



RULE 14

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

A. Service Conditions

The utility will use reasonable diligence and care to avoid any shortage or interruption of gas supply. The utility shall not be liable in damages or otherwise for any failure to deliver gas to the customer, which failure in any way or manner results from breakage of its facilities, however caused, war, riots, acts of God, strikes, failure of, or interruption in, gas supply, mandatory or voluntary curtailments ordered by the Public Utilities Commission, or other conditions beyond its reasonable control.

B. Temporary Suspension of Service

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

C. Service Level and Priority of Service

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

D. Curtailment Assignments

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

E. Changes in Curtailment Assignments

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

F. Restoration of Service

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

(Continued)



RULE 14

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

F. Restoration of Service (Continued)

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

G. Operating Emergency

In the event a customer declares an operating emergency, service may be made available out of the normal curtailment pattern, if in the judgment of the utility it is possible to do so. Out of pattern deliveries will be provided to Critical Customers whenever they declare an operating emergency. Subsequent out of pattern curtailment will be imposed on such customers in order to balance the amount of curtailment with other customers served at the same priority.

H. Electric Generation Service

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

I. Gas Transportation Service Levels

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

- 1. Core Service
Firm Inter- & Intrastate Transportation Service.
Gas Purchased from the utility.
Optional Intrastate Transportation-Only Service.
Curtailment based on end-use priorities.
Includes all P-1 and P-2A end-use priorities.
- 2. Core Subscription Service
Firm Inter- & Intrastate Transportation Service.
Gas Purchased from the Utility (minimum one-year term).
Two-Year transport Contract Term.
- 3. Firm Noncore Service 1/
Firm Intrastate Transportation Service.
Two-Year Contract Term.
Optional Utility Gas Purchases.
Use-or-Pay Obligations & Charges.

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

(Continued)

T



RULE 14

Sheet 3

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

I. Gas Transportation Service Levels (Continued)

- 4. Interruptible Noncore Service 1/
Interruptible Intrastate Transportation Service.
Minimum One-Month Contract Term.
Optional Utility Gas Purchases.
No Use-or-Pay Obligations or Charges.

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

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

J. End-Use Priority Classification

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

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

1/ See footnote sheet 2

(Continued)

T



RULE 14

Sheet 4

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

K. Delivery Point Curtailment

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

1. Local System Constraint

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

2. SDG&E System Constraint

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

L. Receipt Point Constraint

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

1. Curtailment Because of Incompatibility of Gas

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

~~2. Receipt Point Constraints (other than SoCal Gas Storage Facilities)~~

~~If the quantity of gas received by SDG&E from an interstate pipeline or other interconnecting gas service is less than the confirmed nominations from that interstate pipeline or other service, the gas actually received by SDG&E will be deemed to have been allocated on that day in accordance with the allocation provisions in Section N.~~

~~To the extent that subsequent interstate pipeline records are determined to differ from this allocation, then that deviation will be credited to the customer's account.~~

~~32.~~ Option to Purchase SDG&E Gas

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

(Continued)



RULE 14

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

~~M.~~ Gas Storage Constraint

~~1.~~ SoCal Storage Injection Constraint

~~If the storage injection capacity available to the utility or its customers is constrained at the point of storage injection, the utility will allocate injections into storage in the order specified in Section N.~~

~~2.~~ SoCal Storage Withdrawal Constraint

~~If the operating conditions require the allocation of gas supplies at the point of storage withdrawal, the utility will schedule deliveries, to the extent feasible, in accordance with the allocation order listed under Section N.~~

~~NM.~~ Gas Curtailment and Constraints

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

- (a) There is a deficiency of gas supplies available to meet customer requirements; or
- (b) There is a restriction or limitation on transmission or distribution pipelines necessary for the acceptance, transmission, or subsequent redelivery of gas.

1. Delivery Point Curtailments

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

a. Local System Constraint

- (1) All standby procurement service, or portions thereof, serving:
 - i. Interruptible noncore transportation customers;
 - ii. Followed by firm noncore transportation customers.
- (2) Interruptible Noncore Transportation Service
 - i. Curtail gas according to the percent of the default transportation rate paid for interruptible intrastate services, with customers paying the lowest percentage to be curtailed first and customers paying the highest percentage to be curtailed last.

