, unless extended by the Commission. SoCalGas may seek extension or modification of this provision by standard advice filing or application.

21. The Utility shall seek CPUC authority for any additional tools (other than system modifications that can be completed without an application under current rules) necessary to meet the Southern System minimum flow requirement through an application. Any contracts that are not obtained through an RFO process relating to already-approved tools (i.e., gas purchases, gas exchanges) will be submitted to the CPUC for approval by Advice Letter. Advice Letters seeking approval of the Operational Hub contractual arrangements shall identify the order in which contracts will be implemented to ensure system reliability and integrity at least cost. T

ACCOUNTING TREATMENT

22. The cost and revenues of Operational Hub transactions (e.g., natural gas purchases, sales, or exchanges resulting from approved contracts) that are necessary to meet minimum flow requirements shall be recorded in the System Reliability Memorandum Account (SRMA). Prospective changes to the types of the Operational Hub natural gas transactions ("tools") to meet minimum flow requirements shall be considered in conjunction with the annual Utility Customer Forum described below. T

UTILITY CUSTOMER FORUM

23. The Utility shall hold an annual Utility Customer Forum (the "Forum"), which shall be held around April - May. The Forum will provide an opportunity for the Utility to provide information on, and to address, the following matters with interested parties: T

    i. Review of the timing, method, formulas, and all inputs to formulas by which OFO events are triggered;
    ii. Review of requests for the Operational Hub to acquire additional supplies to meet minimum flow requirements;

(Continued)

UTILITY SYSTEM OPERATION

(Continued)

UTILITY CUSTOMER FORUM (Continued)

iii. Review of Operational Hub purchases/actions to meet minimum flow requirements and plans for the coming year by providing information regarding the individual transactions, including transactions executed pursuant to the Operational Hub contractual arrangements. Transaction-specific information shall identify price, volume, date, delivery/receipt points, and any special terms;
iv. Review the need for any additional minimum flow requirements on the Utility system beyond then-current defined requirements;
v. Review potential additional tools to support system operations and potential system improvements to reduce or eliminate the need for any minimum flowing supply requirements.
vi. Review of the priority rules set forth in Rule No. 30, Section D.3. in the 2012 Forum only.

24. To facilitate an informed discussion of the issues identified in Section 21 above, the Utility shall prepare an annual report (Report) of system reliability issues. The Report shall: (a) identify the need for new minimum flow requirements, (b) identify potential tools and/or infrastructure improvements that can be used to mitigate new or existing reliability problems (e.g. minimum flow requirements and OFOs), and (c) provide information on the matters identified in Section 21 (i) through (v) above. T

25. The Utility and participants in each Forum shall collaborate in good faith to develop a post-Forum report. Each post-Forum report shall summarize the matters discussed at the relevant Forum and shall identify any action items, tariff changes and/or procedural modifications that were found to be necessary by parties participating in the Forum. The post-Forum report shall include descriptions of the proposals presented by parties. If a party's proposal is rejected by the Utility, the post-Forum report shall provide the basis for the rejection of the proposal. If any party is dissatisfied with the description of its proposal set forth in the post-Forum report or with the Utility's basis for the rejection of the proposal, the Utility shall include that party's own description of its proposal and comments on the rejection of the proposal in an appendix to the post-Forum Report. T

CPUC REPORTING REQUIREMENTS

26. The Utility shall file each post-Forum report resulting from the Forum with the CPUC by Advice Letter no later than 60 days after conclusion of the relevant Forum. The Utility shall also submit any tariff changes proposed in the Forum and agreed-to by the Utility for the CPUC approval by Advice Letter no later than 60 days after conclusion of each Forum. T

(Continued)

UTILITY SYSTEM OPERATION

(Continued)

CPUC REPORTING REQUIREMENTS (Continued)

27. 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. T

TEMPORARY SETTLEMENT TERM

28. The Sections of this Rule italicized and followed by an asterisk (*) are temporary and will end upon the expiration of the term in the settlement approved by the Commission in D._____. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.

SOUTHERN CALIFORNIA GAS COMPANY Revised CAL. P.U.C. SHEET NO. 51643-G*
LOS ANGELES, CALIFORNIA CANCELING Revised CAL. P.U.C. SHEET NO. 51979-G
45342-G

Schedule No. G-IMB Sheet 1

TRANSPORTATION IMBALANCE SERVICE

DESCRIPTION OF SERVICE

The Utility System Operator will provide a Monthly Imbalance Service for individual customers including the Utility Gas Procurement Department, end-use customers, wholesale customers, marketers and aggregators (referred to herein as "customers") when their usage differs from their transportation deliveries to the Utility's system or their targeted sales gas quantities purchased and delivered by the Utility. In case of the Utility Gas Procurement Department, the Daily Forecast Quantity will be used as a proxy for daily usage and the calculation of imbalances.

The Monthly Imbalance Service provided hereunder has four components: Imbalance Trading, a no-charge Balancing Service, Standby Procurement, and Buy-Back. Under the Imbalance Trading Service, customers may locate other customers with offsetting imbalances and trade these quantities to avoid imbalance charges (Standby Procurement or Buy-Back). Imbalance Trading Service shall be facilitated either through Electronic Bulletin Board (EBB), as defined in Rule No. 1, or through the Imbalance Trading Form as described in Special Conditions 2 and 4 of this Schedule and in Rule No. 33. Balancing Service will be provided without charge if the cumulative imbalance at the end of the monthly imbalance trading period is within 10 percent of the customer's usage, in case of core aggregators their applicable Daily Contract Quantity, or in the case of the Utility Gas Procurement Department the applicable Daily Forecast Quantity, (Tolerance Band) for the billing period. Any remaining cumulative imbalance within the tolerance band will be carried forward. Remaining imbalance quantities outside the tolerance band at the end of the imbalance trading period will be subject to a Standby Procurement Charge or Buy-Back as described under Rates. D

APPLICABILITY

Applicable to core and noncore transportation service to customers.

TERRITORY

Applicable throughout the service territory.

RATES L

Imbalance quantities remaining at the end of the designated imbalance trading period and which are outside of the 10% tolerance band will be billed at the Standby Procurement Charge or purchased by the Utility at the Buy-Back Rate. Any Standby Procurement Charge or purchases at the Buy-Back Rate of core imbalances created by the Utility Gas Procurement Department will be managed within the Utility System Operator's Operational Hub Services. Such core imbalances will be disposed of, with the net revenues from the core imbalance charges flowing back through the Noncore Fixed Cost Account (NFCA). L

(Continued)

Schedule No. G-IMB Sheet 2
TRANSPORTATION IMBALANCE SERVICE

(Continued)

RATES (Continued)

Standby Procurement Charge

This charge is applied to customer's cumulative negative transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Standby Procurement Charge is posted at least one day in advance of each corresponding imbalance trading period for noncore/wholesale and core transport agents (CTAs). It is calculated at 150% of the highest daily border price index at the Southern California border beginning on the first day of the month that the imbalance is created to five days prior to the start of each corresponding imbalance trading period plus a Brokerage Fee of 0.266¢ per therm for noncore retail service and all wholesale service, and 0.160¢ per therm for core retail service. The highest daily border price index is an average of the highest prices from "NGI's Daily Gas Price Index – Southern California Border Average" and "ICE Daily Indices – SoCal Border."

Core Retail Service:
SP-CR Standby Rate, per therm
January 2016 .....39.997¢ D
February 2016 .....34.682¢
March 2016 .....TBD* T
Noncore Retail Service:
SP-NR Standby Rate, per therm
January 2016 .....40.103¢ D
February 2016 .....34.788¢
March 2016 .....TBD* T
Wholesale Service:
SP-W Standby Rate per therm
January 2016 .....40.103¢ D
February 2016 .....34.788¢
March 2016 .....TBD* T

*To be determined (TBD). Pursuant to Resolution G-3316, the Standby Charges will be filed by T
a separate advice letter at least one day prior to April 25. T

(Continued)

Schedule No. G-IMB Sheet 3

TRANSPORTATION IMBALANCE SERVICE

(Continued)

RATES (Continued)

Buy-Back Rate

This rate is applied to customer's cumulative positive transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Buy-Back Rate is established effective the last day of each month and will be the lower of 1) the lowest incremental cost of gas purchased by the Utility during the month the excess imbalance was incurred; or 2) 50% of the applicable Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP, during the month such excess imbalance was incurred.

Retail Service:

BR-R Buy-Back Rate, per therm

January 2016	13.591¢	D
February 2016	13.072¢	
March 2016	10.506¢	R

Wholesale Service:

BR-W Buy-Back Rate, per therm

January 2016	13.554¢	D
February 2016	13.035¢	
March 2016	10.477¢	R

If the incremental cost of gas is the basis for the Standby or Buy-Back Rates, the Utility will provide CPUC the necessary work papers for such cost. Such documentation will be provided under confidentiality pursuant to General Order 66-C and Section 583 of the Public Utilities Code.

Daily Balancing Standby Rates

When a Stage 5 Low Operational Flow Order (Low OFO) or Emergency Flow Order (EFO) is declared, quantities not in compliance with the daily imbalance tolerance are purchased at the daily balancing standby rate. The daily balancing standby rate shall be equal the InterContinental Exchange (ICE) Day-Ahead Index (including F&U and brokerage fee) for SoCal-Citygate, rounded up to the next whole dollar, for each day a Stage 5 Low OFO or EFO is issued. Authorized F&U will not be added to any daily balancing standby charge for the Utility Gas Procurement Department to the extent that it is collected elsewhere

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Schedule No. G-IMB Sheet 4

TRANSPORTATION IMBALANCE SERVICE

(Continued)

RATES (Continued)

Revision of Rates

The Standby Procurement Charge and the Buy-Back Rate shall be established effective the last day of each month. The Daily Balancing Standby Rate shall be established on ICE's Day Ahead Index.

