



RULE 30

Sheet 1

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 Shrinkage Allowance and Uniform Deliveries

The in-kind shrinkage quantities represent the Utility fuel use attributable to the volume of natural gas received and transported by SoCalGas on its pipeline system. The in-kind charge for transmission fuel is 0.28% for volumes transported on the Utility's system, as referenced in Schedule No. G-RPA.

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.

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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 aggregators will be provided monthly balancing services in accordance with the provisions of Schedule G-IMB.

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. For each transportation nomination submitted manually (by means other than EBB such as facsimile transmittal), a processing charge of \$11.87 shall be assessed. No processing charge will apply to an EBB subscriber for nominations submitted by fax at a time the EBB system is unavailable for use by the subscriber.

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.

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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-RPA:

- 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. Receipt Point 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 receipt point access rights will have first priority.
- Nominations using Firm Alternate receipt point access rights within the associated transmission zone will have second priority; pro-rated if over-nominated.
- Nominations using Interruptible receipt point access right will have third priority, pro-rated if over-nominated.
- Firm Primary rights can "bump" Firm Alternate scheduled quantities through the Evening Cycle.
- Firm Primary and Firm Alternate can "bump" interruptible access rights through the Intraday 1 Cycle.
- Bumping will not be allowed in the Intraday 2 Cycle.

Scheduling of receipt point capacity will be pro rata within each scheduling cycle whenever the available capacity is less than the total receipt point access 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 is subject to the NAESB elapsed prorata rules.

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TRANSPORTATION OF CUSTOMER-PROCURED GAS

D. Operational Requirements (Continued)

3. Receipt Point 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. The Utility System Operator will use the following rules to limit the nominations to the storage maximums.

- Nominations using Firm rights will have first priority
- All other Nominations using Interruptible rights will have second priority, pro-rated if over-nominated based on the daily volumetric price paid.
- Firm rights can "bump" interruptible scheduled quantities through Intraday 2 cycle.
- Interruptible scheduled quantities will not be bumped in Intraday 3 cycle.
- Firm storage nominations made during Intraday 3, in accordance with Section D.3., will be accepted.

Scheduling of storage capacity will be pro rata within each scheduling cycle, except for the Intraday 3 cycle, whenever the available capacity is less than the total nominations for each of the respective services and in the priority order established. 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-OFFI, as contained in SoCalGas Schedule G-OSD, for deliveries to PG&E Points.

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.

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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

- Pipeline/CA Producer
- Receipt Point Access Contract
- Receipt Point Access Contract
- Receipt Point Access Contract
- Pool Account
- Pool Account
- Storage Account
- Pool Account
- Storage Account
- Storage Account
- Storage Account
- Storage Account
- Pool Account
- Off-System Delivery Account

TO

- Receipt Point Access Contract
- End User, Contracted Marketer, ESP
- Pool Account
- Storage Account
- End User, Contracted Marketer, ESP
- Pool Account
- End User, Contracted Marketer, ESP
- Storage Account
- Pool Account
- Storage Account
- Storage Account
- Off-System Delivery Agreement
- Off-System Delivery Agreement
- Pipeline (PG&E)

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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 9:30 a.m. one day prior to the flow date. Nominations submitted via fax must be received by the Utility System Operator by 8:30 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 3:00 p.m. the same day.

Intraday 2 Cycle

Nominations submitted via EBB for the Intraday 2 Nomination cycle must be received by the Utility System Operator by 3:00 p.m. on the flow date. Nominations submitted via fax must be received by the Utility System Operator by 2:00 p.m. on the flow date. Intraday 2 nominations will be effective at 7:00 p.m. the same day.

Intraday 3 Cycle

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. Physical flow is deemed to begin at 11:00 p.m. Pacific Clock Time.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

D. Operational Requirements (Continued)

7. Timing (Continued)

Intraday 3 Cycle (Continued)

Intraday 3 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 3 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 3 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.

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.

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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 (OFO)

- 1. In the event that Utility System Operator determines that the transportation nominations received for a specific date of gas flow ("flow date") exceeds its expected system capacity (including storage) on such flow date, the Utility System Operator shall call an OFO and apply Buy-Back service under Schedule G-IMB separately for each flow date under an OFO. In such event, the Utility System Operator shall follow the procedure set forth below. This procedure and the resulting OFO shall apply to all customers, including wholesale customers and Utility Gas Procurement Department.
- 2. The OFO period shall begin on the flow date(s) indicated by the Utility System Operator. Customers shall be allowed to reduce their nominations or supply ranking in response to the Utility System Operator's notification.
- 3. In the event customers fail to adequately reduce their transportation nominations, the Utility System Operator shall reduce the confirmed receipt point access nominations on a pro rata basis across the system consistent with the scheduling priorities of receipt point access.
- 4. In accordance with the provisions of Schedule G-IMB, Buy-Back service shall be applied separately to each OFO day. Customer meters subject to maximum daily quantity limitations will use the maximum daily quantity as a proxy for daily usage, For Utility Gas Procurement Department, the Daily Forecast Quantity will be used as proxy for daily usage. For Core aggregators, their Daily Contract Quantity will be used as proxy for daily usage.

