

Rule No. 02

Sheet 1

DESCRIPTION OF SERVICE

A. Natural Gas Served

The gas supplied by this Utility is natural gas that is obtained from various sources, primarily oil and gas fields, but also includes landfills and other biomass processes. The gas may consist of any combustible gas or gases so produced. The gas is processed to remove condensible constituents, to minimize the concentration of certain impurities as specified by orders of the California Public Utilities Commission and to add a warning Odorant as defined in Rule No. 1 (gas and Odorant referred to as "gas supplied"). Customers using gas supplied by this Utility for processes which are affected by impurities in excess of specified minimum levels are responsible for testing gas supplied and for rendering the gas suitable for their intended uses. Customers using gas supplied by this Utility should also take reasonable steps to prevent Odorant Fade, as defined in Rule No. 1, that may result in Consumer Equipment, as defined in Rule No. 1. This requirement does not apply to Odorant Fade occurring upstream of Consumer Equipment.

EXCEPT AS PROVIDED IN THIS RULE, THE UTILITY MAKES NO WARRANTIES AS TO THE NATURE, COMPOSITION OR PROPERTIES OF THE NATURAL GAS SUPPLIED AND THE OBLIGATIONS SET FORTH IN THIS RULE ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, GUARANTIES OR LIABILITIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION ANY OBLIGATIONS OF THE UTILITY WITH RESPECT TO FITNESS, MERCHANTABILITY, CONSEQUENTIAL DAMAGES, AND WARNINGS INCLUDING THOSE RELATED TO ODORANT FADE IN CONSUMER EQUIPMENT).

B. Heating Value of Gas Served

The heating value of the natural gas served will vary from time to time and from place to place depending upon the supplies being drawn and the relative quantities being taken therefrom. The monthly average heating values (in Btu per cubic foot, dry basis, at normal atmospheric pressure of 30" mercury and a temperature of 60 degrees Fahrenheit) of the gas served in the major portion of the Utility's service area are within the range of 1000-1060 Btu, and the maximum variation will rarely exceed 100 Btu above or below this range. The following table shows the typical range of monthly average heating values in each area:

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3977-B
DECISION NO.

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Feb 26, 2010
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Rule No. 02

Sheet 2

DESCRIPTION OF SERVICE

(Continued)

B. Heating Value of Gas Served (Continued)

<u>Area</u>	<u>Range of Monthly Average Btu</u>
Los Angeles Basin	1000-1060
Antelope Valley	1000-1040
Eastern and Inland Area	1000-1040
San Joaquin Valley Area	1000-1180
Ventura County	1010-1130
San Luis Obispo County and Western Santa Barbara County	1030-1130
Santa Barbara County (excluding western portion)	1070-1200
Orange County	1000-1020

C. Pressure

The standard delivery pressure at the point of delivery is eight inches of water column.

For connected loads of one million Btu/hour or greater, the following delivery pressures can be provided upon request and acceptance by the Utility:

1. Two Pounds.
2. Five Pounds.
3. Service at as-available fluctuating pressures from the point of service.
4. Such other pressure as the Utility and the Customer agree to.

D. Continuity of Service

Service is continuous, subject to the limitations specifically set forth in the various tariff schedules.

(Continued)

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Rule No. 02

Sheet 3

DESCRIPTION OF SERVICE

(Continued)

E. Determination of Cubic Foot with Displacement Meters

In cases where gas is metered to customers at the standard delivery pressure described in Section C hereof, a cubic foot of gas shall be construed to be that quantity of gas which, at the temperature and pressure existing in the meter, occupies one cubic foot. Where gas is metered to customers through displacement meters at a pressure higher than that in Section C hereof, a cubic foot of gas shall be construed to be that quantity of gas which, at the temperature existing in the meter and an absolute pressure of 14.73 pounds per square inch, occupies one cubic foot.

F. Determination of Cubic Foot with Other Than Displacement Meters

In cases where gas is metered to customers through other than displacement meters, a cubic foot of gas shall be construed to be that quantity of gas which, at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.73 pounds per square inch, occupies one cubic foot.

G. Orifice Meter Standards

Utility shall own, operate and maintain devices and related instrumentation to measure gas-flow at each point of receipt and each point of delivery. Utility may elect not to install redundant measurement facilities at interstate pipeline and utility receipt points as long as the supplying pipeline or utility complies with the following measurement standards. Orifice meters shall be installed in compliance with the American National Standards Institute Report ANSI/API 2350. Other types of measuring devices shall be installed in compliance with the manufacturers' recommended specifications and all applicable American Gas Association and American National Standards Institute standards.

H. Statement to Customers

The Utility shall periodically render a statement to all customers of the calculated amount of gas delivered and measured as hereinbefore provided. It is agreed that such statement shall be accepted (subject to correction for any error in reading meters, charts, gauges or other accessories, or in computation) by both parties as a correct measurement and statement of the amount of gas delivered and to be paid for unless objected to by one party or the other within 15 days from the time of the rendering of such statement.