SPECIAL CONDITIONS

1. Definitions of the principal terms used in this rate schedule are contained in Rule No. 1.

2. Imbalances of customers other than the Utility Gas Procurement Department or ESPs will be calculated by combining all of a customer's meters served under the same order control code, not by account or individual delivery point. The order control code is used by the Utility to group those facilities identified by the customer for determining the customer's imbalances. In the case of the Utility Gas Procurement Department the applicable Daily Forecast Quantity will be used. In the case of ESPs their applicable Daily Contract Quantity (DCQ) will be used.

3. Immediately each month when actual meter usage information becomes available, an adjustment to the Utility Gas Procurement Department's imbalance account will be made to account for any differences between actual consumption of the core customers and the Daily Forecast Quantity, company use and LUAF.

4. Immediately each month when actual meter usage information becomes available, an adjustment to the ESP's imbalance account will be made to account for any differences between actual consumption of the core customers and the DCQ.

5. Customers may not use imbalance trading to offset imbalances in excess of the daily imbalance tolerances applicable during an OFO or EFO event.

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Schedule No. G-IMB Sheet 5

TRANSPORTATION IMBALANCE SERVICE

(Continued)

SPECIAL CONDITIONS (Continued) L

6. Customers may trade their monthly imbalances with other customers. Customer's cumulative imbalances will be stated on the customer's monthly bill. The customer's bill will serve as notice of current imbalances. Beginning at 7:00 a.m., Pacific Clock Time (PCT), on the 25th calendar day in the month of notification, customers may enter EBB to trade imbalances with other customers. Customers within the tolerance band may trade any quantities so long as the 10% tolerance band is not exceeded. Customers outside the tolerance band may trade quantities up to a maximum of their excess imbalance (quantities outside of tolerance) plus the 10% tolerance band. The Utility will notify participants through EBB or other notice once the trade is validated. The trading period will end at 11:59 p.m. PCT on the last calendar day of the same month. During the month of February, the trading period begins at 7:00 a.m. PCT on the 23rd of the month and ends at 11:59 p.m. PCT on the last calendar day of the month. The trading periods are as follows:

January 25-31	May 25-31	September 25-30
February 23-28 (or 29)	June 25-30	October 25-31
March 25-31	July 25-31	November 25-30
April 25-30	August 25-31	December 25-31

7. Imbalance trades may be submitted through EBB or by facsimile using the Imbalance Trading Agreement Form (Form No. 6544) and must be received by the Utility by the close of the trading period.

   To submit an imbalance trade by facsimile, both parties must complete and send by facsimile a copy of the Imbalance Trading Agreement Form to the Utility. The Utility will then confirm the trade and adjust the participants' imbalance accounts. A processing charge of $13.73 will be charged by the Utility for each imbalance trade submitted by facsimile using the Imbalance Trading Agreement Form. No processing charge will apply to an EBB subscriber for imbalance trades submitted by facsimile at a time the EBB system is unavailable for use by the subscriber.

8. Customers may opt to participate in the EBB's interactive trading platform in which imbalance trading parties may buy and/or sell imbalance gas. Instructions are provided on the EBB website.

9. Customers may use their storage account(s) to offset their imbalances or to trade with other customers under the conditions set forth in their applicable storage service rate schedule for unbundled storage service, or in Rule No. 32 for Aggregators.

   A storage customer may trade positive imbalances, i.e., overdeliveries, into its storage account only if its storage inventory capacity is available during the month that the imbalance occurred and at the time the imbalance trade takes place. Similarly, a storage customer may trade negative imbalances, i.e., underdeliveries, using its storage account only if there is sufficient gas in storage in the account during the month that the imbalance occurred and at the time the imbalance trade takes place. L

(Continued)

Schedule No. G-IMB Sheet 6

TRANSPORTATION IMBALANCE SERVICE

(Continued)

SPECIAL CONDITIONS (Continued) L

10. After the imbalance trading period, the Standby Procurement Charge or Buy-Back Rate will be applied to all imbalance quantities in excess of the tolerance band. T,L L D

11. When in the judgment of the Utility Gas Control Department the latest scheduled quantities are in excess of system capacity, Buy-Back service hereunder shall be applied to daily periods as designated by the Utility in accordance with the provisions of Rule No. 30, Section F. Customers shall not be allowed to trade positive imbalances incurred during such daily periods. The Buy-Back Rate shall apply to all positive imbalances in excess of the ~~10%~~ tolerance ~~band~~ for each such period. The high OFO tolerance will be either 105% or 110%. The default will be 105%, but SoCalGas and SDG&E will have the ability to set the tolerance at 110% if, in SoCalGas' and SDG&E's sole discretion, operational circumstances allow. The high OFO tolerance is temporary and will return to 110% upon the expiration of the term in the settlement approved by the Commission in D._____. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016. Standby service shall be provided for the regular monthly balancing period and shall not be restricted to the excess nominations periods. T,L L L L T,L L

12. Under this schedule, the responsible customer will reimburse the Utility for any penalties or charges incurred by the Utility under an interstate or intrastate supplier arrangement when such penalties or charges occur as a direct result of the Utility's providing this imbalance service to customer.

13. If as the result of billing error, metering error, or transportation adjustments, customer trades an incorrect amount of imbalance quantities based on notification by the Utility, the Utility will not be liable for any financial losses or damages incurred by customer nor will the Utility be financially liable to any of the customer's imbalance trading partners. If as a result of such error, the Utility overbills customer, the Utility shall refund the difference. If the Utility underbills customer, the customer shall be liable for the undercharge including any associated penalty. The customer shall not be relieved of imbalance penalties when a subsequent billing adjustment is made by the Utility. For the purpose of determining imbalances and any applicable charges hereunder, the Utility will include subsequent billing adjustments for prior periods as part of the usage deemed to occur during the subsequent period unless the customer reimburses the Utility for the actual cost of gas incurred. Trades occurring in prior periods will not be affected by such billing adjustments. The Utility may issue a bill for Daily Balancing Standby Rate charges on a weekly or fortnightly basis upon customer or marketer request or if a customer or marketer delivers into the system less than 50 percent of its usage. Otherwise, Daily Balancing Standby Rate charges shall be included in the regular monthly bill. L T,L L L

14. The Utility Gas Procurement Department will be not be assessed any charges under this schedule that are a result of its obligation to maintain system reliability when called upon by the Utility System Operator to increase flowing supply when supply is insufficient to meet expected end-use demand or decrease scheduled deliveries when deliveries are expected to exceed end-use demand plus storage

SOUTHERN CALIFORNIA GAS COMPANY Revised CAL. P.U.C. SHEET NO. 51648-G*
LOS ANGELES, CALIFORNIA CANCELING Revised CAL. P.U.C. SHEET NO. 47880-G
43325-G

Schedule No. G-IMB Sheet 6

TRANSPORTATION IMBALANCE SERVICE

(Continued)

injection capacity.

15. From May XX, 2016 through July 1, 2016 the rate applicable to all positive imbalances subject to buy back will be two times the otherwise applicable Buy-Back Rate.

San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 18869-G
Canceling Revised Cal. P.U.C. Sheet No. 18841-G

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

This rule describes the general terms and conditions applicable whenever the Utility System Operator transports customer-owned gas, including wholesale customers, Utility Gas Procurement Department, other end–use customers, aggregators, marketers, and storage customers (referred to herein as "customers") gas over its system. Customers who wish to transport gas must sign the applicable agreements.

A. General

1. Subject to the terms, limitations and conditions of this rule and any applicable CPUC authorized tariff schedule, directive, or rule, the customer will deliver or cause to be delivered to the Utility and accept on redelivery quantities of gas which shall not exceed Utility's capability to receive or redeliver such quantities. Utility will accept such quantities of gas from the customer or its designee and redeliver to the customer on a reasonably concurrent basis an equivalent quantity, on a therm basis, to the quantity accepted.

2. The customer warrants to the Utility that the customer has the right to deliver the gas provided for in the customer's applicable service agreement or contract (hereinafter "service agreement") and that the gas is free from all liens and adverse claims of every kind. The customer will indemnify, defend and hold the Utility harmless against any costs and expenses on account of royalties, payments or other charges applicable before or upon delivery to the Utility of the gas under such service agreement.

3. Gas Specifications

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

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

B. Quantities

1. In-Kind Energy Charge and Uniform Deliveries T

   The in-kind charge for transmission fuel is referenced in SoCalGas Schedule No. G-BTS. T

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

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

B. Quantities (Continued)

2. The gas to be transported hereunder shall be delivered and redelivered as nearly as practicable as uniform hourly and daily rates of flow. Utility may refuse to accept fluctuations in excess of ten percent (10%) of the previous day's deliveries, from day to day, if in the Utility's opinion receipt of such gas would jeopardize other operations. Customers may make arrangements acceptable to the Utility to waive this requirement.

3. The Utility does not undertake to redeliver to the customer any of the identical gas accepted by the Utility for transportation, and all redelivery of gas to the customer will be accomplished by substation on a therm-for-therm basis.

4. Transportation customers, including Utility Gas Procurement Department, wholesale customers, contracted marketers, and Core Transport Agents will be provided monthly balancing services in accordance with the provisions of Schedule G-IMB. T,D

C. Electronic Bulletin Board

1. Utility prefers and encourages customers, including Utility Gas Procurement Department, to use Electronic Bulletin Board (EBB) as defined in Rule 1 to submit their transportation nominations to the Utility. Imbalance trades are to be submitted through EBB or by means of the Imbalance Trading Agreement Form (Form 6544). Use of the EBB is not mandatory for transportation only customers.

2. Transportation nominations may be submitted manually or through EBB. D

D. Operational Requirements

1. The customer must provide to the Utility the name(s) of its shipper(s) as well as any brokers or agents ("agent") used by the customer for delivery of gas to the Utility for transportation service hereunder and their authority to represent customer.