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G. Winter Deliveries

The Utility System Operator requires that customers deliver (using a combination of flowing supply and firm storage withdrawal) at least 50% of burn over a five day period from November through March. As the Utility System Operator's total storage inventory declines through the winter, the delivery requirement becomes daily and increases to 70% or 90% depending on the level of inventory relative to peak day minimums.

1. From November 1 through March 31 customers are required to deliver (flowing supply and firm storage withdrawal) at a minimum of 50% of burn over a 5-day period. In other words, for each 5-day period, the Utility System Operator will calculate the total burn and the total delivery. If the total delivery is less than 50% of the total burn, a daily balancing standby charge is applied. The daily balancing standby rate is 150% of the highest Southern California Border price during the five day period as published by Natural Gas Intelligence in "NGI's Daily Gas Price Index," including authorized franchise fees and uncollectible expenses (F&U) and brokerage fees. Imbalance trading and interruptible withdrawals may not be used to offset the delivery minimums.

a. "Burn" means usage and is defined as metered throughput or an estimated quantity such as Minimum Daily Quantity (MinDQ), as defined in Rule 1, for customers without automated meters, the Daily Contract Quantity for core aggregators, or the Daily Forecast Quantity for Utility Gas Procurement Department.

b. Example five-day periods are: Nov. 1 through Nov. 5, Nov. 6 through Nov. 10, Nov. 11 through Nov. 15 and so on. November with 30 days has six 5-day periods. December, January and March with 31 days have a 6-day period at the end of the month. February has a shortened 3 or 4-day period at the end of the month. The current 5-day period will run its course fully before the implementation of the 70% daily requirement. In the event that inventories rise above the 70% daily trigger levels by 1 Bcf, then a new, 5-day period will be implemented on the following day.

c. Example calculations for determining volumes subject to the daily balancing standby rate are: if over 5 days, total burn is 500,000 therms and total deliveries (including firm withdrawal) are 240,000 therms, then 10,000 therms is subject to daily balancing standby rate. (50% times 500,000 minus 240,000 equals 10,000).

d. Example calculations in using NGI's Daily Gas Price Index for determining the daily balancing standby rates are: If for Jan. 6 through Jan. 10 the NGI Southern California Border quoted price ranges are \$2.36- 2.39, \$2.36-2.44, \$2.38-2.47, \$2.36-2.42, and \$2.37- 2.45, respectively, then the daily balancing standby rate becomes \$3.71 (\$2.47 times 150%).

e. With the exception of weekends and holidays, the Utility System Operator will use quotes from the NGI publication dated on the same day as the flow date. Weekend or holiday flow dates will use the first available publication date after the weekend or holiday.

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TRANSPORTATION OF CUSTOMER-PROCURED GAS

G. Winter Deliveries (Continued)

- 2. When the total inventory declines to the "peak day minimum + 20 Bcf trigger," the minimum daily delivery requirement increases to 70%. Customers are then required to be balanced (flowing supply plus firm storage withdrawal) at a minimum of 70% of burn on a daily basis. The 5-day period no longer applies since the system can no longer provide added flexibility. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including authorized F&U and brokerage fees) and is applied to each day's deliveries which are less than the 70% requirement. Authorized F&U will not be added to any daily standby-by balancing charge for the Utility Gas Procurement Department to the extent it is collected elsewhere. In this regime interruptible storage withdrawal is cut in half subject to the scheduling priorities established in section D. All Operational Hub Services contributing to the underdelivery situation (i.e., Operational Hub deliveries greater than Operational Hub receipts) are suspended.
 - a. Peak day minimums are calculated annually before November 1 as part of normal winter operations planning. The peak day minimum is that level of total inventory that must be in storage to provide deliverability for the core 1-in-35 year peak day event, firm withdrawal commitments and noncore balancing requirement.
 - b. Example calculations in this regime for determining volumes subject to the daily balancing standby rates are: If on January 6 total burn is 500,000 therms, and total deliveries (including firm withdrawal) are 300,000 therms then 50,000 therms is subject to the daily balancing standby charge (70% times 500,000 minus 300,000 equals 50,000).
 - c. Example calculations in using NGI's *Daily Gas Price Index* for daily balancing standby rates in this regime are: if for January 6 and January 7, the NGI Southern California Border quoted price ranges are \$2.36-2.39 and \$2.36-2.44, then the daily balancing standby rates become \$3.59 (150% of 2.39) for January 6, and \$3.66 (150% times 2.44) for January 7, respectively.
- 3. When the total inventory declines to the "peak day minimum + 5 Bcf trigger," the minimum daily delivery requirement increases to 90%. Customers are required to be balanced (flowing supply plus firm storage withdrawal) at a minimum of 90% of burn on a daily basis. Similar to the 70% regime the 5 day period no longer applies. The daily balancing standby rate is charged daily and is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including authorized F&U and brokerage fees). Authorized F&U will not be added to any daily stand-by balancing charge for the Utility Gas Procurement Department to the extent it is collected elsewhere. In this regime there are no interruptible storage withdrawals. All Operational Hub Services contributing to the underdelivery situation (i.e., Operational Hub deliveries greater than Operational Hub receipts) is suspended.
- 4. Information regarding the established peak day minimums, daily balancing trigger levels and total storage inventory levels will be made available to customers on a daily basis via the EBB and other customer notification media.

