

Rule No. 23

Sheet 1

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

A. General

The Utility will exercise reasonable diligence and care to furnish and deliver service to its customers, and to avoid any interruption of same. The Utility shall not be liable for damages or otherwise for any failure to deliver gas or provide service to its customers, 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 service, operating limitations or other conditions beyond its reasonable control.

B. Priority of Service

In the event of a curtailment, as defined in Rule No. 1, the Utility shall curtail gas service to customers as described in Section C, Curtailment of Service, herein. Customer usage will be assigned to appropriate end-use priority or service classifications as set forth below.

Core Service

Priority 1 All residential usage regardless of size. All nonresidential usage less than 20,800 therms per active month*, excluding usage reclassified to noncore service pursuant to customer request. All electric generation, refinery and enhanced oil recovery (EOR) usage less than 20,800 therms per active month* electing core service.

Priority 2A All nonresidential usage of 20,800 therms or greater per active month* eligible for core service, not electing noncore service.

Noncore Service

Noncore Service includes: (1) commercial and industrial usage electing noncore service, (2) electric generation, EOR, and refinery usage less than 20,800 therms per active month* electing noncore service, and (3) all usage ineligible for core service, including (a) refinery and EOR usage of 20,800 therms or greater per active month* and (b) all electric generation usage from generators greater than 1 megawatt (MW) system rated generating capacity, based on net continuous power output with usage of 20,800 therms or greater per active month*.

* A customer shall be considered to meet the size criteria of 20,800 therms or greater per active month when on an annualized basis, for any period of 12 contiguous months within the most recent 24-month period, the customer's active month consumption averages 20,800 therms or greater. An active month is one in which consumption exceeds 1,000 therms.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5050
DECISION NO. 16-07-008

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Oct 25, 2016
EFFECTIVE Nov 1, 2016
RESOLUTION NO. _____

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(Continued)

C. Curtailement of Service (Continued)

1. Effectuation of Curtailment (Continued)

- (3) Up to 100% of non-electric generation noncore and noncore cogeneration usage on a pro rata basis, except for pre-established refinery minimum usage requirements. Electric generation load that is not dispatchable by an Electric Grid Operator and therefore not subject to curtailment in step 2 will be considered non-electric generation noncore load for the purposes of curtailment. Refineries, including cogeneration and ancillary facilities serving refineries, will be permitted to establish, subject to the Utility's reasonable agreement, pre-established minimum usage requirements that are not subject to curtailment in this step. Refinery minimum usage requirements shall be established at the usage level required to safely operate refinery processing units, to avoid material damage to operating equipment and to avoid operational outages extending materially beyond the curtailment period and shall take into account other relevant factors such as the length of notice provided by the Utility.
- (4) a) Up to 100% of remaining refinery load not curtailed in step 3.
 b) Up to 100% of remaining Dispatched Electric Generation load not curtailed in step 2. To the extent operationally feasible, the Utility will work with the affected Electric Grid Operator(s) on a best efforts basis to reallocate the aggregate maximum allowed usage for any remaining Dispatched Electric Generation load within the affected Local Service Zone(s) among all of the Dispatched Electric Generation facilities within the affected Local Service Zone(s) to maintain grid reliability and prevent firm electric load shedding. Any such reallocation shall be at the sole discretion of the Utility, and the default in the absence of reallocation shall be pro rata within each affected Local Service Zone(s).
- (5) All Priority 2A service on a pro rata basis.
- (6) All Priority 1 non-residential service on a pro rata basis.
- (7) All Priority 1 residential service on a pro rata basis.

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C. Curtailement of Service (Continued)

2. Transfers of Intrastate Curtailment

A customer that has a currently effective maximum allowed usage within a curtailed Local Service Zone (Holder) may request to transfer all or a portion of its maximum allowed usage capacity (Trade) to another noncore customer (Recipient) that desires the capacity for the same Local Service Zone curtailment as designated in the Notice of Intrastate Curtailment Transfer, Form No. 6600 (Trading Agreement). The following process shall apply to all proposed trades of maximum allowed usage capacity:

- a. Trades must be within the curtailed Local Service Zone(s).
- b. Holder and Recipient shall submit to the Utility an original Trading Agreement signed by Holder and Recipient.
- c. All Trade Requests must be approved by the Utility before the Trade may commence.
- d. The Utility shall determine, in its sole 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 No. 6.
- e. Holder and Recipient may trade only the capacity amounts during the operating days or hours set forth in the Trading Agreement.
- f. As of the first Trading Day and throughout the period subject to the Trade, all of Holder's obligations with regard to the traded capacity shall become Recipient's sole responsibility. Holder's maximum allowed usage will decrease and Recipient's maximum allowed usage will increase by the quantities set forth in the Trading Agreement executed by the Utility.
- g. Trades are limited to Non-EG noncore and cogeneration customers.

3. Operating Emergency Declared By A Customer

In the event of an operating emergency as declared by a customer at the customer's facility, service may be made available out of the normal curtailment pattern order, if in the judgment of the Utility it is possible to do so. To the extent operationally feasible, the Utility will give preference to critical customers as defined in Rule No. 1 and refinery minimum usage when they declare an operating emergency.

4. Restoration of Service

When curtailment of service is to be decreased, restoration of service shall be made (a) in the same manner as described in Section C.1, but inversely to the order given, and (b) to the level of service which in the judgment of the Utility can be provided. However, the Utility reserves the right to restore service in such order as it deems necessary irrespective of the curtailment order described in Section C.1 herein.