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

D. Operational Requirements (Continued)

2. Receipt Points

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

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

3. Backbone Transmission Capacity

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

- Nominations using Firm Primary backbone transmission rights will have first priority.
- Nominations using Firm Alternate backbone transmission rights within the associated transmission zone will have second priority; pro-rated if over-nominated.
- Nominations using Firm Alternate backbone transmission rights outside the associated transmission zone will have third priority; pro-rated if over-nominated. N
- Nominations using Interruptible backbone transmission rights will have fourth priority, pro-rated if over-nominated. N
- Firm Primary rights can "bump" Firm Alternate scheduled quantities through the Evening Cycle. T
- Firm Primary and Firm Alternate can "bump" interruptible access rights through the Intraday 2 Cycle.
- Bumping will not be allowed in the Intraday 3 Cycle. T

Scheduling of receipt point capacity will be pro rata within each scheduling cycle whenever the available capacity is less than the total backbone transmission nominations for each of the respective services and in the priority order established. . Notice to bumped parties will be provided via the Transactions module in EBB. Bumping in Intraday 1 and Intraday 2 is subject to the NAESB elapsed prorata rules. T

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-PROCURED GAS

D. Operational Requirements (Continued)

3. Backbone Transmission Capacity (Continued)

The Utility System Operator will accept scheduled volumes for each Receipt Point from the upstream interconnecting pipeline or operator to the maximum operating capacity of that individual point. The maximum operating capacity is defined as the facility design or contractual limitation to deliver gas into the Utility System Operator's system adjusted for operational constraints (i.e. maintenance, localized restrictions, upstream delivery pressures) as determined each day.

4. Storage Service Capacity

Each day, storage injection and withdrawal capacities will be set at their physical operating maximums under the operating conditions for that day and posted on the Utility System Operator's EBB. *Injection nominations will be held to the injection capacity specified in the Operational Flow Order calculation on the EBB in every flowing cycle regardless of OFO status.** The Utility System Operator will use the following rules to limit the nominations to the storage maximums.

- Nominations using Firm storage rights will have first priority, pro-rated to the available firm storage capacity.
- All other Nominations using Interruptible storage rights will have second priority, pro-rated if over-nominated based on the daily volumetric price paid.
- Firm storage rights can "bump" interruptible scheduled quantities through the Intraday 3 cycle.

Notice to the bumped parties will be provided via the Transactions module in EBB. Bumping is subject to the NAESB elapsed pro rata rules.

5. Off-System Delivery Service

For each flow date, the Utility System Operator will determine if interruptible capacity is available for off-system deliveries. Such service will use the available displacement of forward haul flowing supplies. For each nomination cycle, Utility customers who have contracted with the Utility for off-system delivery service may submit a nomination for such service pursuant to rate G-OSDI, as contained in SoCalGas Schedule G-OSD, for deliveries to PG&E Points. T

Scheduling of Off-System Delivery Services will be pro rata within each scheduling cycle whenever the available off-system capacity is less than the off-system confirmations.

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

D. Operational Requirements (Continued)

6. Nominations

The customer shall be responsible for submitting gas service nominations to the Utility System Operator no later than the deadlines specified below.

Each nomination shall include all information required by the Utility System Operator's nomination procedures. Nominations received by the Utility System Operator will be subject to the conditions specified in the service agreements with the Utility System Operator. The Utility System Operator may reject any nomination not conforming to the requirements in these rules or in applicable service agreements. The customers shall be responsible for making all corresponding upstream nomination/confirmation arrangements with the interconnecting pipeline(s) and/or operator(s).

Evening and Intraday nominations may be used to request an increase or decrease to scheduled volumes or a change to receipt or delivery points.

Intraday nominations do not roll from day to day.

Nominations submitted in any cycle will automatically roll to subsequent cycles for the specified flow date and from day-to-day through the end date or until the end date is modified by the nominating entity.

Nominations may be made in the following manner:

FROM	TO
Pipeline/CA Producer	Backbone Transportation Contract
Backbone Transportation Contract	End User, Contracted Marketer, CTA
Backbone Transportation Contract	Pool Account
Backbone Transportation Contract	Storage Account
Pool Account	End User, Contracted Marketer, ESP
Pool Account	Pool Account
Storage Account	End User, Contracted Marketer, ESP
Pool Account	Storage Account
Storage Account	Pool Account
Storage Account	Storage Account
Storage Account	Off-System Delivery Contract
Pool Account	Off-System Delivery Contract
Off-System Delivery Contract	Pipeline (PG&E)

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(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

D. Operational Requirements (Continued)

7. Timing

All times referred to below are in Pacific Clock Time. Requests for deadline extensions may be granted for 15 minutes only if request is made prior to the deadlines shown below.

Timely Cycle

Transportation nominations submitted via EBB for the Timely Nomination cycle must be received by the Utility System Operator by 11:00 a.m. one day prior to the flow date. T
Nominations submitted via fax must be received by the Utility System Operator by 10:00 T
a.m. one day prior to the flow date. Timely nominations will be effective at 7:00 a.m. on the flow date.

Evening Cycle

Nominations submitted via EBB for the Evening Nomination cycle must be received by the Utility System Operator by 4:00 p.m. one day prior to the flow date. Nominations submitted via fax must be received by the Utility System Operator by 3:00 p.m. one day prior to the flow date. Evening nominations will be effective at 7:00 a.m. on the flow date.

Intraday 1 Cycle

Nominations submitted via EBB for the Intraday 1 Nomination cycle must be received by the Utility System Operator by 8:00 a.m. on the flow date. Nominations submitted via fax must be received by the Utility System Operator by 7:00 a.m. on the flow date. Intraday 1 nominations will be effective at 12:00 p.m. the same day. T

Intraday 2 Cycle

Nominations submitted via EBB for the Intraday 2 Nomination cycle must be received by the Utility System Operator by 12:30 p.m. on the flow date. Nominations submitted via fax must T
be received by the Utility System Operator by 11:30 a.m.2:00 p.m. on the flow date. Intraday T
2 nominations will be effective at 4:00 p.m. the same day. T

Intraday 3 Cycle N

Nominations submitted via EBB for Intraday 3 Nomination cycle must be received by the Utility System Operator by 5:00 p.m. on the flow date. Nominations submitted via fax must be received by the Utility System Operator by 4:00 p.m. on the flow date. Intraday 3 nominations will be effective at 8:00 p.m. the same day N

Intraday 4 Cycle T

Nominations submitted via EBB for the Intraday 3 Nomination cycle must be received by the Utility System Operator by 9:00 p.m. Pacific Clock Time on the flow date. Nominations submitted via fax must be received by the Utility System Operator by 8:00 p.m. Pacific Clock Time on the flow date. D

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

D. Operational Requirements (Continued)

7. Timing (Continued)

Intraday 4 Cycle (Continued) T

Intraday 4 nominations are available only for firm nominations relating to the injection of existing flowing supplies into a storage account or for firm nominations relating to the withdrawal of gas in storage to meet an identified customer's usage. A customer may make Intraday 4 nominations from a third-party storage provider that is directly connected to the Utility System Operator's system or from the Utility System Operator's storage, subject to the storage provider or the Utility System Operator being able to deliver or accept the daily quantity nominated for Intraday 4 within the remaining hours of the flow day and the Utility System Operator's having the ability to deliver or accept the required hourly equivalent flow rate during the remaining hours of the flow day. Third-party storage providers will be treated on a comparable basis with the Utility System Operator's storage facilities to the extent that it can provide the equivalent service and operations. T T T

8. Confirmation and Ranking Process

A ranking must be received by the Utility System Operator at the time the nomination or the confirmation is submitted. The nominating party will rank its supplies and the confirming party will rank its markets. The Utility System Operator will then balance the pipeline system using the "lesser of" rule and the rankings submitted.

The ranking will automatically roll from cycle-to-cycle and day-to-day until the nomination end date, unless modified by the nominating entity.

If no ranking is submitted at the time the nomination is submitted, the Utility System Operator will assign the lowest ranking to the nomination.

The Utility System Operator will compare the nominations received for each transaction and the corresponding confirmation. If the two quantities do not agree, the "lesser of" the two quantities will be the quantity scheduled by the Utility System Operator. Subject to the Utility System Operator receiving notification of confirmed transportation from the applicable upstream pipeline(s) and/or operator(s), the Utility System Operator will provide scheduled quantities on EBB.

9. As between the customer and the Utility System Operator, the customer shall be deemed to be in control and possession of the gas to be delivered hereunder and responsible for any damage or injury caused thereby until the gas has been delivered at the point(s) of receipt. The Utility System Operator shall thereafter be deemed to be in control and possession of the gas after delivery to the Utility System Operator at the point(s) of receipt and shall be responsible for any damage or injury caused thereby until the same shall have been redelivered at the point(s) of delivery, unless the damage or injury has been caused by the quality of gas originally delivered to the Utility System Operator, for which the customer shall remain responsible.

(Continued)

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 – High Operational Flow Order T

1. The Utility Gas Control Department's protocol for declaring a High Operational Flow Order (High OFO) is described in SoCalGas Rule No. 41. Any High OFO shall apply to all customers, including wholesale customers and Utility Gas Procurement Department. T T

2. The High 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 High OFO. T T

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. ~~4.~~ In accordance with the provisions of Schedule G-IMB, Buy-Back service shall be applied separately to each High 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. T

5. If a Balancing Agent's High OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by 10,000 therms or less, Buy-Back service will not be applied. If the High OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by more

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

*than 10,000 therms, Buy-Back service will apply to the entire daily imbalance amount that exceeds the Balancing Agent's High OFO daily imbalance tolerance.**

~~4.~~ *6. Utility will have the discretion to waive High OFO Buy-Back Service for an electric generation customer under the terms specified in Section G.1.j.**

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

G. Low Operational Flow Orders and Emergency Flow Orders T

1. Low Operational Flow Order

a. The Utility System Operator's protocol for declaring a Low Operational Flow Order (Low OFO) is described in SoCalGas Rule No. 41. All Low OFO declarations will be identified by stage that will specify a Daily Imbalance Tolerance and Noncompliance Charge per the table below.

