

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 1

DESCRIPTION OF SERVICE

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

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

The Utility System Operator will require daily balancing during the winter operating period. From November through March, customers will be required to deliver (using a combination of flowing supply and ~~firm~~ storage withdrawal) at least 50% of their usage over a five-day period. As the Utility's total inventory in storage declines to the peak day minimum + 20 Bcf, customers will be required to deliver 70% of their usage daily. As the Utility's total inventory in storage declines to the peak day minimum + 5 Bcf, customers will be required to deliver 90% of their usage daily. Volumes not in compliance with the minimum delivery requirements will be purchased at the daily balancing standby rates described below. Imbalance trading ~~and interruptible withdrawal~~ may not be used to offset the minimum delivery requirements. A complete description of the winter minimum delivery requirements is specified in Rule No. 30.

APPLICABILITY

Applicable to core and noncore transportation service to customers.

TERRITORY

Applicable throughout the service territory.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 12, 2008
 EFFECTIVE Apr 1, 2009
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Sheet 3

(Continued)

RATES (Continued)

Buy-Back Rate

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

Retail Service:

BR-R Buy-Back Rate, per therm

February 2009	18.540¢	D
March 2009	17.506¢	
April 2009	15.169¢	R

Wholesale Service:

BR-W Buy-Back Rate, per therm

February 2009	18.496¢	D
March 2009	17.465¢	
April 2009	15.132¢	R

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

Daily Balancing Standby Rates

During November through March customers are required to deliver (flowing supply and ~~firm~~ storage withdrawal) at a minimum of 50% of burn during a five-day period. Volumes not in compliance with the 50% five-day minimum delivery requirement are purchased at the daily standby rate. The daily balancing standby rate is calculated as 150% of the highest Southern California Border price during the five-day period as published in "NGI's Daily Gas Price Index" including authorized franchise fees and, for retail customers, uncollectible expenses (F&U), and an authorized brokerage fee. 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.

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(Continued)

SPECIAL CONDITIONS (Continued)

- 3. Immediately each month when actual meter usage information becomes available, an adjustment to the Utility Gas Procurement Department's imbalance account will be made to account for any differences between actual consumption of the core customers and the Daily Forecast Quantity, company use and LUAF. N
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N
- 4. Immediately each month when actual meter usage information becomes available, an adjustment to the ESP's imbalance account will be made to account for any differences between actual consumption of the core customers and the DCQ. N
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N
- 5. Customers may not use imbalance trading ~~or interruptible withdrawal~~ during the period November 1-March 31 to offset minimum daily delivery requirements. T,L
L
- 6. Customers may trade their monthly imbalances with other customers. Customer's cumulative imbalances will be stated on the customer's monthly bill. The customer's bill will serve as notice of current imbalances. Beginning at 7:00 a.m., Pacific Clock Time (PCT), on the 25th calendar day in the month of notification, customers may enter EBB to trade imbalances with other customers. Customers within the tolerance band may trade any quantities so long as the 10% tolerance band is not exceeded. Customers outside the tolerance band may trade quantities up to a maximum of their excess imbalance (quantities outside of tolerance) plus the 10% tolerance band. The Utility will notify participants through EBB or other notice once the trade is validated. The trading period will end at 11:59 p.m. PCT on the last calendar day of the same month. During the month of February, the trading period begins at 7:00 a.m. PCT on the 23rd of the month and ends at 11:59 p.m. PCT on the last calendar day of the month. The trading periods are as follows: T,L
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January 25-31	May 25-31	September 25-30
February 23-28 (or 29)	June 25-30	October 25-31
March 25-31	July 25-31	November 25-31
April 25-30	August 25-31	December 25-31

(Continued)

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(Continued)

SPECIAL CONDITIONS (Continued)

10. After the imbalance trading period, the Standby Procurement Charge or Buy-Back will be applied to all imbalance quantities in excess of the tolerance band.
11. Standby Procurement service provided hereunder will be curtailed in accordance with the provisions of Rule 23. Penalties for violations of curtailment shall apply as set forth in Rule No. 23. Customers will not be allowed to trade negative imbalances incurred during periods of curtailment.
12. When in the judgment of the Utility Gas Control Department transportation nominationsthe latest scheduled quantities (confirmed nominations from the Timely Cycle for the Evening Cycle) are in excess of system capacity, Buy-Back service hereunder shall be applied to daily periods as designated by the Utility in accordance with the provisions of Rule No. 30, Section F. Customers shall not be allowed to trade positive imbalances incurred during such daily periods. The Buy-Back Rate shall apply to all positive imbalances in excess of the 10% tolerance band for each such period. Standby service shall be provided for the regular monthly balancing period and shall not be restricted to the excess nominations periods.
13. Under this schedule, the responsible customer will reimburse the Utility for any penalties or charges incurred by the Utility under an interstate or intrastate supplier arrangement when such penalties or charges occur as a direct result of the Utility's providing this imbalance service to customer.
14. If as the result of billing error, metering error, or transportation adjustments, customer trades an incorrect amount of imbalance quantities based on notification by the Utility, the Utility will not be liable for any financial losses or damages incurred by customer nor will the Utility be financially liable to any of the customer's imbalance trading partners. If as a result of such error, the Utility overbills customer, the Utility shall refund the difference. If the Utility underbills customer, the customer shall be liable for the undercharge including any associated penalty. The customer shall not be relieved of imbalance penalties when a subsequent billing adjustment is made by the Utility. For the purpose of determining imbalances and any applicable charges hereunder, the Utility will include subsequent billing adjustments for prior periods as part of the usage deemed to occur during the subsequent period unless the customer reimburses the Utility for the actual cost of gas incurred. Trades occurring in prior periods will not be affected by such billing adjustments. The Utility may issue a bill for Daily Balancing Standby Rate charges on a weekly or fortnightly basis upon customer or marketer request or if a customer or marketer delivers into the system less than 50 percent of its usage. Otherwise, Daily Balancing Standby Rate charges shall be included in the regular monthly bill.
15. The Utility Gas Procurement Department will be not be assessed any charges under this schedule that are a result of its obligation to maintain system reliability when called upon by the Utility System Operator to increase flowing supply when supply is insufficient to meet expected end-use demand or decrease scheduled deliveries when deliveries are expected to exceed end-use demand plus storage injection capacity.

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