



**RULE 30**

TRANSPORTATION OF CUSTOMER-PROCURED GAS

The general terms and conditions that apply whenever the utility transports customer-procured gas over its system are described below. This rule shall be a part of any contract to provide such service.

A. GENERAL

1. Subject to the terms, limitations and conditions of this rule and any applicable CPUC-authorized rate schedule, directive, or rule, the customer will deliver or cause to be delivered to the utility, and accept on redelivery, quantities of customer-owned gas which shall not exceed the daily transportation capacity as set forth in the Contract. 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 Contract 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 utility of the gas under the Contract.
3. The point(s) where the utility will receive the gas into its system (point(s) of receipt) and the point(s) where the utility will deliver the gas from its system to the customer (point(s) of delivery) will be set forth in the Contract. Other points of receipt and delivery may be added by written amendment of the Contract by mutual agreement. The appropriate delivery pressure at the points of delivery to the customer shall be that existing at such points within the utility's system or as specified in the Contract.
4. Shippers other than customers may receive noncore intrastate transmission service on behalf of specified customers. A shipper which demonstrates that it has a contract to supply gas to a customer may, with the customer's approval, exercise the customer's rights to transmission service on behalf of the customer. Such a shipper may aggregate the rights of several customers for purposes of contract administration, applicable use-or-pay requirements or balancing requirements. The customer shall remain ultimately responsible to the utility for payment of all applicable charges.
5. A customer may aggregate multiple facilities for purposes of contract administration, applicable use-or-pay requirements or balancing requirements.

B. QUANTITIES

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

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**B. Quantities (Continued)**

- 2. Imbalances and associated charges will be calculated in accordance with the conditions specified in Schedule G-IMB.
- 3. The gas to be transported hereunder shall be delivered and redelivered as nearly as practicable at levels equal to customer's hourly and daily usage. Utility may refuse to accept fluctuations in excess of customer's maximum daily quantity (MDQ), from day to day, if in utility's opinion receipt of such gas would jeopardize other operations. Customer may make arrangements acceptable to utility to waive this requirement. Utility does not undertake to redeliver to customer hereunder any of the identical gas accepted by utility for transportation, and all redelivery of gas to customer will be accomplished by substitution on a term for term basis.
- 4. Gas shall be transported herein for use only by customer within California, and not for delivery or resale to a third party unless authorized by the CPUC.
- 5. If customer does not use the full contract quantity specified in the Contract, the utility shall have the right to reasonably reduce annual and daily quantities to the customer's historical demand level evidenced at the time the contract is signed and/or by the customer's actual use of transportation service, as determined by the utility on an ongoing, reviewable basis.

**C. 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.
- 2. Transportation nominations may be submitted manually or through the EBB. For each transportation nomination submitted manually, (by means other than the 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. Charges for using the Electronic Bulletin Board (EBB) are set forth in SoCalGas' Rule 33.
- 3. Transportation nominations submitted via the EBB for the Timely Nomination cycle must be received by the Utility by 9:30 a.m. Pacific Clock Time one day prior to the flow date. Nominations submitted via fax must be received by the Utility by 8:30 a.m. Pacific Clock Time one day prior to the flow date. Nominations received after the nomination deadline will be processed after the nominations received before the nomination deadline. All nominations are considered original nominations and should be replaced to be changed.

Nominations submitted via the EBB for the Evening Nomination cycle must be received by the Utility by 4:00 p.m. Pacific Clock Time one day prior to the flow date. Nominations submitted via fax must be received by the Utility by 3:00 p.m. Pacific Clock Time one day prior to the flow date.

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TRANSPORTATION OF CUSTOMER-PROCURED GAS

C. Operational Requirements

3. (Continued)

Nominations submitted via the EBB for the Intraday 1 Nomination cycle must be received by the Utility by 8:00 a.m. Pacific Clock Time on the flow date. Nominations submitted via fax must be received by the Utility by 7:00 a.m. Pacific Clock Time on the flow date.