Stage	Daily Imbalance Tolerance	Noncompliance Charge ($/therm)
1	Up to -25%	0.025
2	Up to -20%	0.10
3	Up to -15%	0.50
4	Up to -5%	2.50
5	Up to -5%	2.50 plus Rate Schedule G-IMB daily balancing standby rate
EFO	Zero	5.00 plus Rate Schedule G-IMB daily balancing standby rate

b. The Low OFO shall apply to all customers financially responsible for managing and clearing transportation imbalances (Balancing Agents), including wholesale customers, Contracted Marketers, core aggregators, California Gas Producers and the Utility Gas Procurement Department.

c. The Low OFO period shall begin on the flow date(s) indicated by the Utility Gas Control Department. Generally, an initial Low OFO event will start at Stage 1; however a Low OFO event may begin at any stage, as deemed appropriate by the Utility Gas Control Department, with the corresponding noncompliance charge.

d. A Low OFO will normally be ordered with at least twelve (12) hour notice prior to the beginning of the gas day, or as necessary as dictated by operating conditions. Charges for the first day of the Low OFO event will not be imposed if notice is given after 6:00 p.m. Pacific Time the day prior to the start of the Low OFO event.at least two (2) hours prior to the Intraday 1 Cycle nomination deadline, or as necessary as dictated by operating conditions.

e. When a Low OFO is in effect, interruptible storage withdrawals are limited to one half of the capacity normally available for interruptible withdrawals. Interruptible storage withdrawal capacity is equal to withdrawal capacity minus confirmed firm storage withdrawal nominations minus withdrawal allocated to the balancing function. T

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G. Low Operational Flow Orders and Emergency Flow Orders (continued)

1. Low Operational Flow Order (continued) T

f. Low OFO and EFO compliance and charges will be based on the following for determination of daily usage quantities:

i. For a Noncore End-Use Customer equipped with an automated meter reading device (AMR) and SDG&E's Electric & Fuel Procurement Department, compliance during a Low OFO will be based on actual daily metered usage, and the calculation after the Low OFO event of any applicable noncompliance charges will be based on actual daily metered usage.

ii. For a Noncore End-Use Customer with non-functioning AMR, compliance during a Low OFO or EFO will be based on the Customer's actual daily metered usage; or the estimated daily usage in accordance with Section C of SDG&E Rule 17 will be substituted for the actual daily metered usage when it is not available.

iii. For a Noncore End-Use Customer without AMR, compliance during a Low OFO or EFO will be based on the Customer's Minimum Daily Quantity.

iv. For the Utility Gas Procurement Department, the Daily Forecast Quantity will be used as a proxy for daily usage.

v. For core aggregators, their Daily Contract Quantity will be used as a proxy for daily usage.

g. If a Balancing Agent's Low OFO daily gas imbalance exceeds the applicable daily imbalance tolerance by 10,000 therms or less, the Low OFO noncompliance charge will be zero. If the daily gas imbalance amount exceeds the daily imbalance tolerance by more than 10,000 therms, the Balancing Agent will be responsible for the full noncompliance charge; i.e., 10,000 therms will not be deducted from the daily gas imbalance that exceeds the daily imbalance tolerance. This exemption applies only to Low OFO noncompliance charges.

h. The daily measurement quantity used to calculate a noncompliance charge for each Low OFO event will be the daily quantity recorded as of the month-end close of the applicable month.

i. *Low OFO noncompliance charges for the gas flow day will be waived when the confirmation process limiting nominations to system capacity cuts previously scheduled BTS nominations during any of the Intraday 1-3 Cycles.** T

h. *Utility will have the discretion to waive OFO noncompliance charges for an electric generation customer who was dispatched after the Intraday 1 (Cycle 3) nomination deadline in response to (1) a Utility System Operator request to an Electric Grid Operator to reallocate dispatched electric generation load to help maintain gas system reliability and integrity, or (2) an Electric Grid Operator request to the Utility System Operator to help maintain electric system reliability and integrity that can be accommodated by the Utility System Operator at its sole discretion. For electric generators served by a contracted marketer, OFO noncompliance charges can be*

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

*waived under this section only to the extent the contracted marketer nominates their electric generation customer's gas to the electric generation customer's Order Control Code.**

2. Emergency Flow Order

   a. The Utility System Operator's protocol for declaring an Emergency Flow Order (EFO) is described in SoCalGas Rule No. 41.

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

G. Low Operational Flow Orders and Emergency Flow Orders (continued) T

2. Emergency Flow Order (continued)

b. During an EFO, Customer usage must be less than or equal to scheduled supply for a gas day. EFOs will have a zero percent tolerance and a noncompliance charge of $5.00 plus the Schedule G-IMB Daily Balancing Standby Rate for each therm of usage in excess of scheduled supply.

c. The EFO shall apply to all customers financially responsible for managing and clearing transportation imbalances (Balancing Agents), including wholesale customers, Contracted Marketers, core aggregators, California Gas Producers and the Utility Gas Procurement Department.

d. When an EFO is in effect, interruptible storage withdrawals are limited to one half of the capacity normally available for interruptible withdrawals. Interruptible storage withdrawal capacity is equal to withdrawal capacity minus confirmed firm storage withdrawal nominations minus withdrawal allocated to the balancing function.

e. Daily measurement quantities used to determine EFO compliance and charges are the same as those used to determine Low OFO compliance and charges.

f. The daily measurement quantity used to calculate the noncompliance charges for each EFO event will be the daily quantity recorded as of the month-end close of the applicable month.

3. Information regarding the System Sendout, Withdrawal Capacity and Net Withdrawals will be made available to customers on a daily basis via the EBB. T

4. If a wholesale customer so requests, the Utility System Operator will nominate firm storage withdrawal volumes on behalf of the customer to match 100% of actual usage assuming the customer has sufficient firm storage withdrawl and inventory rights to match the customer's supply and demand.

5. The Utility System Operator will accept intra-day nominations to increase deliveries.

6. In all cases, current rules for monthly balancing and monthly imbalance trading continue to apply. Quantities not in compliance with the Daily Imbalance Tolerance that are purchased at the daily balancing standby rate, are credited toward the monthly 90% delivery requirements. Daily balancing charges remain independent of monthly balancing charges. Noncore daily balancing and monthly balancing charges are booked to the SoCalGas Purchased Gas Account (PGA). Net revenues from core daily balancing and monthly balancing charges go to the SoCalGas Noncore Fixed Cost Account (NFCA). Schedule G-IMB provides details on monthly and daily balancing charges. T T

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(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

H. Accounting and Billing L

1. Customer and the Utility System Operator acknowledge that on any operating day during the customer's applicable term of transportation service, Utility System Operator may be redelivering quantities of gas to customer pursuant to other present or future service arrangements. On any operating day when utility is both selling to customer and transporting gas for customer's account, the parties agree that the total quantities of gas shall be accounted for in accordance with the then-existing Rule 14 or succeeding rule. If there is no conflict with Rule 14, the quantities of gas shall be accounted for in the following order:

   a. First, to satisfy any minimum quantities under existing agreements.

   b. Second, after complete satisfaction of (a) then to any supply/exchange service arrangements with the customer.

   c. Third, after the satisfaction of (a) and (b) then to any subsequently executed service agreement.

   d. All other accounts.

2. Customer agrees that it shall accept, and utility can rely upon for the purpose of accounting and billing, the allocation made by Customer's shipper as to the Quality and Quantity of Gas, expressed both in Mcf and Therms, delivered at each Point of Receipt hereunder during the preceding month for Customer's account. If the shipper does not make such an allocation, Customer agrees to accept the Quality and Quantity as determined by Utility System Operator for purposes of billing and accounting. All quality and measurement calculations are subject to subsequent adjustment as defined as provided in the Utility's tariff schedules or applicable CPUC rules and regulations. Any other billing correction or adjustment made by Customer or third party for any prior billing period shall be based on rates or costs in effect when the event occurred and accounted for in the billing period they are reconciled L
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(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

H. Accounting and Billing (continued) L

3. Utility shall render to customer an invoice for the transportation services hereunder showing the quantities of gas, expressed in therms, delivered to utility for customer's account, at each point of receipt and the quantities of gas, expressed in therms, redelivered by utility for customer's account at each point of delivery during the preceding billing period. Customer shall pay such amounts due hereunder upon presentation of the bill, and in accordance with the provisions of Rule 9. In order to match interstate pipeline allocated calendar month delivery to usage, noncore transportation-only gas customers will be billed on a calendar month basis. Core transportation-only customers will remain in their regular billing cycle, but will have their average daily usage projected to a calendar month amount for the purpose of matching interstate pipeline allocated calendar month delivery. The calendar month usage projection will be trued-up in the next month based on that month's actual average daily usage.

4. Each party hereto shall have, at its expense, the right at all reasonable times, to examine the books and records of the other party to the extent necessary to verify the accuracy of any statement, charge, computation, or demand made under or pursuant to the Contract. Each party agrees to keep records and books of account in accordance with generally accepted accounting principles and practices in the industry.

I. Gas Delivery Specifications

1. The natural gas delivered into the utility's system shall conform to the gas quality specifications as provided in any applicable agreements and contracts currently in place between the entity delivering such natural gas and the utility at the time of the delivery. If no such agreement is in place, the natural gas shall conform to the gas specifications as defined below.