(Continued)



RULE 14

Sheet 6

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

NM. Gas Curtailment and Constraints (Continued)

1. Delivery Point Curtailments (Continued)

a. Local System Constraint (Continued)

(2) Interruptible Noncore Transportation Service (Continued)

ii. For customers who are paying the same percentage of default transportation rate, curtail gas on a pro rata basis (equal percentage), with actual curtailments to EG to be curtailed before cogeneration volumes in each curtailment episode.

T

(3) Firm Intrastate Noncore Transportation Service

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

T

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

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

b. SDG&E System Constraints

- (1) All standby procurement service, or portions thereof, serving:
 - i. Interruptible noncore transportation customers;
 - ii. Followed by firm noncore transportation customers.

(2) Interruptible Noncore Transportation Service

i. Curtail gas according to the percent of the default transportation rate paid for interruptible intrastate services, with customers paying the lowest percentage to be curtailed first and customers paying the highest percentage to be curtailed last.

ii. For customers who are paying the same percentage of default transportation rate, curtail gas on a pro rata basis (equal percentage), with EG curtailed before cogeneration volumes in each curtailment episode.

T

(Continued)

6C0

Advice Ltr. No. 1198-G

Decision No. 00-04-060

Issued by
William L. Reed
Vice President
Chief Regulatory Officer

Date Filed May 19, 2000

Effective Jun 1, 2000

Resolution No. _____



RULE 14

Sheet 7

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

MN. Gas Curtailment and Constraints (Continued)

1. Delivery Point Curtailments (Continued)

b. SDG&E System Constraints (Continued)

(3) Firm Noncore Transportation Service

- i. Service shall first be interrupted to EG customers other than cogeneration customers. SDG&E shall administer the interruption of service to EG customers other than cogeneration customers on a two-step pro rata basis.
- ii. In Step 1, SDG&E shall allocate the interruption based upon either: (a) the awarded Firm Noncore Monthly Contract Quantity (MCQ) divided by operating days, divided by 24 hours; or (b) the awarded Hourly Contract Quantity (HCQ) for the specific hour, whichever is applicable.
- iii. In Step 2, if any EG customer has been called upon by the California Independent System Operator (ISO) to generate pursuant to its reliability must run (RMR) contract with the ISO, and the EG is unable to satisfy its RMR contract using the natural gas made available to it in Step 1, and the EG notifies the utility of both these facts, the utility shall make an additional quantity of natural gas available to that customer such that the total of the Step 1 allocation and the Step 2 allocation are sufficient to allow the customer to satisfy its RMR commitments using only natural gas. A Step 2 allocation shall result in an additional pro rata interruption, in accordance with the Step 1 allocation percentages, of all other EG customers that either (a) are not generating to satisfy RMR contracts at that time, or (b) whose Step 1 allocation provides them with more natural gas than they require to satisfy their RMR contracts. The Step 2 allocation of additional interruption to an EG customer who has been called upon by the ISO to generate pursuant to its RMR contract and has notified the utility of this fact will be limited to the amount of natural gas not needed by such customer to satisfy its RMR contract. Any additional interruption which would have been allocated to such a customer pursuant to Step 2 will be reallocated on a pro rata basis to the other EG customers who are subject to the initial Step 2 allocation.

N
|
|
N
D

(Continued)



RULE 14

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

MN. Gas Curtailment and Constraints (Continued)

1. Delivery Point Curtailments (Continued)

b. SDG&E System Constraints (Continued)

(3) Firm Noncore Transportation Service (Continued)
iii. (Continued)

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

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

v. Interruption of service to all cogeneration customers and non-EG customers shall be done on a rotating block basis. For determining the order of customer rotations, customers shall be divided into two curtailment lists:

- The first list shall consist of cogeneration customers.
- The second list shall consist of all firm service non-EG noncore customers.

vi. Each curtailment list shall be ordered by individual customer with the order of customers for each list established by lottery or other non-discriminatory means. New customers to firm service shall be randomly assigned a position on the appropriate list.

vii. Once the order of customers is established for each list, the utility may aggregate the listed customers into blocks where operationally feasible. In the event firm service customers are added or deleted from the curtailment lists, the utility shall adjust the aggregation of the customer blocks as necessary.

