



RULE 22

Sheet 1

INTERSTATE CAPACITY BROKERING

The terms and conditions of this rule shall apply to the Utility's releasing of its firm interstate transportation rights (capacity) on interstate pipelines.

A. Releasing Capacity

1. The Utility, on a non-discriminatory basis, may release part or all of the Utility's firm rights on the interstate pipelines pursuant to the rules and regulations of the Federal Energy Regulatory Commission (FERC) and the California Public Utilities Commission (CPUC). Utility may release this unused capacity to any party who meets the creditworthiness requirements of the applicable interstate pipeline. Contracting with parties for released capacity will occur pursuant to the capacity release rules of the FERC. In accordance with those rules, Utility may release capacity through prearranged deals with customers or an open season.
2. Information about the Utility's capacity release through an open season will be posted on the Utility's electronic bulletin board (EBB).
3. Utility will establish and post criteria for each capacity release, including price, contract term, and if applicable, recall rights, via the interstate pipeline's EBB. The criteria will be used in determining the winning bids for interstate pipeline capacity, in accordance with the FERC's rules for capacity release.
4. Utility shall, in its sole discretion, determine the minimum acceptable bid price for any capacity it offers. The Utility shall not be obligated to accept any capacity bids which are less than the full as-billed rate.
5. Once awarded, all billing and payments by the acquiring shipper for the released capacity will be directly between the acquiring shipper and the interstate pipeline, subject to such pipeline's tariffs. Interstate pipelines may also require contracts with the acquiring shippers for capacity. Nominations for transporting gas using this capacity will occur directly between the acquiring shipper and the interstate pipeline.

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Advice Ltr. No. 1418-G

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Issued by
Lee Schavrien
Vice President
Regulatory Affairs

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