2. Gas delivered into the utility's system for the account of a customer for which there is no existing contract between the delivering pipeline and the utility shall be at a pressure such that the gas can be integrated into the utility's system at the point(s) of receipt. L

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

I. Gas Delivery Specifications (Continued) L

3. Gas delivered, except as defined in H.1., shall conform to the following specifications at the time of delivery:

a. Heating Value: The minimum heating value is nine hundred and ninety (990) Btu (gross) per standard cubic feet on a dry basis. The maximum heating value is one thousand one hundred fifty (1150) Btu (gross) per standard cubic foot on a dry basis.

b. Moisture Content or Water Content: For gas delivered at or below a pressure of eight hundred (800) psig, the gas shall have a water content not in excess of seven (7) pounds per million standard cubic feet. For gas delivered at a pressure exceeding eight hundred (800) psig, the gas shall have a water dew point not exceeding 20 degrees F at delivery pressure.

c. Hydrogen Sulfide: The gas shall not contain more than twenty-five hundredths (0.25) of one (1) grain of hydrogen sulfide, measured as hydrogen sulfide, per one hundred (100) standard cubic feet (4 ppm). The gas shall not contain any entrained hydrogen sulfide treatment chemical (solvent) or its by-products in the gas steam

d. Mercaptan Sulfur: The gas shall not contain more than three tenths (0.3) grains of mercaptan sulfur, measured as sulfur, per hundred standard cubic feet (5 ppm).

e. Total Sulfur: The gas shall not contain more than seventy-five hundredths (0.75) of a grain of total sulfur compounds, measured as sulfur, per one hundred (100) standard cubic feet (12.6 ppm). This includes COS and CS_2, hydrogen sulfide, mercaptans and mono, di and poly sulfides.

f. Carbon Dioxide: The gas shall not have a total carbon dioxide content in excess of three percent (3%) by volume.

g. Oxygen: The gas shall not have an oxygen content in excess of two-tenths of one percent (0.2%) by volume, and customer will make every reasonable effort to keep the gas free of oxygen.

h. Inerts: The gas shall not contain in excess of four percent (4%) total inerts (the total combined carbon dioxide, nitrogen, oxygen and any other inert compound) by volume.

i. Hydrocarbons: For gas delivered at a pressure of 800 psig or below, the gas hydrocarbon dew point is not to exceed 45 degrees F at 400 psig or at the delivery pressure if the delivery pressure is below 400 psig. For gas delivered at a pressure above 800 psig the gas hydrocarbon dew point is not to exceed 20 degrees F measured at a pressure of 400 psig. L

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

I. Gas Delivery Specifications (Continued) L

j. Merchantability: The gas shall not contain dust, sand, dirt, gums, oils and other substances at levels that would be injurious to Utility facilities or that would cause gas to be unmarketable.

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

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

m. Interchangeability: The gas shall have a minimum Wobbe Number of 1279 and shall not have a maximum Wobbe Number greater than 1385. The gas shall meet American Gas Association's Lifting Index, Flashback Index and Yellow Tip Index interchangeability indicies for high methane gas relative to a typical composition of gas in the utility system serving the area. Acceptable specification ranges are:

* Lifting Index (I_L)
  $I_L \leq 1.06$
* Flashback Index (I_F)
  $I_F \leq 1.2$
* Yellow Tip Index (I_Y)
  $I_Y \geq 0.8$

n. Liquids: The gas shall contain no liquids at or immediately downstream of the receipt point.

4. The Utility, at its option, may refuse to accept any gas tendered for transportation by the customer or on his behalf if such gas does not meet the specifications at the time of delivery as set out in I.2 and I.3 and J.5, as applicable.

5. The Utility will grant other specific deviations to California production from the gas quality specifications defined in I.3 above, if such gas will not have a negative impact on system operations. Any such deviation will be required to be filed through an Advice Letter for approval prior to gas actually flowing into the Utility system.

7. The Utility will grant a deviation to existing interstate supplies consistent with prior gas quality specifications if requested by the interconnecting interstate pipeline or a period of not more than 12 months from the date of D.06-09-039.

8. The Utility will post on its EBB and/or general website information regarding the available real-time Wobbe Number of gas at identified operational locations on its system. L

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

J. Biomethane Delivery Specifications L

1. Biogas refers to untreated gas produced through the anaerobic digestion of organic waste material. Biomethane refers to biogas that has been treated to comply with this Rule No. 30.

2. Biomethane delivered, except as defined in Section I.1, must meet the gas quality specifications set out in Section I and the biomethane-specific specifications set out in this Section J. The terms and conditions contained in Section J apply solely to suppliers of biomethane and are incremental to Section I gas quality requirements.

3. Biomethane must not contain constituents at concentrations which would prevent or restrict the normal marketing of biomethane, be at levels that would be injurious to pipeline facilities, or be at levels that would present a health and/or safety hazard to Utility employees and/or the general public.

   a. Health Protective Constituents are constituents that may impact human health and include carcinogenic constituents ("Carcinogenic Constituents") and non-carcinogenic constituents ("Non-Carcinogenic Constituents").

   b. Pipeline Integrity Protective Constituents are constituents that may impact pipeline system integrity.

4. The party interconnected to the Utility pipeline system for purposes of delivering biomethane ("Biomethane Interconnector") shall be responsible for costs associated with periodic biomethane testing requirements contained in this Section J, but shall not be responsible for the Utility's discretionary biomethane testing or monitoring. L

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

J. Biomethane Delivery Specifications (continued) L

5. Biomethane Quality Specifications: Biomethane to be accepted and transported in the Utility pipeline system shall be subject to periodic testing and monitoring based on the biogas source. The Trigger Level is the level where additional periodic testing and analysis of the constituent is required. The Lower Action Level, where applicable, is used to screen biomethane during the initial biomethane quality review and as an ongoing screening level during the periodic testing. The Upper Action Level, where applicable, establishes the point at which the immediate shut-off of the biomethane supply occurs.

Constituent	**Trigger Level mg/m^3 (ppm$_v$)[i]**	**Lower Action Level mg/m^3 (ppm$_v$)**	**Upper Action Level mg/m^3 (ppm$_v$)**
Health Protective Constituent Levels			
	Carcinogenic Constituents		
Arsenic	0.019 (0.006)	0.19 (0.06)	0.48 (0.15)
p-Dichlorobenzenes	5.7 (0.95)	57 (9.5)	140 (24)
Ethylbenzene	26 (6.0)	260 (60)	650 (150)
n-Nitroso-di-n-propylamine	0.033 (0.006)	0.33 (0.06	0.81 (0.15)
Vinyl Chloride	0.84 (0.33)	8.4 (3.3)	21 (8.3)
	Non-Carcinogenic Constituents		
Antimony	0.60 (0.12)	6.0 (1.2)	30 (6.1)
Copper	0.060 (0.02)	0.6 (0.23)	3 (1.2)
Hydrogen Sulfide	30 (22)	300 (216)	1500 (1080)
Lead	0.075 (0.009)	0.75 (0.09)	3.8 (0.44)
Methacrolein	1.1 (0.37)	11 (3.7)	53 (18)
Toluene	904 (240)	9000 (2400)	45000 (12000)
Alkyl Thiols (mercaptans)	(12)	(120)	(610)
Pipeline Integrity Protective Constituent Levels[ii]			
Siloxanes	0.01 mg Si/m³	0.1 mg Si/m^3	-
Ammonia	0.001 vol%	-	-
Hydrogen	0.1 vol%	-	-
Mercury	0.08 mg/m³	-	-
Biologicals	4 x 10^4/scf (qPCR per APB, SRB, IOB[iii] group) and commercially free of bacteria of >0.2 microns	-	-

Notes: i) The first number in this table are in milligrams per cubic meter of air (mg/m^3), while the second number () is in parts per million by volume (ppm$_v$). ii) The Pipeline Integrity Protective Constituent Lower and Upper Action Limits not provided above will be established in the Commission's next AB1900 update proceeding. Until that time, Biomethane supplies that contain Pipeline Integrity Protective Constituents exceeding the Trigger Level, but lacking a Lower or Upper Action Level, will be analyzed and addressed on a case-by-case basis based on the biomethane's potential impact on pipeline system integrity. iii) APB – Acid producing Bacteria; SRB – Sulfate-reducing Bacteria; IOB – Iron-oxidizing Bacteria. L

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

J. Biomethane Delivery Specifications (Continued) L

6. Biomethane Constituent Testing shall be based on the biomethane source:

a. Biomethane from landfills shall be tested for all Health Protective Constituents and the Pipeline Integrity Protective Constituents.

b. Biomethane from dairies shall be tested for Ethylbenzene, Hydrogen Sulfide, n-Nitroso-di-n-propylamine, Mercaptans, Toluene, and the Pipeline Integrity Protective Constituents.

c. Other organic waste sources, including biomethane from publicly owned treatment works (i.e., water treatment and sewage treatment plants) shall be tested for p-Dichlorobenzene, Ethylbenzene, Hydrogen Sulfide, Mercaptans, Toluene, Vinyl Chloride, and the Pipeline Integrity Protective Constituents.

7. Collective Health Risk

a. Group 1 Compounds are Constituents with a concentration below the test detection level or below the Trigger Level.

b. Group 2 Compounds are Constituents with a concentration at or above the Trigger Level.

c. For health protective Group 2 Compounds, the collective cancer and non-cancer risk from Carcinogenic and Non-carcinogenic Constituents must be calculated by summing the Group 2 Compounds' risk.

i. Cancer Risk: The potential cancer risk for Group 2 Compounds can be estimated by summing the individual potential cancer risk for each carcinogenic constituent of concern. Specifically, the cancer risk can be calculated using the ratio of the concentration of the constituent in the biomethane to the health protective ("trigger") concentration value corresponding to one in a million cancer risk for that specific constituent and then summing the risk for all the Group 2 Compounds. (For reference, see CARB/OEHHA Report submitted in R.13-02-008, p. 67.)

ii. Cancer Risk: The potential cancer risk for Group 2 Compounds can be estimated by summing the individual potential cancer risk for each carcinogenic constituent of concern. Specifically, the cancer risk can be calculated using the ratio of the concentration of the constituent in the biomethane to the health protective ("trigger") concentration value corresponding to one in a million cancer risk for that specific constituent and then summing the risk for all the Group 2 Compounds. (For reference, see CARB/OEHHA Report submitted in R.13-02-008, p. 67.) L

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

J. Biomethane Delivery Specifications (Continued) L

7. Collective Health Risk (continued)

Collective Risk from Carcinogenic and non-Carcinogenic Constituents			
Risk Management Levels	**Potential Risk from Carcinogenic Constituents (chances in a million)**	**Hazard Index from Non-Carcinogenic Constituents**	**Action**
Trigger Level[1]	≥ 1.0	≥ 0.1	Periodic Testing Required
Lower Action Level[2]	≥ 10.0	≥ 1.0	Supply shut-in after three exceedances in 12-month period in which deliveries occur
Upper Action Level	≥ 25.0	≥ 5.0	Immediate supply shut-in

[1] For any Health Protective Constituent.
[2] Sum of the Health Protective Constituents exceeding the trigger level.