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- 5. 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 withdrawal and inventory rights to match the customer's supply and demand.
- 6. The Utility System Operator will accept intra-day nominations to increase deliveries.
- 7. In all cases, current BCAP rules for monthly balancing and monthly imbalance trading continue to apply. Volumes not in compliance with the 50%, 70% and 90% minimum delivery requirements, 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.

H. Accounting and Billing

- 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.

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- 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 System Operator'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 System Operator 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 System Operarot's system for the account of a customer for which there is no existing contract between the delivering pipeline and the Utility System Operator shall be at a pressure such that the gas can be integrated into the Utility System Operator's system at the point(s) of receipt and shall conform to the following minimum specifications at the time of delivery:
 - a. Heating Value: The minimum heating value is nine hundred and seventy (970) 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.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

I. Gas Delivery Specifications (Continued)

- 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 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.
- j. Merchantability: The gas shall not contain dust, sand, dirt, gums and other substances 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) 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 (I_L)
I_L ≤ 1.06
- * Flashback Index (I_F)
I_F ≤ 1.2

(Continued)



RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

I. Gas Delivery Specifications (Continued)

* Yellow Tip Index (I_Y)
I_Y ≥ 0.8 F.

- n. Liquids: The gas shall contain no liquids at or immediately downstream of the receipt point.
 - o. Landfill Gas: Gas from landfills will not be accepted or transported.
 - p. Biogas: Biogas refers to a gas made from anaerobic digestion of agriculture and/or animal waste. The gas is primarily a mixture of methane and carbon dioxide. Biogas must be free from bacteria, pathogens and any other substances injurious to utility facilities or that would cause the gas to be unmarketable and it shall conform to all gas quality specifications identified in this Rule.
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 above, as applicable.
 5. A generic deviation from the minimum gas quality specifications set forth in I.3, is granted for "Historical California Production." Quality specifications for Historical California Production will be governed by the SDG&E Rule 30 in effect as of September 21, 2006 or, to the extent that production had a deviation in place at that time, pursuant to the agreement governing that deviation. Historical California Production is defined as follows: On-shore or off-shore California-produced natural gas delivered at points of interconnection existing as of January 1, 2006, up to the maximum historical deliveries or Maximum Daily Volume effective on that date as specified in any agreement permitting supply delivery at those points. If a producer moves its deliveries of Historical California Production from a point of interconnection existing as of January 1, 2006, to another existing or a new point on the system, or if one or more producers consolidate two or more existing points of interconnection existing as of January 1, 2006, to another existing or a new point on the system, the deviation granted under this provision will follow the Historical California Production provided that (a) the Utility has required or approved the change in receipt point location and (b) the continuing deviation shall not exceed the Maximum Daily Volume stated in the access agreement(s) governing deliveries at the producer's original point of interconnection and (c) specifically, the quality of the gas should not lessen to the point that it falls outside the grandfathered Rule 30 specifications.
 6. In addition to the generic deviation provided in paragraph 5, the Utility will grant other specific deviations to California production from the gas quality specifications defined in H.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.

(Continued)

14C24

Advice Ltr. No. 1745-G

Decision No. D.07-12-019

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Jan 22, 2008

Effective Apr 1, 2009

Resolution No. _____

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RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

J. Termination or Modification

- 1. If the customer does not deliver, for transportation at any point of receipt, a minimum of twenty thousand eight hundred (20,800) therms during any billing period in which the customer transports gas, or if the customer breaches any other terms and conditions of the Contract or applicable tariff schedule 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 Contract. Either party may terminate the contract before expiration of its term if both parties so agree in writing.
- 2. If the Contract is terminated by mutual agreement, either party has the right to collect any quantities of gas or money due them for transportation service provided prior to the termination. Termination by mutual agreement is not a waiver of any remedy to which either party may be entitled for breach of the Contract.

K. 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.

L. 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 Section I of this rule.

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