(Continued)

T



RULE 14

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

MN. Gas Curtailment and Constraints (Continued)

1. Delivery Point Curtailments (Continued)

b. SDG&E System Constraints (Continued)

(3) Firm Noncore Transportation Service (Continued)

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

T L

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

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

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

T

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

T

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

D

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

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

L

(Continued)



RULE 14

Sheet 10

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

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

~~2. Receipt Point Constraint Allocations~~

~~When in the judgment of the utility, based upon expected gas requirements compared with available supplies from all sources, other than SoCal storage fields, conditions require the allocation of service, allocation shall be made in the following order as necessary:~~

~~a. Allocate all gas volumes serving core customers in the following manner:~~

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

~~b. Firm Noncore Transportation Service~~

~~Allocate gas on a pro rata basis (equal percentage).~~

~~c. Interruptible Noncore Transportation Service~~

- ~~i. Allocate gas according to the percent of the default transportation rate paid for interruptible intrastate services, with customers paying the highest percentage to be allocated gas first and customers paying the lowest percentage to be allocated gas last.~~
- ~~ii. For customers who are paying the same percentage of default transportation rate, allocate gas on a pro rata basis (equal percentage).~~

~~d. All standby procurement service, or portions thereof, serving:~~

- ~~i. Firm noncore transportation customers;~~
- ~~ii. Followed by interruptible noncore transportation customers.~~

~~3. Storage Constraint Allocations~~

~~When in the judgment of the utility, based upon expected gas requirements compared with available supplies from all sources, conditions require the allocation of service, allocation shall be made in the following order as necessary:~~

~~a. SoCal Storage Injection Constraint~~

~~(1) Firm Storage Injection Service~~

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

(Continued)

10C0

Advice Ltr. No. 1257-G

Decision No. 01-06-008

Issued by
William L. Reed
Vice President
Chief Regulatory Officer

Date Filed Jun 18, 2001

Effective Jun 7, 2001

Resolution No. _____

L

L

L



RULE 14

Sheet 11

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

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

~~3. Storage Constraint Allocations (Continued)~~

~~a. SoCal Storage Injection Constraint (Continued)~~

~~(2) As-available Storage Injection Service~~

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

~~(3) All standby procurement injection service, or portions thereof, serving:~~

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

~~b. SoCal Storage Withdrawal Constraint~~

~~(1) Core Storage Withdrawal Service.~~

- ~~i. Firm core customers;~~
- ~~ii. Followed by As-available core customers;~~
- ~~iii. Followed by core standby procurement service.~~

~~(2) Firm Storage Withdrawal Service.~~

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

~~(3) As-available Storage Withdrawal Service.~~

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

~~(4) All standby procurement procurement injection service, or portions thereof, serving:~~

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

(Continued)

11C0

Advice Ltr. No. 1257-G

Decision No. 01-06-008

Issued by
William L. Reed
Vice President
Chief Regulatory Officer

Date Filed Jun 18, 2001

Effective Jun 7, 2001

Resolution No. _____

L

L

L



RULE 14

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

NM. Gas Curtailment and Constraints (Continued)

24. Curtailment Charges

Noncore customers who fail to curtail when ordered by the utility, shall be subject to a curtailment charge for each therm consumed including pilot light gas, during the curtailment period, in addition to the charges under the customer's applicable rate schedule. The curtailment charge shall apply hourly for any hourly volumes that exceed those authorized during a curtailment and shall consist of the following charges:

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

35. Curtailment of Customer-Owned Gas

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

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

46. Diversion of Customer-Owned Gas

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

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

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

(Continued)

12C0

Advice Ltr. No. 1338-G-B

Decision No. 02-08-065

Issued by
Lee Schavrien
Vice President
Regulatory Affairs

Date Filed Sep 24, 2003

Effective Oct 1, 2003

Resolution No. _____

D



RULE 14

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

MN. Gas Curtailment and Constraints (Continued)

6. Diversion of Customer-Owned Gas (Continued)

a. (Continued)

Gas that is made available to the utility through voluntary core protection arrangements shall be purchased on a least-cost basis, with least expensive supplies being purchased first, to the extent operationally feasible. The price paid by the utility for voluntary core protection gas shall be determined through negotiation with the customer, subject to a price ceiling of 150% of the utility's monthly weighted average cost of gas (WACOG).