8. Biomethane Pre-Interconnection Testing:

a. Prior to the injection of biomethane, the Biomethane Interconnector shall conduct two tests over a two- to four-week period for the constituents identified for that biomethane source (see Section J.6).

b. Pre-interconnection testing will be performed by Biomethane Interconnect using independent certified third party laboratories (Environmental Laboratory Accreditation Program (ELAP) certified, where applicable). The Utility shall be notified of the biomethane sampling and tests and have the option to observe the samples being taken. Test results will be shared with the Utility within five calendar days of the test results being received by the Biomethane Interconnector.

c. During pre-injection testing the Biomethane's collective potential cancer risk and non-cancer risk is calculated by summing the individual risk for each health protective Group 2 Compound. If the collective potential cancer risk or non-cancer risk is at or above the Lower Action Level (the cancer risk Lower Action Level is > 10 in a million and the non-cancer risk Lower Action Level is a Hazard Index of >1), the biomethane cannot be accepted or transported by the Utility's pipeline system. The Biomethane Interconnector shall make necessary modifications to lower the collective potential cancer risk or non-cancer risk below the Lower Action Level and restart pre-injection testing. If the Health Protective Constituents are found to be below the Trigger Level or the collective cancer or non-cancer risk from the Health Protective Group 2 Compounds is below the Lower Action Level in both pre-injection tests, then the biomethane may be injected subject to compliance with the periodic testing requirements specified below. L

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

J. Biomethane Delivery Specifications (continued) L

8. Biomethane Pre-Interconnection Testing: (continued)

d. If during the pre-injection testing, any Pipeline Integrity Protective Constituents are found to be above the Lower Action Level, if applicable, the biomethane cannot be accepted or transported by the Utility's pipeline system. The Biomethane Interconnector shall make necessary modifications to lower the Pipeline Integrity Protective Constituents below the Lower Action Level and restart pre-injection testing. If the Pipeline Integrity Protective Constituents are found to be below the Trigger Level in both pre-injection tests, then the biomethane may be injected subject to compliance with the periodic testing requirements specified below.

9. Biomethane Periodic Testing:

a. Group 1 Compound Testing

i. A Group 1 Compound shall be tested once every 12-month period in which deliveries occur. Thereafter, if the Group 1 Compound is found below the Trigger Level during two consecutive annual periodic tests, the Group 1 Compound may be tested once every two year-period in which deliveries occur.

ii. A Group 1 Compound will become a Group 2 Compound if testing indicates a concentration at or above the Trigger Level.

b. Group 2 Compound Testing

i. A Group 2 Compound shall be tested quarterly (at least once every three-month period in which deliveries occur).

ii. A Group 2 Compound will become a Group 1 Compound if testing indicates a concentration below the Trigger Level during four consecutive tests.

c. Collective Risk from Carcinogenic and Non-carcinogenic Constituents:

i. If four consecutive quarterly tests demonstrate that the Health Protective Group 2 Compound's collective cancer and non-cancer risk is below the Lower Action Level, monitoring can be reduced to once every 12-month period in which deliveries occur.

ii. If annual testing demonstrates that the Health Protective Group 2 Compound's collective cancer or non-cancer risk is at or above the Lower Action Level, then testing will revert to quarterly. L

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

J. Biomethane Delivery Specifications (Continued)

10. Biomethane Shut-Off and Restart Procedures: The Biomethane Interconnector may be shut-off when the following occurs:

a. The CPUC determines that a change in the biogas source at the facility or the upgrading equipment will potentially increase the level of any constituent over the previously measured baseline levels.

b. Testing indicates constituents are exceeding allowable concentration levels:

i. The collective cancer or non-cancer risk from Health Protective Group 2 Compounds is found at or above the Lower Action Level three times in a 12-month period in which deliveries occur.

ii. The collective cancer or non-cancer risk from Health Protective Group 2 Compounds is found at or above the Upper Action Level.

iii. If applicable, a Pipeline Integrity Protective Constituent is found at or above the Lower Action Level three times in a 12-month period in which deliveries occur.

iv. The biomethane contains constituents at concentrations which prevent or restrict the normal marketing of biomethane, are at levels that are injurious to pipeline facilities, or are at levels that present a health and/or safety hazard to Utility employees and/or the general public.

c. In order to restart injection after a Biomethane Interconnector has been shut-off, the Biomethane Interconnector shall test the biomethane using independent certified third party laboratories (ELAP certified where applicable). Deliveries can then resume, subject to the periodic testing requirements in Section J.9, if the test indicates: (1) the biomethane complies with the gas quality specifications contained in Section I of this Rule; (2) the collective cancer and non-cancer risk of Health Protective Group 2 Compounds is below the Lower Action Level; and, if applicable, (3) the Pipeline Integrity Protective Constituents are below the Lower Action Level. Thereafter, constituents shall be reevaluated by the Utility for eligibility for less frequent testing.

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(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

J. Biomethane Delivery Specifications (Continued)

11. Testing Procedures: The Utility shall collect samples at the receipt point utility meter. The Biomethane Interconnector shall collect samples upstream of the utility meter. Samples will be analyzed by independent certified third party laboratories (ELAP certified where applicable). Testing for Health Protective Constituents shall be by the methods specified in Table V-4 of CARB/OEHHA Report submitted in R.13-02-008 and adopted in D.14-01-034. Testing for Pipeline Integrity Protective Constituents shall be by the methods approved in D.14-01-034. Retesting shall be allowed to verify and validate the results. The cost of retesting shall be borne by the entity requesting the retest.

12. Continuous Monitoring of Upgrading Process Integrity: Absent an Agreement otherwise, the Biomethane Interconnector's compliance with the Utility's continuously monitored Section I gas quality specifications shall be used as an indicator that the upgrading system is effectively conditioning and upgrading the biomethane. If the indicator(s) used to continuously monitor biomethane constituent levels indicates the biomethane has not been sufficiently conditioned and upgraded, the Utility may accelerate the biomethane periodic testing schedule and initiate testing. Accelerated periodic testing shall count toward the recommended periodic testing requirements described in Section J.9.

13. Recordkeeping and Reporting Requirements will be as prescribed in Commission D.14-01-034 and as specified in the CARB/OEHHA Report submitted in R.13-02-008.

14. Prohibition of Biomethane from Hazardous Waste Landfills: Hazardous waste landfills ("Hazardous Waste Landfills") include all contiguous land and structures, and other appurtenances and improvements, on the land used for the treatment, transfer, storage, resource recovery, disposal, or recycling of hazardous waste. The facility may consist of one or more treatment, transfer, storage, resource recovery, disposal, or recycling hazardous waste management units, or combinations of these units. Biomethane from Hazardous Waste Landfills, including landfills permitted by the Department of Toxic Substances Control, will not be purchased, accepted or transported. Before a Biomethane Interconnector can interconnect with the Utility's system, the Biomethane Interconnector must demonstrate and certify to the Utility's satisfaction that the biogas was not collected from a Hazardous Waste Landfill.

15. The biomethane rules in this section are intended to implement D.14-01-034, including rules regarding constituent concentration standards, monitoring and testing requirements, and reporting and recordkeeping requirements

(Continued)

RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS N

K. Termination or Modification L

1. If the customer breaches any terms and conditions of service of the customer's service agreement or the applicable tariff schedules and does not correct the situation within thirty (30) days of notice, the Utility shall have the right to cease service and immediately terminate the customer's applicable service agreement.

2. If the contract is terminated, either party has the right to collect any quantities of gas or money due them for transportation service provided prior to the termination.

L. Regulatory Requirements

1. Any gas transported by the Utility System Operator for the customer which was first transported outside the State of California shall have first been authorized under Federal Energy Regulatory Commission (FERC) regulations as amended. Both parties recognize that such regulations only apply to pipelines subject to FERC jurisdiction, and do not apply to the utility. The customer shall not take any action which could subject the utility to the jurisdiction of the FERC, the Economic Regulatory Administration or any succeeding agency. Any such action shall be cause for immediate termination of the Contract.

2. Transportation service shall not begin until both parties have received and accepted any and all regulatory authorizations necessary for such service.

M. Warranty and Indemnification

1. The customer warrants to the Utility System Operator that the customer has the right to deliver gas hereunder and that such gas is free from all liens and adverse claims of every kind. Customer will indemnify, defend and save Utility harmless against all loss, damage, injury, liability and expense of any character where such loss, damage, injury, liability or expense arises directly or indirectly out of any demand, claim, action, cause of action or suit brought by any person, association or entity asserting ownership of or any interest in the gas tendered for transportation hereunder, or on account of royalties, payments or other charges applicable before or upon delivery of gas hereunder.

2. The customer shall indemnify, defend and save harmless Utility, its officers, agents, and employees from and against any and all loss, costs (including reasonable attorneys' fees), damage, injury, liability, and claims for injury or death of persons (including any employee of the customer or the Utility), or for loss or damage to property (including the property of the customer or the Utility), which occurs or is based upon an act or acts which occur while the gas is deemed to be in the customer's control and possession or which results directly or indirectly from the customer's performance of its obligations arising pursuant to the provisions of its service agreement and the Utility's applicable tariff schedules, or occurs based on the customer-owned gas not meeting the specifications of Sections I or J of this rule L

N. Temporary Term

1. The Sections of this Rule italicized and followed by an asterisk (*) are temporary and will end upon the expiration of the term in the settlement approved by the Commission in D. _____. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016.