See Rule No. 16 for information on billing corrections due to meter error.

(Continued)

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Lee Schavrien
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Rule No. 02

Sheet 4

DESCRIPTION OF SERVICE

(Continued)

I. Adjustment for Altitude for Standard Delivery Pressure

In cases where gas is metered at standard delivery pressure, the metered volume shall be adjusted by the appropriate altitude factor from the following table which corrects for standard delivery pressure and altitude:

<u>Altitude Zone</u>	<u>Altitude Range (Ft.)</u>	<u>Altitude Factor</u>
0	Below 1,000	1.000
1	1,000-1,999	.968
2	2,000-2,999	.935
3	3,000-3,999	.903
4	4,000-4,999	.871
5	5,000-5,999	.841
6	6,000-6,999	.812
7	7,000-7,999	.782
8	8,000-8,999	.755

J. Adjustment for Elevation for Pressure Higher Than Standard Delivery Pressure

In cases where gas is metered to customers through positive displacement meters at a pressure higher than the standard delivery pressure (8 inch), the metered volume shall be corrected, at the temperature existing in the meter, to a standard pressure of 14.73 pounds per square inch absolute. The Utility shall, as appropriate, correct for deviation from Boyle's Law. In correcting the metered gas volume to the standard pressure, the barometric pressure assumed to exist at the meter for various elevation zones shall be taken from the following table:

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Senior Vice President
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Sheet 5

DESCRIPTION OF SERVICE

(Continued)

J. Adjustment for Elevation for Pressure Higher Than Standard Delivery Pressure (Continued)

Standard Average Barometric Pressures of Various Elevation Zones
 for Use with High Pressure Gas Displacement Meters

<u>Elevation Zone</u>	<u>Elevation Limits Between Which Standard Barometric Pressure Is to be Used (Feet)</u>	<u>Standard Barometric Pressure (Lbs. per Sq. Inch Absol.)</u>
1	-200-199	14.73
2	200-599	14.53
3	600-999	14.32
4	1,000-1,399	14.12
5	1,400-1,799	13.92
6	1,800-2,199	13.72
7	2,200-2,599	13.53
8	2,600-2,999	13.33
9	3,000-3,399	13.14
10	3,400-3,799	12.96
11	3,800-4,199	12.77
12	4,200-4,599	12.59
13	4,600-4,999	12.41
14	5,000-5,399	12.23
15	5,400-5,799	12.06
16	5,800-6,199	11.89
17	6,200-6,599	11.72
18	6,600-6,999	11.55
19	7,000-7,399	11.39
20	7,400-7,799	11.22
21	7,800-8,199	11.06

K. Adjustment for Meter Calibration Factor

In the cases where meters have failed our Meter Performance Control Program as fast meters, a Meter Calibration Factor of 2% will be applied in lieu of removal. This factor shall be applied to all impacted meters and remain in place as long as the meter is left in service without removal.

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(Continued)

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Dan Skopec
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Rule No. 02

Sheet 6

DESCRIPTION OF SERVICE

(Continued)

L. Conversion of Metered Volumes to Billable Volumes for Billing

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The metered volume shall be adjusted by a billing factor equal to the product of the applicable adjustments factors listed in I, J, K to calculate the billable volume in Ccf.

M. Conversion of Metered Volumes to Therms for Billing

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The number of therms to be billed shall be the product of the billable volume in Ccf times the BTU factor.

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The number of therms to be billed shall be the product of the metered volume in Ccf times the billing factor. The billing factor is equal to the product of the applicable adjustment factors for altitude, metering pressure, and meter calibration, as appropriate.

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The Btu factor for each Btu district will be determined monthly by dividing the average heating value of deliveries to that Btu district by 1,000. The average heating value in the Btu district is based upon the 4-week period ending on the second Tuesday of a 4-Tuesday month, or the 5-week period ending on the third Tuesday of a 5-Tuesday month. This Btu factor shall be used for all billing cycles of the next revenue month.

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Where the Utility has a meter device that automatically gathers and records daily or more frequent consumption information, the Utility may apply appropriate district daily or more frequent heating values in determining the customer's bill, rather than a monthly average heating value.

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N. The Utility reserves the right to refuse gas service to:

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1. Any customer whose fuel requirements impose demands only at times which are coincidental with the period of extreme seasonal peak demands on the Utility's system.
2. Any premises for standby purposes. Utility will notify the Commission whenever a denial of service is contemplated.

O. Standby Service to Bypass Customers

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1. A Bypass customer will be put on standby service if it meets the conditions specified in Rule No. 1 for standby service.
2. To the extent a Bypass customer requests a new service line or meter from the Utility for standby service as defined in Rule No. 1, the Utility will install the service line or meter at the customer's expense. The customer will be subject to a usage evaluation if it uses no transportation service from the Utility for any consecutive 24-month period.