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

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

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

7. Negotiation of Curtailment and Diversion Order

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

(Continued)

L

L

L



RULE 14

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

NM. Gas Curtailment and Constraints (Continued)

7. Negotiation of Curtailment and Diversion Order (Continued)

- b. All customers involved in changing the order of gas curtailments or diversions, as originally established by the utility, must execute and provide to the utility a signed written notice. Notification to the utility must be made consistent with the posted gas nomination schedule, but not less than 48 hours, prior to the effective date of the agreement, whichever is greater.
- c. If the transferee does not comply with the supply curtailments or diversion agreement, the original assignee shall be held entirely responsible, including any resulting charges that would be incurred as a result of such responsibility.
- d. In the event the assignee pays a transportation rate which is less than the applicable tariff rate, such customer shall be required to pay the higher transportation rate of either the curtailment assignee or assignor.
- e. Customers who enter into voluntary gas diversion arrangements with the utility may negotiate the order of gas supply diversions pursuant to the diversion agreement only if all parties to the agreement agree to allow such negotiations.

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

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

O. Emergency Curtailment

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

(Continued)

T



RULE 14

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

P. Service Interruption Credit

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

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

The maximum aggregate SIC obligation of the utility in any calendar year shall be \$5 million. To the extent such maximum aggregate obligation would be exceeded, the utility shall provide the SIC on a pro rata basis to all applicable customers for the calendar year. Utility shall make payment of the SIC at the end of the applicable calendar year.

1. Force Majeure

For the purpose of SIC applicability, force majeure shall be defined as the occurrence of unforeseen events or conditions, not resulting from a negligent act or omission on the part of the utility, that are beyond its reasonable control and that could not have been prevented by the exercise of due diligence on its part. The utility shall use all reasonable efforts to remedy such events or conditions and to remove the cause of same in an adequate manner and with reasonable dispatch. The occurrence of high demand for gas service due to weather conditions shall not constitute a force majeure event.

2. Scheduled Maintenance

For the purpose of SIC applicability, scheduled maintenance shall be considered the interruption of transportation service to the customer resulting from maintenance of the utility's facilities which are directly relevant to providing such service to the customer's facilities when the customer has been given at least thirty (30) calendar days prior written notice of the scheduled date of the maintenance and service interruption.

The utility shall take all reasonable steps to minimize the duration of such scheduled maintenance interruptions and to reroute the flow of natural gas to eliminate any service interruptions that would otherwise occur due to such maintenance.

The utility shall consult with the customer in scheduling any such maintenance interruptions and shall use reasonable efforts to schedule such maintenance to accommodate the customer's operating needs and to continue same only for such time as is necessary, including any agreed upon adjustments to the scheduled date for maintenance as reasonably necessary in light of unforeseen occurrences affecting the customer and/or the utility.

(Continued)

15C0

Advice Ltr. No. 1364-G

Decision No. 02-11-073

Issued by
Lee Schavrien
Vice President
Regulatory Affairs

Date Filed Feb 14, 2003

Effective Feb 14, 2003

Resolution No. _____



RULE 14

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

Q. End-Use Curtailment Definitions

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

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

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

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

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

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

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

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

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

Electric Utilities' Start-up and Igniter Fuel: Electric utility natural gas use where no alternate fuel capability exists for: (1) heating the boiler system adequately during start-up to enable efficient oil burning to meet pollution standards; and (2) insuring continuous ignition and flame stabilization within the boiler.

(Continued)

L T

L
L

N



RULE 14

Sheet 17

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

Q. End-Use Curtailment Definitions (continued)

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

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

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

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

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

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

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

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

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

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

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

N
N

N
N

17C0

Advice Ltr. No. 1365-G

Decision No. 02-11-073

Issued by
Lee Schavrien
Vice President
Regulatory Affairs

Date Filed Feb 27, 2003

Effective May 1, 2003

Resolution No. _____