



**RULE 25**

Sheet 1

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

The general terms and conditions that apply whenever the utility transports customer-procured gas volumes for noncore customers are described below. This rule will be part of any contract to provide such service.

- A. Definitions. The definitions of principal terms used in this rule are found either herein or in Rule 1, Definitions.
- B. Customer Responsibility for Interstate Transportation. Customers who qualify for either core or noncore transportation-only services are responsible for acquiring interstate transportation services to deliver customer gas to a point of interconnection with the Utility System Operator's pipeline system.
- C. Customer Procured Gas. Customers who procure their own gas supplies must satisfy the terms and conditions stated hereunder as well as the terms and conditions stated in Rule 30.
- D. Noncore Service Elections. Customers who qualify for noncore transportation services may choose among the following service options from the utility:
  - 1. Firm Intrastate Transportation.
  - 2. Interruptible Intrastate Transportation.
- E. Customer Notification. Once annually, in February, the utility shall send by separate mail (not combined with billing) a notice to all customers receiving and/or eligible for noncore gas service. The notice shall clearly explain the options and levels of service available to the customer. If, during any given year, the utility is holding an Open Season, as defined in Rule 1, the notice shall identify the deadline for making changes to current gas service elections.

The utility shall make all reasonable efforts to solicit the customer's response for noncore service elections during an Open Season. If the customer fails to inform the utility of their intent during the Open Season period, they will be considered a Non-Bidding customer and will receive service consistent with the Non-Bidding Customer provision as defined in Section Y.

- F. Customer Size. For the purposes of bidding for firm capacity in potentially capacity-constrained areas, large noncore customers are defined as (1) commercial/industrial customers with historical peak day usage of 20 million cubic feet per day (MMcfd) or more and (2) electric generation customers using three (3) million therms or more per year. Small noncore customers are defined as (1) commercial/industrial customers with historical peak day usage of less than 20 MMcfd and (2) electric generation customers using fewer than three (3) million therms per year.
- G. Contract Addendum. The Scheduled Quantity Addendum (Form 142-2000) shall be used to specify monthly or hourly scheduled quantities for longer terms or in greater detail than provided for in the standard Request For Retail Noncore Gas Services (Contract).
- H. Term. For large noncore customers, the term for firm service shall be the earlier of (a) two (2) years beyond the in-service date of facilities associated with the expansion of local transmission service or (b) five (5) years. For small noncore customers, the term is two years. In the event all requests for firm noncore capacity can be awarded without proration and the Utility does not plan to expand the local transmission system within the five-year contract period, the Utility will inform the Commission. Upon Commission agreement that there is no need to construct additional facilities within the five-year contract period, the Utility shall amend the five-year contracts to expire after two years, consistent with the term for small customers.

(Continued)

1C11

Advice Ltr. No. 1909-G

Decision No. 09-11-006

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

Date Filed Dec 8, 2009

Effective Feb 1, 2010

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



**RULE 25**

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

I. Service Election. Customers who elect firm noncore intrastate transportation service will only be able to change this election at the end of the term of their Firm Service contract term.

Customers who elect interruptible intrastate transportation service may only change to firm noncore intrastate transportation service during an Open Season.

Noncore-eligible customers including, but not limited to new customers and customers that become noncore-eligible between the Open Seasons, requesting noncore service between Open Seasons shall receive interruptible service. Additionally, customers that are not eligible for core service requesting gas transportation service between Open Seasons shall receive interruptible service.

J. Firm Intrastate Transportation Service. Customers who qualify for this service will be responsible for satisfying the following terms and conditions:

1. Firm intrastate transportation service.
2. Minimum contract term or as awarded in Section H above with hourly or monthly gas nominations.
3. A 75% use-or-pay volume obligation.
4. An 80% use-or-pay rate charge.
5. Gas curtailed pursuant to Rule 14.

Service under this option will be provided under a single service schedule: Schedule EG for distribution level electric generation and cogeneration customers, Schedule GTNC for distribution level commercial and industrial customers and Schedule TLS for customers receiving Transmission Level Service, as defined in Rule 1.

Service under this option provides for the transportation of gas supplies across both the SoCalGas and SDG&E pipeline systems to the customer's end-use meter, excluding backbone transportation service which can be obtained under SoCalGas' Schedule G-BTS.