San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 21294-G
Canceling Revised Cal. P.U.C. Sheet No. 17917-G

SCHEDULE G-IMB

TRANSPORTATION IMBALANCE SERVICE

DESCRIPTION OF SERVICE

Utility System Operator will provide a Monthly Imbalance Service for individual customers including Utility Gas Procurement Department, end-use customers, wholesale customers, marketers and aggregators (referred to herein as "customers") when their usage differs from their transportation deliveries to the Utility System Operator's system or their targeted sales gas quantities purchased and delivered by Utility. In case of Utility Gas Procurement Department, the Daily Forecast Quantity will be used as a proxy for daily usage and the calculation of imbalances.

The Monthly Imbalance Service provided hereunder has four components: Imbalance Trading, a no-charge Balancing Service, Standby Procurement, and Buy-Back. Under the Imbalance Trading Service, customers may locate other customers with offsetting imbalances and trade these quantities to avoid imbalance charges (Standby Procurement or Buy-Back). Imbalance Trading Service shall be facilitated either through Electronic Bulletin Board (EBB), as defined in Rule No. 1, or through the Imbalance Trading Form as described in Special Conditions 2 and 4 of this Schedule and in SoCalGas' Rule No. 33. Balancing Service will be provided without charge if the cumulative imbalance at the end of the monthly imbalance trading period is within 10 percent of the customer's usage, in case of core aggregators their applicable Daily Contract Quantity, or in the case of Utility Gas Procurement Department the applicable Daily Forecast Quantity, (Tolerance Band) for the billing period. Any remaining cumulative imbalance within the tolerance band will be carried forward. Remaining imbalance quantities outside the tolerance band at the end of the imbalance trading period will be subject to a Standby Procurement Charge or Buy-Back as described under Rates. D

APPLICABILITY

Applicable to core and noncore transportation service to customers.

TERRITORY

Applicable throughout the service territory.

(Continued)

San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 21765-G
Canceling Revised Cal. P.U.C. Sheet No. 21732-G

Sheet 2

SCHEDULE G-IMB

TRANSPORTATION IMBALANCE SERVICE

RATES

Imbalance quantities remaining at the end of the designated imbalance trading period and which are outside of the 10% tolerance band will be billed at the Standby Procurement Charge or purchased by Utility at the Buy-Back Rate. Any Standby Procurement Charge or purchases at the Buy-Back Rate of core imbalances created by the Utility Gas Procurement Department will be managed within the Utility System Operator's Operational Hub Services. Such core imbalances will be disposed of with the net revenues from the core imbalance charges flowing back through the SoCalGas Noncore Fixed Cost Account (NFCA).

Standby Procurement Charge

This charge is applied to customer's cumulative negative transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Standby Procurement Charge is posted at least one day in advance of each corresponding imbalance trading period for noncore/wholesale and core transport agents (CTAs). It is calculated at 150% of the highest daily border price index at the Southern California Border beginning on the first day of the month that the imbalance is created to five days prior to the start of each corresponding imbalance trading period, plus the authorized Brokerage Fee of 0.151¢ per therm for noncore retail service and all wholesale service, and 0.151¢ per therm for core retail service. The highest daily border price index is an average of the highest prices from "NGI's Daily Gas Price Index Southern California Border Average" and "ICE Daily Indices – SoCal Border".

Core Retail Service:

SP-CR Standby Rate, per therm

February 2016	$/therm	0.34683	D
March 2016	$/therm	0.27628	R

Noncore Retail Service:

SP-NR Standby Rate, per therm

February 2016	$/therm	0.34683	D
March 2016	$/therm	0.27628	R

(Continued)

San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 21736-G
Canceling Revised Cal. P.U.C. Sheet No. 21699-G

SCHEDULE G-IMB

TRANSPORTATION IMBALANCE SERVICE

RATES (Continued)

Buy-Back Rate

This rate is applied to customer's cumulative positive transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Buy-Back Rate is established effective the last day of each month and will be the lower of 1) the lowest incremental cost of gas purchased by Utility during the month the excess imbalance was incurred; or 2) 50% of the applicable Adjusted Core Procurement Charge, G-CPA, set forth in SoCalGas Schedule No. G-CP, during the month such excess imbalance was incurred.

Retail Service:

BR-R Buy-Back Rate, per therm

January 2016	$/therm	0.13601	D
February 2016	$/therm	0.13081	
March 2016	$/therm	0.10513	R

If the incremental cost of gas is the basis for the Standby or Buy-Back Rates, Utility will provide CPUC the necessary work papers for such cost. Such documentation will be provided under confidentiality pursuant to General Order 66-C and Section 583 of the Public Utilities Code.

Daily Balancing Standby Rates

When a Stage 5 Low Operational Flow Order (Low OFO) or Emergency Flow Order (EFO), pursuant to the conditions set forth in SoCalGas Rule 41, is declared, quantities not in compliance with the daily imbalance tolerance are purchased at the daily balancing standby rate. The daily balancing standby rate shall be equal to the InterContinental Exchange (ICE) Day-Ahead Index (including F&U and brokerage fee) for SoCal-City gate, rounded up to the next dollar, for each day a Stage 5 Low OFO or EFO is issued. Authorized F&U will not be added to any daily balancing standby charge for the Utility Gas Procurement Department to the extent that it is collected elsewhere.

(Continued)

SCHEDULE G-IMB

TRANSPORTATION IMBALANCE SERVICE

RATES (Continued) D L

Revision of Rates

The Standby Procurement Charge and the Buy-Back Rate shall be established effective the last day of each month. The Daily Balancing Standby Rate shall be established on ICE's Day-Ahead Index. T

SPECIAL CONDITIONS

1. Definitions of the principal terms used in this rate schedule are contained in Rule No. 1.

2. Imbalances of customers other than Utility Gas Procurement Department or ESPs will be calculated by combining all of a customer's meters served under the same order control code, not by account or individual delivery point. The order control code is used by Utility to group those facilities identified by the customer for determining the customer's imbalances. In the case of Utility Gas Procurement Department the applicable Daily Forecast Quantity will be used. In the case of ESPs their applicable Daily Contract Quantity (DCQ) will be used

3. Immediately each month when actual meter usage information becomes available, an adjustment to the Utility Gas Procurement Department's imbalance account will be made to account for any differences between actual consumption of the core customers and the Daily Forecast Quantity, company use and LUAF.

4. Immediately each month when actual meter usage information becomes available, an adjustment to the ESP's imbalance account will be made to account for any differences between actual consumption of the core customers and the DCQ.

5. Customers may not use imbalance trading to offset imbalances in excess of the daily imbalance tolerance applicable during an OFO or EFO even. T T

6. Customers may trade their monthly imbalances with other customers. Customer's cumulative imbalances will be stated on the customer's monthly bill. The customer's bill will serve as notice of current imbalances. Beginning at 7:00 a.m., Pacific Clock Time (PCT), on the 25th calendar day in the month of notification, customers may enter EBB to trade imbalances with other customers. Customers within the tolerance band may trade any quantities so long as the 10% tolerance band is not exceeded. Customers outside the tolerance band may trade quantities up to a maximum of their excess imbalance (quantities outside of tolerance) plus the 10% tolerance band. Utility will notify participants through EBB or other notice once the trade is validated. The trading period will end at 11:59 p.m. PCT on the last calendar day of the same month. During the month of February, the trading period begins at 7:00 a.m. PCT on the 23rd of the month and ends at 11:59 p.m. PCT on the last calendar day of the month. The trading periods are as follows:

January 25-31	May 25-31	September 25-30
February 23-28 (or 29)	June 25-30	October 25-31
March 25-31	July 25-31	November 25-31
April 25-30	August 25-31	December 25-31

L

(Continued)

SCHEDULE G-IMB

TRANSPORTATION IMBALANCE SERVICE

SPECIAL CONDITIONS (Continued) L

7. Imbalance trades may be submitted through EBB or by facsimile using the Imbalance Trading Agreement Form (Form No. 6544) and must be received by the Utility System Operator by the close of the trading period.

   To submit an imbalance trade by facsimile, both parties must complete and send by facsimile a copy of the Imbalance Trading Agreement Form to the Utility System Operator. The Utility System Operator will then confirm the trade and adjust the participants' imbalance accounts. A processing charge of $13.73 will be charged by the Utility for each imbalance trade submitted by facsimile using the Imbalance Trading Agreement Form. No processing charge will apply to an EBB subscriber for imbalance trades submitted by facsimile at a time the EBB system is unavailable for use by the subscriber.

8. Customers may opt to participate in the EBB's interactive trading platform in which imbalance trading parties may buy and/or sell imbalance gas. Instructions are provided on the EBB website.

9. Customers may use their storage account(s) to offset their imbalances or to trade with other customers under the conditions set forth in their applicable storage service rate schedule for unbundled storage service, or in Rule No. 32 for Aggregators.

   A storage customer may trade positive imbalances, i.e., over-deliveries, into its storage account only if its storage inventory capacity is available during the month that the imbalance occurred and at the time the imbalance trade takes place. Similarly, a storage customer may trade negative imbalances, i.e., under deliveries, using its storage account only if there is sufficient gas in storage in the account during the month that the imbalance occurred and at the time the imbalance trade takes place.