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Rule No. 02

Sheet 7

DESCRIPTION OF SERVICE

(Continued)

P. Special Facilities

1. Request for Special Facilities. Utility will normally install only those permanent facilities needed to provide standard service pursuant to Rule No. 20, Gas Main Extensions and/or Rule No. 21, Gas Service Extensions. An Applicant for new permanent service or a customer receiving permanent service may request Utility to install special facilities that result in additional cost to Utility over normally installed permanent facilities. If Utility agrees to such installation, Applicant will pay to Utility all costs above Utility's estimated site-specific cost to install, own, maintain, operate and replace permanent, standard facilities, in addition to any other applicable charges pursuant to Utility's tariffs.
2. Special Facilities. Special facilities may be provided to an Applicant for permanent natural gas service or existing customer for permanent natural gas service, and include:
 - a. augmented or new facilities which are in addition to, or substitution for, permanent facilities Utility normally installs to provide standard service under its tariffs; or,
 - b. existing facilities dedicated in whole or part for the sole use of Applicant. Utility will install, own and maintain special facilities, or dedicate existing facilities as an accommodation to the Applicant, only when acceptable to Utility such that Utility retains operational control and can assure reliability of service to Utility's other customers.
3. Costs Charged to Applicant for Special Facilities.
 - a. New Facilities. New facilities that the Utility agrees to install for Applicant's use as special facilities will be installed at Applicant's expense. Applicant will advance to Utility the additional estimated installed cost of the special facilities above Utility's standard facilities. Utility, at its option, may provide Applicant with alternate payment arrangement for installation of new facilities.
 - b. Existing Facilities. Utility's agreement to dedicate existing facilities for Applicant's use as special facilities will be at Applicant's expense. Applicant will pay Utility the applicable portion of the estimated installed cost of the existing facilities dedicated to Applicant.

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Rule No. 02

DESCRIPTION OF SERVICE

(Continued)

P. Special Facilities (Continued)

3. Costs Charged to Applicant for Special Facilities. (Continued)

c. Ownership Charge. In addition to providing for the payment of charges under any other applicable tariff, the Applicant will pay ownership charge or charges for either Utility-financed or Customer-financed facilities. The monthly ownership charge for Utility-financed facilities includes depreciation, authorized return, income taxes, property taxes, Operation and Maintenance (O&M) expense, Administrative and General (A&G) expense, Franchise Fees and Uncollectibles (FF&U), property insurance and replacement, if needed, for 60 years at no additional cost to the customer. The monthly ownership charge for Customer-financed facilities includes property taxes, Operation and Maintenance (O&M) expense, Administrative and General (A&G) expense, Franchise Fees and Uncollectibles (FF&U), property insurance and replacement, if needed, for 60 years at no additional cost to the customer. At Utility's discretion, dependent on such factors as the Applicant's creditworthiness, longevity of the project, practicality of collecting periodic payments, administration of the contract and other factors, Utility may require Applicant to pay the monthly Utility-financed or Customer-financed charge, or a lump sum payment, or Utility may agree to other payment arrangements.

(1) Monthly Ownership Charge. At the Utility's option, the Applicant will be required to pay monthly Utility-financed or Customer-financed ownership charges, as follows:

<u>Type of Facility</u>	<u>Financing</u>	<u>Monthly Charge</u>
Distribution	Customer	0.74% of the amount advanced
	Utility	1.49% of the additional cost

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These monthly ownership charges will commence when the special facilities are first ready to serve, as determined by Utility. Utility will notify Customer of this date, through its first invoice. The monthly ownership charges to Customer will automatically change in the event the rates set forth in this Rule 2 change.

(2) Lump-Sum Payment. At Utility's option, the Applicant may be required to make an equivalent one-time payment in lieu of the monthly charge. The one-time payment will equal the estimated cost of the special facilities, plus the estimated cost of removal or abandonment less the estimated net salvage value of removed or abandoned materials. This payment will be required in the event that the Applicant terminates the use of the special facilities at any time within five (5) years immediately following the date the special facilities are first ready to serve.

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Rule No. 02

Sheet 9

DESCRIPTION OF SERVICE

(Continued)

P. Special Facilities (Continued)

3. Costs Charged to Applicant for Special Facilities. (Continued)

c. Ownership Charge. (Continued)

(3) Periodic Review. Utility will periodically review the factors it uses to determine the monthly ownership charges stated in this section of this rule. If such review results in a change of more than five percent (5%), the Utility will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes will be submitted no sooner than six (6) months after the last revision.

4. Contracts for Special Facilities. Applicant requesting special facilities will be required to execute a written contract prior to Utility performing its work to install or dedicate special facilities. The general form of such contract shall be on file with the Commission.

(TO BE INSERTED BY UTILITY)

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ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

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