K. Interruptible Intrastate Transportation Service. Customers who qualify for this service will be responsible for satisfying the following terms and conditions:

1. Interruptible intrastate transportation service.
2. One-month contract term, with monthly gas nominations.
3. No use-or-pay volume obligations or rate charges.
4. Gas curtailed pursuant to Rule 14.

Service under this option will be provided under a single service schedule: Schedule EG for distribution level electric generation and cogeneration customers, Schedule GTNC for distribution level commercial and industrial customers and Schedule TLS for customers receiving Transmission Level Service, as defined in Rule 1.

Service under this option provides for the transportation of gas supplies across the SoCalGas pipeline, excluding backbone transportation service which can be obtained under SoCalGas' Schedule G-BTS, and SDG&E pipeline systems to the customer's end-use meter.

(Continued)

T  
T

T



**RULE 25**

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

- L. Customer Obligations. Customers electing any of the noncore service options available to them will be required to sign a Request for Retail Noncore Gas Services, Form 142-1259, specifying the customer's service elections, gas nominations, and other relevant data that the utility requires to provide such service to the customer. In addition, the customer will be obligated to the following provisions:
1. Interpretation. The interpretation and performance of any contracts for gas service shall be in accordance with the laws of the State of California, and the orders, rules and regulations of the Public Utilities Commission of the State of California, in effect from time to time.
  2. Amendment or Modification. Except as required to conform with California Law and the orders, rules and regulations of the Public Utilities Commission of the State of California (which retains continuing jurisdiction over this Contract and the Schedules attached hereto), no amendment or modification shall be made to this Contract except by an instrument in writing executed by all parties thereto, and no amendment or modification shall be made by course of performance, course of dealing or usage of trade.
  3. Waiver. No waiver by any party of one or more defaults under this Contract shall operate or be construed as a waiver of any other default or defaults, whether of a like or different character.
  4. Damages. No party under this Contract shall be assessed any special, punitive, consequential, incidental, or indirect damages, whether in contract or tort, for any actions or inactions arising from or related to this Contract.
  5. Assignment. This contract (or any rights or obligations related thereto) shall not be assigned without the prior written consent of utility, which consent shall not be withheld unreasonably (but utility may require that any assignee confirm in writing its assumption of the rights and obligations of its predecessor).
  6. Hinshaw Exemption. In the event that any governmental entity (including a court) issues an order or rule which would result in the loss of utility's Hinshaw Exemption from federal regulations if this Contract entered into by utility remains in effect, utility may terminate this Contract.
  7. CPUC Jurisdiction. This contract shall at all times be subject to such changes or modification by the Public Utilities Commission of the State of California as said Commission may, from time to time, direct in the exercise of its jurisdiction.
  8. Payment. All bills rendered by utility shall be paid by customer within fifteen (15) days after the billing date to utility's depository (which may be changed by utility on ten (10) days prior written notice). One master billing may be made by utility for all services provided under this contract as mutually agreed. Such billing shall be sent to customer at the designated address provided on the customer's signed service agreement.
  9. Request for Multiple Service. Although the customer may request several services under one service agreement, each service provided by utility to customer is separate and independent from all other services. Thus, the breach of the agreement for one service under the customer's service agreement shall not result in the breach of, or excuse performance under, another service for which the customer has contracted. Likewise, there shall be no offset between any amounts claimed to be payable or due under one schedule against amounts claimed to be payable or due under another schedule.

T,D

L

L

(Continued)