10. After the imbalance trading period, the Standby Procurement Charge or Buy-Back Rate will be applied to all imbalance quantities in excess of the tolerance band. D T

11. When in the judgment of the Utility Gas Control Department, the latest scheduled quantities (confirmed nominations from the Timely Cycle for the Evening Cycle) are in excess of system capacity, Buy-Back service hereunder shall be applied to daily periods as designated by the Utility in accordance with the provisions of Rule No. 30, Section F. Customers shall not be allowed to trade positive imbalances incurred during such daily periods. The Buy-Back Rate shall apply to all positive imbalances in excess of the ~~10%~~ tolerance ~~band~~ for each such period. The high OFO tolerance will be either 105% or 110%. The default will be 105%, but Utility will have the ability to set the tolerance at 110% if, in Utilities sole discretion, operational circumstances allow. The high OFO tolerance is temporary and will return to 110% upon the expiration of the term in the settlement approved by the Commission in D. _____. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016. Standby service shall be provided for the regular monthly balancing period and shall not be restricted to the excess nominations periods. T T L

12. Under this schedule, the responsible customer will reimburse the Utility for any penalties or charges incurred by the Utility under an interstate or intrastate supplier arrangement when such penalties or charges occur as a direct result of Utility' System Operator providing this imbalance service to customer

(Continued)

SCHEDULE G-IMB

TRANSPORTATION IMBALANCE SERVICE

SPECIAL CONDITIONS (Continued) L

13. If as the result of billing error, metering error, or transportation adjustments, customer trades an incorrect amount of imbalance quantities based on notification by Utility, Utility will not be liable for any financial losses or damages incurred by customer nor will Utility be financially liable to any of the customer's imbalance trading partners. If as a result of such error, Utility overbills customer, Utility shall refund the difference. If Utility underbills customer, the customer shall be liable for the undercharge including any associated penalty. The customer shall not be relieved of imbalance penalties when a subsequent billing adjustment is made by Utility. For the purpose of determining imbalances and any applicable charges hereunder, Utility will include subsequent billing adjustments for prior periods as part of the usage deemed to occur during the subsequent period unless the customer reimburses the Utility for the actual cost of gas incurred. Trades occurring in prior periods will not be affected by such billing adjustments. Utility may issue a bill for Daily Balancing Standby Rate charges on a weekly or fortnightly basis upon customer or marketer request or if a customer or marketer delivers into the system less than 50 percent of its usage. Otherwise, Daily Balancing Standby Rate charges shall be included in the regular monthly bill. T

14. The Utility Gas Procurement Department will be not be assessed any charges under this schedule that are a result of its obligation to maintain system reliability when called upon by Utility System Operator to increase flowing supply when supply is insufficient to meet expected end-use demand or decrease scheduled deliveries when deliveries are expected to exceed end-use demand plus storage injection capacity. T L

(Continued)

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 1
CORE FIXED COST ACCOUNT (CFCA)

1. Purpose

The CFCA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin, (excluding the transmission revenue requirements and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below, including funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168, and storage costs associated with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current rates, allocated to the core market with revenues intended to recover these costs. Pursuant to Advice No. 3963, SoCalGas establishes a separate subaccount in the CFCA to track authorized funding by the CPUC and related funds actually used in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program.

In accordance with Advice No. 4177-A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the CFCA will be credited for the core's allocation of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.

In accordance with Advice No. 4772 filed pursuant to D.13-05-010, the CFCA will be debited for the core's allocation of the revenue requirement adjustments to comply with the normalization requirements of Internal Revenue Code Section 168(i)(9), as interpreted by the Internal Revenue Service in Private Letter Ruling (PLR) 136851-14. These revenue requirement adjustments are associated with SoCalGas' net operating loss carry-forward amounts that should have been used to reduce SoCalGas' accumulated deferred income tax liability balance in determining SoCalGas' authorized rate base in connection with SoCalGas' 2012 General Rate Case. N

2. Applicability

The CFCA shall apply to all core gas customers.

3. Rates

The projected year-end CFCA balance will be applied to core gas transportation rates.

4. Accounting Procedures

SoCalGas shall maintain the CFCA by recording entries at the end of each month, net of FF&U, as follows:

a. A debit entry equal to seasonalized monthly amount of the authorized margin;
b. A one-time debit entry equal to the adjustment to the adopted revenue requirements for Test Year 2012 and Attrition Years 2013 through 2014 to comply with the normalization requirements pursuant to PLR 136851-14; N N L

(Continued)

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2
CORE FIXED COST ACCOUNT (CFCA)

(Continued)

4. Accounting Procedures (Continued)

c. A debit entry equal to the adjustment to the adopted revenue requirements for Attrition Year 2015, prorated on a seasonalized basis during the year, to comply with the normalization requirements pursuant to PLR 136851-14; N | N
d. A debit entry equal to the recorded cost of the core portion of company-use fuel (excluding transmission and load balancing company-use fuel); T, L
e. A debit entry equal to the recorded cost for the core portion of unaccounted for gas; |
f. A debit entry equal to the recorded cost for the core portion of well incidents and surface leaks; |
g. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program; |
h. An adjustment to reflect storage costs consistent with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current transportation rates; T,L
i. A credit entry equal to the core portion of the following recorded revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program, *net Low Operational Flow Order (OFO) noncompliance charge revenues from core customers as addressed in the Settlement Agreement authorized in D.xx-xx-xxx,* and other revenues that the Commission has directed SoCalGas to allocate to the core market; (the italicized section of this procedure is temporary and will end upon the expiration of the term in the referenced Decision. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016) L T T T T
j. An entry to amortize the previous year's balance;
k. A credit entry equal to the core's allocation of the SMF charged to California Producers; and
l. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

SoCalGas shall maintain the GAF subaccount by recording entries at the end of each month, net of FF&U, as follows:

a. A debit entry equal to actual funds provided to customers for paying their gas bills;
b. A credit entry equal to funds to be used in providing customers with assistance in paying their gas bills; and
c. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I. J.

5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end CFCA balance effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Cents Per Therm (ECPT) basis.

For the GAF subaccount, the disposition of any unspent funds will be addressed in SoCalGas' next

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2
CORE FIXED COST ACCOUNT (CFCA)

(Continued)

annual regulatory account update filing or other appropriate filing.

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 1
NONCORE FIXED COST ACCOUNT (NFCA)

1. Purpose

The NFCA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin (excluding the transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below associated with the noncore market, including funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168 with noncore revenues intended to recover these costs. The noncore market excludes the Unbundled Storage Program. Pursuant to the BCAP Decision 09-11-006, the Commission authorized the NFCA 100% balancing account treatment (i.e., balancing of 100% of noncore costs and revenues).

In accordance with Advice No. 4177-A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the NFCA will be credited for the noncore's allocation (excluding Enhanced Oil Recovery) of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.

The NFCA shall be divided into two subaccounts: a) authorized base margin and b) non-base margin costs and revenues.

In accordance with Advice No. 4772 filed pursuant to D.13-05-010, the CFCA will be debited for the noncore's allocation of the revenue requirement adjustments to comply with the normalization requirements of Internal Revenue Code Section 168(i)(9), as interpreted by the Internal Revenue Service in Private Letter Ruling (PLR) 136851-14. These revenue requirement adjustments are associated with SoCalGas' net operating loss carry-forward amounts that should have been used to reduce SoCalGas' accumulated deferred income tax liability balance in determining SoCalGas' authorized rate base in connection with SoCalGas' 2012 General Rate Case. N

2. Applicability

The NFCA shall apply to all noncore gas customers excluding EOR.

3. Rates

The projected year-end NFCA balance will be applied to noncore gas transportation rates. L

(Continued)

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2
NONCORE FIXED COST ACCOUNT (NFCA)

(Continued)

4. Accounting Procedures – Authorized Base Margin Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

a. A debit entry equal to the seasonalized monthly amount of the authorized margin;
b. A one-time debit entry equal to the adjustment to the adopted revenue requirements for Test Year 2012 and Attrition Years 2013 through 2014 to comply with the normalization requirements pursuant to PLR 136851-14;
c. A debit entry equal to the adjustment to the adopted revenue requirements for Attrition Year 2015, prorated on a seasonalized basis during the year, to comply with the normalization requirements pursuant to PLR 136851-14;
d. A credit entry equal to the noncore revenues to recover the authorized margin excluding revenues from (1) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding and (2) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues;
e. An entry to amortize the previous year's balance;
f. A credit entry equal to the noncore's allocation of the SMF charged to California Producers; and
g. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Accounting Procedures – Non-Base Margin Costs and Revenues Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

a. A debit entry equal to the recorded cost for the noncore portion of company-use fuel (excluding transmission and load balancing company-use fuel);
b. A debit entry equal to the recorded cost for the noncore portion of unaccounted for gas;
c. A debit entry equal to the recorded cost for the noncore portion of well incidents and surface leaks;
d. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program;
e. A credit entry equal to the noncore revenues to recover the costs associated with this subaccount;
f. A credit entry equal to 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Rule No. 30 and Schedule No. G-IMB to the Utility Gas Acquisition Department *excluding any net low Operational Flow Order (OFO) noncompliance charges which are balanced in the CFCA pursuant to the Settlement Agreement authorized in D.xx-xx-xxx* ; N
g. *A credit entry equal to the net low OFO noncompliance charge revenues from noncore customers as addressed in the Settlement Agreement authorized in D.xx-xx-xxx;* (the italicized section of the prior two procedures are temporary and will end upon the expiration of the term in the referenced Decision. Specifically, that settlement term will conclude upon the earlier of:

(Continued)

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2
NONCORE FIXED COST ACCOUNT (NFCA)

(Continued)

(1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcfd of injection capacity and 1,395 MMcfd of withdrawal capacity, or (3) November 30, 2016)

~~f.~~h. An entry to amortize the previous year's balance; and

~~g.~~i. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(Continued)

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 3
NONCORE FIXED COST ACCOUNT (NFCA)

(Continued)

6. Disposition L

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following year. For the first year subsequent to the BCAP decision, both the Authorized Base Margin Subaccount and Non-Base Margin Costs and Revenues Subaccount will be allocated on an Equal Cents Per Therm (ECPT) basis. Starting in the second year subsequent to the BCAP decision, the Authorized Base Margin Subaccount will be allocated on an Equal Percent of Authorized Margin (EPAM) basis. The Non-Base Margin Costs and Revenues Subaccount will continue to be allocated on an ECPT basis. L

(End of Attachment 2)