Nominations submitted via the EBB for the Intraday 2 Nomination cycle must be received by the Utility by 3:00 p.m. Pacific Clock Time on the flow date. Nominations submitted via fax must be received by the Utility by 2:00 p.m. Pacific Clock Time on the flow date.

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

4. Where gas is transported by a shipper or agent to more than one customer of the Utility and the transporting pipeline's allocation to the shipper or agent is less than the shipper's or agent's requested quantity, such shipper or agent must allocate among its customers the total quantity of gas delivered each day to the Utility by the shipper or agent.

An allocation ranking must be submitted to the Utility no later than 3:00 p.m. Pacific Clock Time on the date of flow. An allocation ranking should be received for each flow date from each shipper. Agent rankings should be submitted along with the nominations.

If no allocation ranking is made by such shipper or agent by the due date and time, the Utility will use a pro rata allocation in allocating delivered quantities among the shipper's or agent's customers and the Utility's allocation of these quantities will prevail. The total quantity allocated among the customers of a shipper or agent during a month shall be adjusted by the Utility if necessary to match the actual monthly delivery to the Utility for the shipper or agent as reported by the transporting pipeline.

5. 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.

6. 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.

7. 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.

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D. Interruption of Service

1. The customer's priority and service level for transportation service shall be in accordance with Rule 14. If the customer's gas use is classified in more than one priority and/or service level, it is the customer's responsibility to inform the utility 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 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 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.

E. Nomination in Excess of System Capacity

1. In the event SoCalGas declares 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 (OFO), SDG&E shall apply Buy-Back service under its Schedule G-IMB separately for each flow date that is overnominated. In such event, SDG&E shall follow the procedure set forth below.
2. SoCalGas shall notify all applicable customers that OFO shall be instituted. SoCalGas shall provide such notice via the EBB system.
3. The OFO shall begin on the flow date(s) indicated by SoCalGas. Customers shall be allowed to voluntarily reduce their nominations in response to the SoCalGas notification. Such nominations reductions must be received by SoCalGas' Gas Scheduling within two (2) business hours from the SoCalGas notification.
4. In the event customers fail to adequately reduce their transportation nominations, SDG&E shall reduce the nominations of those customers that SDG&E believes are contributing to the SoCalGas excess nominations problem. Nominations for customers without automated meter reading devices will be reduced to the maximum daily quantity specified for the customer (including core aggregation transportation groups). Those customers with automated meter reading devices will have their nominations reduces based on SDG&E's most recent and best available operating data.

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TRANSPORTATION OF CUSTOMER-PROCURED GAS

E. Nomination in Excess of System Capacity (Continued)

- 5. In cases where SDG&E reduces a customer's nomination under the above procedure and, as a result of such reduction, the customer uses Standby Procurement service under SDG&E's Schedule G-IMB in excess of the 10% tolerance band, the customer shall be allowed to additionally carryover the lesser of (1) the negative imbalance for the month in excess of the tolerance band, or (2) the amount of the customer's total involuntary nominations reductions for the month. Such additional carryover shall be applied to the customer's imbalance account at the conclusion of the imbalance trading period for the month in which the involuntary reduction occurred.
- 6. In accordance with the provisions of SDG&E's Schedule G-IMB, Buy-Back service shall be applied separately to each excess nominations day. For each such day, SDG&E shall apply the applicable Buy-Back rate to all of the customer's deliveries, less any firm storage injections made on behalf of the customer, for the designated flow date that are in excess of 110% of the customer's actual usage.

F. Winter Deliveries

The utility 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'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 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 as-available 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.
  - 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.

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F. Winter Deliveries

1. (Continued)

- 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 rate 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 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.

2. When the SoCalGas total inventory in storage 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. In this regime as-available storage withdrawal is cut in half. All Hub activity contributing to the underdelivery situation (i.e., Hub deliveries greater than Hub receipts) is 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.