**RULE 25**

Sheet 4

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

- M. Service Termination. Customers who elect to terminate service will continue to be subject to the use-or-pay obligations for firm transportation service, and, if applicable, transportation reservation charges for the contracted period, and such charges will be due and payable on the effective date of service termination.
- N. Partial Requirements Service. Customers may split their transportation requirements among the noncore service options available to them. The customer is obligated to inform the utility how the customer wishes to allocate their gas load requirements among the noncore services available to them. The customer will be responsible for satisfying the terms and conditions under each rate schedule the customer receives service.
- O. Hourly Contract Quantity (HCQ). Customers choosing firm noncore services may bid for transmission capacity by hour. The HCQ shall be the quantity awarded each hour as set forth in the customer's applicable service agreement.
- P. Monthly Contract Quantity. Customers receiving firm noncore services may bid on a monthly basis. The Monthly Contract Quantity (MCQ) shall be the quantity awarded each month as set forth in the customer's applicable service agreement. For customers bidding hourly, the MCQ shall be equivalent to the summation of the HCQs for the month.
- Q. Authorized Curtailment Quantity: The maximum hourly quantity (in therms) the customer is entitled to use during an interruptible service curtailment is equal to any core Monthly Contract Quantity (MCQ) for the month divided by operating days specified for that sequence in the contract divided by 24 hours. In addition, the customer is authorized to use either: (a) the firm noncore MCQ for the month divided by operating days specified for that sequence in the contract divided by 24 hours for customers who bid monthly MCQs; or (b) the awarded Hourly Contract Quantity (HCQ) for the specific hour.
- R. Availability of Daily and Hourly Data: In the event daily usage data is not available, the recorded monthly volumes delivered to the customer shall be assumed to have been delivered at a constant rate over the number of calendar days during the month. In the event hourly usage data is not available, the recorded daily volumes delivered to the customer shall be assumed to have been delivered at a constant rate for each hour during a 24-hour period.
- S. Use-or-Pay Obligations and Charges for Firm Service.
  - a. Distribution level Customers electing firm transportation service will be obligated to use at least 75% of their MCQ, or pay a charge, equal to 80% of the total transportation charges applicable for firm service, on those volumes that are less than the 75% trigger.
  - b. If during any billing period a Transmission Level Customer's firm noncore usage is less than 75% of its MCQ (use-or-pay obligation) Customer will be assessed use-or-pay charges. The use-or-pay charges will be equal to 80% of the CA or NV rate, as applicable, multiplied by the difference between a) Customer's use-or-pay obligation minus its Daily Reservation Quantity (DRQ) summed over the month and b) Customer's firm noncore usage above its DRQ summed over the month, provided that use-or-pay charges shall not be less than zero (0).

N  
N

Use-or-Pay charges shall be forgiven by the amount customer's reduced gas consumption is due to firm service curtailments imposed by the utility.

(Continued)



**RULE 25**

Sheet 5

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

- T. Use-or-Pay Aggregation: Individual customers may aggregate their firm intrastate transmission service only at their facilities located within the same constrained area for purposes of use-or-pay charge determination. If the customer aggregates facilities with different rates, use-or-pay charges shall be based on the highest transmission charge.
- U. Awarding of Firm Noncore Capacity: For any period where the firm bids exceed firm capacity; all bids that exceed the customers' historical usage will be reduced to historical usage. The historical usage will be equal to a customer's peak day usage for that month within the most recent 12 months. Peak day usage will be divided by 24 to determine historical hourly usage. If firm capacity remains over-subscribed after customers' bids have been reduced to historical usage, the Utility shall first award available firm capacity pro-rata based on historical usage. If firm capacity is not over-subscribed after customers' bids have been awarded based on historic usage, quantities bid in excess of the customer's historical usage and quantities submitted by new customers will be awarded on a pro-rata basis.
- V. Hourly Allocation of Bids When Oversubscribed: In the event that only certain hours are oversubscribed, then monthly bids will be converted to an hourly basis by dividing by the number of operating days in the month and then by 24 hours; the "converted hourly bid" will be pro-rated along with hourly bids for the oversubscribed hour(s); and then converted back into a monthly award by multiplying the pro-rated hourly amount by 24 hours and then multiplying the product by the number of operating days in the month.
- W. Firm Quantities Bid but Not Awarded: Such quantities shall be added to the customer's interruptible sequence.
- X. Right of Refusal: Utility reserves the right to reject any bid. Once a bid is rejected, Utility shall notify the customer as to the reason for the rejection. The customer may re-submit a bid, provided that firm quantities have not yet been awarded to participants in the open season.
- Y. Non-Bidding Customers: Noncore customers eligible to participate in the open season that do not submit a bid will default to interruptible noncore transportation service. Any potential noncore eligible customer, offered an opportunity to bid for firm noncore service, but declines to bid, or was not awarded sufficient firm capacity, may not elect core service during the period covered by the open season. Noncore-eligible customers on core service as of the open season start date that do not submit a bid for service may remain core.
- Z. Intrastate Capacity Trading: A customer that has a currently effective MCQ for firm noncore intrastate capacity within a capacity-constrained service area (Capacity Holder) may request to transfer all or a portion of its awarded firm noncore intrastate capacity and the associated obligations, including monthly use-or-pay obligations (Trade), to another noncore customer (Recipient) that desires the capacity for the same capacity-constrained area during the periods designated in the Constrained Area Firm Capacity Trading Agreement (Form 142-2010) (Trading Agreement) see the forms section of <http://www.sdge.com/business/GSPDocs.shtml>. The following process shall apply to all proposed Trades of intrastate firm capacity in constrained areas:
  - a. Trades must be within the same constrained service area.
  - b. No less than thirty (30) calendar days prior to the first proposed Trading Day, defined as a calendar day on which a Trade occurs, Capacity Holder and Recipient shall submit to the Utility an original Trading Agreement signed by Capacity Holder and Recipient.

