



RULE 39

Sheet 1

ACCESS TO THE SDG&E PIPELINE SYSTEM

The Utility shall provide nondiscriminatory open access to its system to any party (hereinafter "Interconnector") for the purpose of physically interconnecting with the Utility and effectuating the delivery of natural gas, subject to the terms and conditions set forth in this Rule and the applicable provisions of the Utility's other tariff schedules including, but not limited to, the gas quality requirements set forth in Rule 30, Section H. None of the provisions in this Rule shall be interpreted so as to unduly discriminate against or in favor of gas supplies coming from any source.

A. TERMS OF ACCESS

1. The interconnection and physical flows shall not jeopardize the integrity of, or interfere with, normal operation of the Utility's system and provision of service to its customers.
2. The Interconnector and Utility must execute Form 143-005, Interconnection Agreement (IA) and Form 143-007, Operational Balancing Agreement (OBA).
3. The Interconnector shall pay for all equipment necessary to effectuate deliveries at the point of interconnection, including, but not limited to, valves, separators, meters, quality measurement, odorant and other equipment necessary to regulate and deliver gas at the interconnection point. The Interconnector shall also pay for computer programming changes to the Utility's EBB scheduling system, if any, required to add the Interconnector's new interconnection point. The Interconnector and Utility must execute an Interconnect Collectible System Upgrade Agreement Exhibit to the IOBA (Form 143-006).
4. The point of interconnection shall be established as a transportation scheduling point, pursuant to the provisions of Rule 30, if the Interconnector abides by the standards of the North American Energy Standards Board.
5. The maximum physical capacity of the interconnection will be determined by the sizing of the point of receipt, including the metering and odorization capacities, but is not the capacity of the Utility's pipeline system to transport gas away from the interconnection point and is not, nor is it intended to be, any commitment by Utility of takeaway capacity. Utility separately provides takeaway services, including the option to expand system capacity to increase takeaway services, through its otherwise applicable tariffs.
6. The available receipt capacity for any particular day may be affected by physical flows from other points of receipt, physical pipeline and storage conditions for that day, and end-use demand on the Utility's system.
7. The Utility will expand specific receipt point capacity and/or takeaway capacity at the request and expense of a supply source, third-party storage providers, CPUC-regulated intrastate pipelines, interconnecting interstate pipelines, or other parties. The Interconnector and Utility must execute a Collectible System Upgrade Agreement (Form 143-003) prior to any work being completed.
8. As defined in the IA, the Interconnector shall pay all costs associated with the odorant of the delivered natural gas less the historical costs, on a per unit basis; the Utility has paid for odorant required for existing interstate supplies being delivered as of the date of D.06-09-039. The historical cost is \$0.0003 per Dth.

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B. INTERCONNECTION CAPACITY STUDIES

1. Any party, including an interconnecting pipeline or a supply source, may request an Interconnection Capacity Study to determine the Utilities downstream capability to take natural gas away from the interconnection point and the associated Utility facility enhancement costs. Upon the request of an entity to establish or increase takeaway capacity from a receipt point, the Utility will make a timely determination of the facilities (and facility modifications) and associated costs that are required to add the requested takeaway capacity on both a Displacement Receipt Point Capacity basis and Expansion Receipt Point Capacity basis. The Utility shall make this determination on a nondiscriminatory and transparent basis, without favoring any region of its territory and without favoring any entity.
2. All analysis shall take into consideration new supplies and facilities that have been or will be installed based upon any executed Collectible System Upgrade Agreements (CSUA) in effect. Priority for purposes of determining facility costs will be established on the basis of the date a party executes a CSUA. The CSUA shall include the activities from study through construction under terms mutually agreeable to the Utility and the party in Appendix "B" to the CSUA. In order to keep its place in the priority established by D.06-12-031 for determining facilities costs, an Appendix "B" must be completed within 90 days of the Commission Resolution approving Advice Letter 1668-G-A. All CSUAs with a completed Appendix "B" shall be posted on the Utility's electronic bulletin board by date of original execution. Parties to a CSUA will be subject to replacement only if (a) the date for performance within the current phase of the first CSUA in time has expired and the Utility has provided both a 30 day notice of cancellation and a subsequent 60 day period to cure, and (b) a second CSUA for another party shall have been executed which requests access to and use of the capacity and facilities contemplated under the first CSUA in time. Before a party's priority can be replaced by the next party in priority, the Utility must seek prior Commission approval by Advice Letter.
3. Any party interested in funding an Interconnection Capacity Study must submit a written request for access, which includes where and when the new supply will be delivered to the Utility and the volume required to be received. Within 30 business days, the Utility will provide a written proposal to the party to evaluate the system impact of the new supplies including the estimated time and cost to perform this analysis.
4. The party and the Utility must execute a Consulting Services Agreement (Form 143-002) or Collectible System Upgrade Agreement (Form 143-003) and a Confidentiality Agreement (Form 143-004) prior to any work being completed and provide payment equal to the estimated cost of the Interconnection Capacity Study prior to the Utility proceeding with the Interconnection Capacity Study. The party will be responsible for the actual costs of the analysis; to this end, an invoice or refund will be issued to the supplier at the completion of the analysis for any difference between the actual costs and the estimate.
5. The cost estimate provided in the Interconnection Capacity Study will not include cost estimates for land acquisition, site development, right-of-way, metering, gas quality, permitting, regulatory, environmental, unusual construction costs, and operating and maintenance costs. Upon completion of the Interconnection Capacity Study and for an additional charge, the Utility will perform a more detailed Preliminary Engineering Study that will include such cost estimates associated with these elements, if requested by the party in writing. As with the Interconnection Capacity Study, the party will be responsible for the actual costs to perform the Preliminary Engineering Study.

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B. INTERCONNECTION CAPACITY STUDIES (Continued)

- 6. In addition, upon formal written request by any party, the Utility will prepare a Detailed Engineering Study, which will: (1) describe all costs of construction, (2) develop complete engineering construction drawings, and (3) prepare of all construction and environmental permit applications and right-of-way acquisition requirements. The party shall pay an estimated charge before the Utility will begin the Detailed Engineering Study. As with the Interconnection Capacity Study, the party will be responsible for the actual costs to perform the Detailed Engineering Study.
- 7. Customers will have three funding options for increasing receipt point capacity. First, a customer may elect to pay 100% of the costs, including applicable CIAC taxes, to the Utility to complete the installation of the necessary facility without any refund of the advanced funds and not be charged an incremental reservation rate on a going forward basis. Second, a customer may elect to pay 100% of the costs to the Utility to complete the installation of the necessary facility, receive a refund of those advanced funds after gas first flows through the receipt point, and be charged an incremental reservation rate on a going forward basis. Third, a customer may elect to install the necessary facility themselves under the direction of the Utility, transfer ownership of the necessary facilities, along with any payment of applicable CIAC taxes, and not be charged an incremental reservation rate on a going forward basis.

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