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CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

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D. Diversions of Customer-Owned Gas (Continued)

2. Involuntary Diversion Compliance and Charges

All Customers who use more gas during an involuntary diversion than their post-diverted supply, whether or not their gas is subject to an involuntary diversion, will be assessed involuntary diversion charges. Those customers will be deemed to be receiving involuntarily diverted supply, and therefore will be assessed a \$50.00 per Decatherm diversion usage charge, in addition to the EFO noncompliance charge.

Involuntary diversion compliance and charges will be based on the following:

- a. For a Noncore End-Use Customer with automated meter reading (AMR) capability, compliance and the calculation after the involuntary diversion event of any involuntary diversion charge will be based on actual daily metered usage and the post-diverted supply (Post-diverted supply is the original scheduled supply less the diverted volumes).
- b. For a Noncore End-Use Customer without AMR capability (all or part non-AMR capability) at their premises, compliance and the calculation after the involuntary diversion event of any noncompliance charge will be based on actual usage and the post-diverted supply.
- c. For a Core Procurement Group (CP Group), compliance and the calculation after the involuntary diversion event of any involuntary diversion charge will be based on the latest available forecast from the core load forecast model for the CP Group prior to the time the event is called, up to and including a 5:00 p.m. Pacific Time Forecast, and the CP Group's original supply before involuntary diversion.

3. Compensation for Involuntarily Diverted Gas

Supply scheduled to Noncore End-Use Customers under Firm BTS whose gas supply is involuntarily diverted will receive a \$50.00 per Decatherm diversion credit. Supply scheduled to Noncore End-Use Customers under Interruptible BTS whose gas supply is involuntarily diverted will receive a diversion credit based on the current market price of the diverted supply on the day it was diverted. The current market price will be based on an average of the published price data from Natural Gas Intelligence (NGI) and the InterContinental Exchange (ICE) for the applicable SoCalGas system receipt points, weighted by the supply mix of all gas received at the applicable system receipt points for on-system End-Use Customers for that day.

If no published daily price is reported on a given day, the prior published daily price from that index service will continue to apply for that day. If an index service is no longer available, SoCalGas reserves the right to choose another nationally recognized index to replace it.

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E. Curtailment Due to Emergency Conditions

At a time when there is a threatened or actual shortage creating an emergency condition for a short duration in the Utility's ability to meet the demands of Priority 1 and 2A customers, the Utility may, during such emergency period, curtail and/or divert service of all customers, or a portion of such customers, in the most reasonable and practicable manner possible. Further, in such event, the Utility shall have the right to shut off, discontinue, re-establish, or continue service for all customers or a portion of such customers, irrespective of the priority or preference provisions set forth herein or in the tariff schedules, contracts, or rules and regulations applicable to such service. In such emergency situations, curtailments shall generally be made based on the customer's level of demand and transfers of curtailment responsibility, as provided for in Section C.2 herein, shall not be allowed.

The Utility may also, during any national crisis, give preference, as between all customers, to facilities directly engaged in the production of food supplies and the production of national government requirements, when the discontinuance of service to such customers would stop, or materially diminish, the output of said plants.

F. Service to Unaffected Local Service Zones (formerly Localized Curtailment)

In the event of a Local Service Zone curtailment, customers in unaffected Local Service Zones may receive service while other customers of equal or higher priority are curtailed.

G. System Maintenance and Repair

Provisions related to system maintenance and repair are specified in Rule No. 30.

H. Wholesale Service

Wholesale customers will receive Priority 1 and 2A service from the Utility in proportion to such customers' Priority 1 and 2A loads. Service to wholesale customers' loads shall be curtailed in the same manner as that for the Utility's retail customers.

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I. Curtailement Violations

The Utility shall use metered hourly and daily usage recorded from the beginning to the end of each curtailment period to calculate curtailment penalty charges for the applicable service curtailed. For other than a customer operating emergency as set forth in Section C.3, customers failing to curtail on request will be assessed a penalty of \$5.00 per therm plus the daily balancing standby rate defined in Schedule No. G-IMB for the duration of the curtailment episode. The penalty applies to all gas quantities determined by the Utility to be in violation of curtailment. All other charges associated with such usage will apply.

For the curtailment of local service, customers whose hourly consumption under their applicable service schedule exceeds their maximum allowed usage during the curtailment of such service will be in violation of curtailment. The maximum allowed usage for Dispatchable Electric Generation customers will be an hourly usage figure, as specified by the Utility. The maximum allowed usage for non-electric generation noncore and noncore cogeneration customers in step 3 will be equal to a percentage of their Curtailment Baseline Quantity (CBQ) divided by 24 hours, as specified by the Utility. CBQs will be established annually as a customer's peak day consumption in summer (April through October) and in winter (November through March) within the previous 24 months. In the event a customer does not have 24 months of operating history or a customer has a material change in operations, the customer's CBQ may be estimated. Curtailment violation penalties will be applied to all consumption that exceeds a customer's maximum hourly allowed usage.

J. Curtailement Notification

The Utility shall submit an Advice Letter to the Commission's Energy Division within five business days from the conclusion of a non-maintenance-related curtailment. The filing shall state the facts underlying and the reasons for the curtailment, shall demonstrate that the type of curtailment being declared complies with the Utility's tariffs, and shall set forth efforts the Utility has taken to minimize or alleviate the curtailment. The filing shall be served by electronic mail or overnight mail on affected noncore customers and posted by the Utility on its Electronic Bulletin Board. The Utility shall submit an Advice Letter to the Commission's Energy Division within five business days from the end of each calendar quarter providing the same information for all maintenance-related curtailments over the reporting period.

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