T L  
T  
L  
T  
T  
T  
T  
T

(Continued)



**RULE 25**

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

Z. Intrastate Capacity Trading:(Continued)

- c. All Trade Requests must be approved by the Utility before the Trade may commence.
- d. Utility shall determine, in its sole reasonable discretion, whether the proposed Trade is accepted or rejected based on operational feasibility and/or Recipient creditworthiness as set forth in the Utility's Rule 6.
- e. Within twenty-five (25) calendar days after receiving the trade request, the Utility shall notify the Capacity Holder and Recipient as to whether the proposed Trade is approved or rejected.
  - i. If the Utility approves the proposed Trade, the Utility shall execute the Trading Agreement and return a copy of the fully executed original to Capacity Holder and Recipient. The Trade is approved as of the date on which Utility executes the Trading Agreement.
  - ii. If the Utility rejects the proposed Trade, the Utility shall notify Capacity Holder and Recipient that Request has been rejected and the reason for rejection.
- f. Capacity Holder and Recipient may trade only the capacity amounts during the operating days or hours set forth in the Trading Agreement.
- g. Customers desiring a Trade may use a Utility-hosted platform or other lawful means to solicit a Trade.
- h. As of the first Trading Day and throughout the period subject to the Trade, all of Capacity Holder's obligations with regard to the traded capacity, including use-or-pay obligations, shall become Recipient's sole responsibility. Capacity Holder's use-or-pay obligation will decrease and Recipient's use-or-pay obligation will increase by the quantities set forth in the Trading Agreement executed by the Utility.

AA. Gas Curtailment. If a gas curtailment occurs, then gas will be curtailed according to service election, with interruptible transportation service volumes curtailed first, followed by firm transportation service volumes, including core subscription volumes, and core volumes curtailed last. Gas curtailment procedures are specified in Rule 14.

BB. Gas Supply Diversions. The utility has the right to divert noncore gas to serve core customers. These diversions may be either voluntary or involuntary. Customers may also trade among themselves for the order of gas diversions established by the utility. See Rule 14 for a description of the terms and conditions governing gas diversions by the utility.

CC. Negotiation Rights. Certain elements of the transportation charges for interruptible services provided hereunder may be negotiable. Customers who qualify for and elect interruptible services have the right to negotiate an alternative transportation contract with the utility. All negotiated agreements must be filed with the Commission within 5 days of execution. The utility shall make these agreements available for public inspection at its general offices within five (5) days of execution, and upon request, at any of its district offices within ten (10) days of execution.

(Continued)

T  
L  
L

T  
T  
T



**RULE 25**

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

CC. Negotiation Rights (Continued)

The utility is not obligated to negotiate any terms which may differ from the default charges. All transportation charges for firm services provided hereunder are not subject to negotiation except as set forth under the Expedited Application Docket (EAD) procedure which the Commission established in D.92-11-052. Under the EAD procedure, the utility may negotiate a discounted firm contract with a customer in order to prevent uneconomic bypass by that customer. The Commission must approve all such discounted contracts.

DD. Service Seasons and Billing Prorations. The winter season begins December 1 and ends March 31. The summer season begins April 1 and ends November 30. In the event that the current billing period usage includes both summer and winter usage, a proration of the billing period throughput applicable to each season shall be employed. This proration shall be in proportion to the number of days gas is delivered for each season during the billing period.

EE. Alternate Fuel Requirement for Non-Cogeneration Service. Commission Decision 93-09-082, effective September 29, 1993, adopted the existing size requirement of 20,800 therms monthly average usage for determining noncore status for new customers and grandfathered those customers below the 20,800 therms per month size limit who were receiving noncore service as of September 17, 1993.

In the event that the customer does not curtail their noncore gas load when ordered to by the utility, the following charges would apply hourly:

- (1) A charge of \$1 per therm will apply to all metered noncore gas during the initial five hours of the curtailment episode;
- (2) A charge of \$3 per therm for all metered noncore gas during the next three hours; and
- (3) A charge of \$10 per therm for all metered noncore gas during the remainder of the curtailment episode.