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Advice Ltr. No. 1298-G

Decision No. \_\_\_\_\_

Issued by  
**Lee Schavrien**  
Vice President  
Regulatory Affairs

Date Filed Feb 8, 2002

Effective Mar 20, 2002

Resolution No. \_\_\_\_\_



**RULE 30**

TRANSPORTATION OF CUSTOMER-PROCURED GAS

F. Winter Deliveries

- 3. When the total SoCalGas inventory in storage 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). In this regime there are no as-available storage withdrawals. All Hub activity contributing to the underdelivery situation (i.e., Hub deliveries greater than Hub receipts) is suspended.
- 4. Information regarding the established peak day minimums, daily balancing trigger levels and SoCalGas total storage inventory levels will be made available to customers on a daily basis via the EBB and other customer notification media.
- 5. The utility will accept intra-day nominations to increase deliveries.
- 6. During the winter operating period, current 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. Daily balancing and monthly balancing charges are booked to the Purchased Gas Account (PGA). Schedule G-IMB provides details on monthly and daily balancing charges.

G. Accounting and Billing

- 1. Customer and utility acknowledge that on any operating day during the term hereof, utility may be redelivering quantities of gas being transported by utility to customer pursuant to other present or future supply arrangements, or transportation agreements. 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 arrangements with the customer.
  - c. Third, after the satisfaction of (a) and (b) then to the customer's transportation account under the Contract.
  - d. All other accounts.

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TRANSPORTATION OF CUSTOMER-PROCURED GAS

G. Accounting and Billing (Continued)

- 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 for purposes of billing and accounting. All quality and measurement calculations are subject to subsequent adjustment as defined in Section G.2.m of this Rule. 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.
- 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.

H. 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. T  
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- 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. T
- 3. Gas delivered, except as defined in H.1., shall conform to the following specifications at the time of delivery: T  
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  - 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. T  
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**RULE 30**

TRANSPORTATION OF CUSTOMER-PROCURED GAS

H. Gas Quality (Continued)

3. (Continued)

- 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. T  
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- 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. T  
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- 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). T  
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- 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<sub>2</sub>, hydrogen sulfide, mercaptans and mono, di and poly sulfides. T  
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- 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. T
- 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. T
- 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. T  
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- 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. T  
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- 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. T  
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- l. Delivery Temperature: The gas delivery temperature is not to be below 50 degrees F or above 105 degrees F.

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**RULE 30**

TRANSPORTATION OF CUSTOMER-PROCURED GAS

H. Gas Delivery (Continued)

3. (Continued)

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<sub>L</sub>)

$$I_L \leq 1.06$$

\* Flashback Index (I<sub>F</sub>)

$$I_F \leq 1.2$$

\* Yellow Tip Index (I<sub>Y</sub>)

$$I_Y \geq 0.8 F.$$

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 H.2 and H.3 above, as applicable.

5. A generic deviation from the minimum gas quality specifications set forth in H.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

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**RULE 30**

TRANSPORTATION OF CUSTOMER-PROCURED GAS

H. Gas Delivery (Continued)

- 5. (Continued)  
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.

I. 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.

J. 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 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.

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Advice Ltr. No. 1652-G-A

Decision No. \_\_\_\_\_

Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

Date Filed Jun 12, 2007

Effective Jun 7, 2007

Resolution No. \_\_\_\_\_



**RULE 30**

TRANSPORTATION OF CUSTOMER-PROCURED GAS

K. Warranty and Indemnification

1. Customer warrants to utility that 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 under the Contract.
  
2. 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 customer or utility), or for loss or damage to property (including the property of customer or utility), which occurs or is based upon an act or acts which occur while the gas is deemed to be in customer's control and possession or which results directly or indirectly from customer's performance of its obligations arising pursuant to the Contract, or occurs based on customer-owned gas not meeting the specifications of Section G. of this rule.

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Advice Ltr. No. 1652-G

Decision No. 06-09-039

Issued by  
**Lee Schavrien**  
Vice President  
Regulatory Affairs

Date Filed Nov 1, 2006

Effective Jun 7, 2007

Resolution No. \_\_\_\_\_