Noncore non-cogeneration customers with core load through the same gas meter and/or cogeneration customers with metered gas in excess of the heat rate allowance which is core, will be able to continue use of the core gas during a curtailment without a charge, so long as the core gas has been contractually identified in advance of the curtailment, and, as such, has been billed on the customer's otherwise applicable core rate schedule.

FF. Alternate Fuel Requirement for Cogeneration Service. In accordance with Section 277.3 of the Public Utilities Code, customers will not be required to maintain alternate fuel capability with respect to equipment which uses gas for purposes of cogeneration. However, in the event of curtailment, customers under this schedule will be curtailed in accordance with Rule 14, Shortage of Gas Supply, Interruption of Delivery, and Priority of Service.

GG. Standby Boiler Customer Classification for Cogeneration Service. Cogeneration facilities with standby boilers on a given premises will be treated as one customer for purposes of assessing customer and charges, if applicable, provided the cogeneration customer has signed an affidavit (Form 143-1659) to the effect that its boiler system only operates when the cogeneration system is not operating.

(Continued)

TL  
|  
L  
T  
  
T  
T



**RULE 25**

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

- HH. Additional Metering for EG Services. Pursuant to anti-gaming provisions adopted in Decision 00-04-060, an electric generation customer receiving electric generation services must make available upon request any measurement devices required to directly or indirectly determine the kilowatt-hours generated, or the average heat rate for the electric generation equipment. The utility shall have the right to read, inspect and/or test all such measurement devices during normal business hours. Additional gas and/or steam metering facilities required to separately determine gas usage to which the electric generation rate(s) are applicable may be installed, owned, and operated by the utility at its expense, however, the utility may, in accordance with the other anti-gaming provision, utilize estimated data to determine such gas usage. The full text of the anti-gaming provisions are provided under the Special Conditions of Schedule EG.
- II. Gas Balancing Services and Standby Service Charges. Customers are subject to the provisions specified in Schedule G-IMB.
- JJ. Retail Gas Service. Self-procured or utility-procured customer gas will be transported for use only by the customer, and, with the exception of UEG gas, will not be for delivery or resale to any other entity except in cases where over deliveries may be exchanged for trading of imbalances or as the result of authorized gas diversion.
- KK. Interruptibility by the Utility. Service is subject to discontinuance in whole or in part without notice in case of an actual or anticipated system capacity or supply shortage. The utility will not be liable for damages resulting from service interruption or service discontinuance. Use-or-pay charges for firm transportation services will be forgiven to the extent the customer's usage falls below the use-or-pay level due to service interruptions imposed by the Utility, or upstream pipeline or Force Majeure conditions, excluding required maintenance of customer's facilities, plant closures, economic conditions, or variations in agricultural crop production.  
  
Under force majeure conditions, a proration of customer charges will be made only if the utility has received written notice from the customer within 60 days of Force Majeure occurrence. Use-or-pay charges will be prorated in proportion to the number of days gas is offered during the billing period. Interruption or discontinuance of service will be made in accordance with Rule 14.
- LL. Interruptibility by the Customer. Written notice to the utility will be required at least 30 days prior to any customer shut-down for maintenance or routine repair of a duration anticipated to exceed one day or any other action that would significantly impact the delivery of contracted volumes of gas into the utility's pipeline distribution system.
- MM. Gas Distribution Extensions. All extensions of gas distribution mains necessary to furnish permanent gas service to applicants will be made by the utility in accordance with Rule 15, Gas Main Extensions.

T L  
T L  
T  
T  
T  
T  
T

(Continued)



San Diego Gas & Electric Company  
San Diego, California

Revised Cal. P.U.C. Sheet No. 17943-G

Canceling Revised Cal. P.U.C. Sheet No. 16517-G

**RULE 25**

Sheet 9

GAS TRANSPORTATION RULES FOR NONCORE CUSTOMERS

NN. Standby Boiler Customer Classification for Cogeneration Service. Cogeneration facilities with standby boilers on a given premises will be treated as one customer for purposes of assessing customer and charges, if applicable, provided the cogeneration customer has signed an affidavit (Form 143-1659) to the effect that its boiler system only operates when the cogeneration system is not operating.

T

D

9C12

Advice Ltr. No. 1909-G

Decision No. 09-11-006

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

Date Filed Dec 8, 2009

Effective Feb 1, 2010

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