



## *Nonresidential Services and Programs*

### **INTRODUCTION**

Southern California Gas Company (SoCalGas) is providing you with its Annual Notice. This Notice is intended to provide you with summary information about the programs, services and rates available to you as a large core or noncore customer.<sup>1</sup> Should you have any questions about your service options, your Account Representative is available to assist you or you can call 1-800-GAS-2000. SoCalGas values your privacy. For more information, you may view our Privacy Notice and Policy at <http://www.socalgas.com/privacy-notice.shtml>.

SoCalGas delivers natural gas to residential, nonresidential and wholesale customers. All residential customers are classified as core customers and receive the highest priority of service. Residential services, rates and programs are outside the intended scope of this Notice. For information on residential services please refer to <http://custhelp.socalgas.com/> or call the Customer Contact Center at 877-238-0092.

The information presented in this Notice is organized in sections as follows:

- I. SERVICE CLASSIFICATIONS AND ELIGIBILITY
- II. CORE CUSTOMER RATE SCHEDULES AND SERVICE OPTIONS
- III. NONCORE CUSTOMER RATE SCHEDULES AND SERVICE OPTIONS
- IV. NONCORE CUSTOMER GAS PROCUREMENT
- V. OTHER SERVICES AND PROGRAMS
- VI. METERING OPTIONS
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- VIII. CUSTOMER RESPONSIBILITIES
- IX. SAFETY INFORMATION
- X. REGULATORY ISSUES AND PENDING CPUC PROCEEDINGS

Nonresidential customers include: commercial and industrial, electric generation (EG), enhanced oil recovery (EOR), refinery, and natural gas vehicle (NGV). Wholesale customers are generally other gas utilities. Nonresidential customers are classified as core or noncore. The priority of service, rates, and service options applicable to core and noncore classes vary considerably and are determined by the customer's industry type and gas end-use and rules and tariffs approved by the California Public Utilities Commission (CPUC). SoCalGas provides service in accordance with its

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<sup>1</sup> This Notice is provided strictly for informational purposes. SoCalGas has made reasonable efforts to ensure all information is correct and consistent with its authorized tariffs. In the event of any conflict, the tariffs shall govern in all cases. In addition, neither SoCalGas' publication nor verbal representations thereof constitutes any statements, recommendation, endorsement, approval or guaranty (either express or implied) of any product or service. Moreover, SoCalGas shall not be responsible for errors or omissions in this publication or for claims or damages relating to its use thereof, even if SoCalGas has been advised of the possibility of such damages.



approved tariffs and rules under the regulation of the CPUC. Those tariffs and regulations can change from time to time. For your reference, current authorized tariffs can be found on SoCalGas' website at <http://socalgas.com/regulatory/tariffs/tariffs-rates.shtml>, while the rules can be found at <http://socalgas.com/regulatory/tariffs/tariffs-rules.shtml>; specifically Rule 23 pertains to priority of service.

## **I. SERVICE CLASSIFICATIONS AND ELIGIBILITY**

**Core Customer Classes:** Gas service to nonresidential core customers is divided into three general classifications.

### **Small Core Commercial/Industrial/NGV**

Eligibility: average consumption does not exceed 20,800 therms<sup>2</sup> per active month during any 12 contiguous months within the most recent 24-month period.

Level of service: Priority 1 service, the highest priority.

### **Large Core Commercial/Industrial/NGV**

Eligibility: average consumption that equals or exceeds 20,800 therms per active month during any 12 contiguous months within the most recent 24-month period and elect to remain core customers.

Level of service: Priority 2A service, the second highest priority.

### **Core EG<sup>3</sup> /EOR<sup>4</sup>/Refinery<sup>5</sup>**

Eligibility: actual (or projected with verifiable documentation) average consumption less than 20,800 therms per active month during any 12 contiguous months within the most recent 24-month period or customers with total electric generator capacity less than or equal to 1 megawatt (1,000 kilowatts), regardless of usage. The limit of 1 megawatt is based on verifiable system rated generating capacity at net continuous power output. *EOR and refinery customers with usage in excess of these levels may not elect core service and must take noncore service.*

Level of service: Priority 1 service, the highest priority.

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<sup>2</sup> Therm is a unit of measurement for billing purposes, nominally 100,000 Btu.

<sup>3</sup> EG is the use of natural gas to generate electricity, either directly or indirectly, including natural gas used for cogeneration or solar electric generation projects.

<sup>4</sup> EOR is the use of natural gas to pressure, cycle, or inject a substance into a well for the purpose of increasing oil production from that well, specifically including natural gas used for cogeneration to promote these operations.

<sup>5</sup> Refinery includes (1) Establishments primarily engaged in producing gasoline, kerosene, distillate fuel oils, residual fuel oils, and lubricants, through fractionation or straight distillation of crude oil, redistillation of unfinished petroleum derivative, cracking or other processes. Establishments of this industry also produce aliphatic and aromatic chemicals as byproducts; and (2) Establishments primarily engaged in hydrogen manufacturing for sale in compressed, liquid, and solid forms.



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**Noncore Customer Class:** Gas service to noncore commercial/industrial customers is received at a lower priority of service compared to core customers. Noncore customers are further categorized as firm or interruptible. Noncore rates, however, are usually lower than core rates.

Eligibility: actual (or projected with verifiable documentation) average usage equal to or exceeding 20,800 therms per active month during any 12 contiguous months within the most recent 24-month period. All EG, EOR, and refinery customers are eligible for noncore service, regardless of usage. NGV usage is not eligible for noncore rates.

Level of Service: Firm or interruptible.

**Pipeline Capacity Open Season in Potentially-Capacity Constrained Areas**

Every two years, all noncore-eligible customers (existing and new) in the potentially capacity-constrained areas of the San Joaquin Valley and Rainbow Corridor are invited to participate and bid for firm transportation service in the Pipeline Capacity Open Season (Open Season).

The primary purpose of the Open Season will be to allocate available capacity on the SoCalGas gas system among the customers that submitted bids for firm service. Customers whose bids are awarded will be obligated to monthly service commitments for the duration of a two-year contract period. Under a firm service contract, the customer must use at least 75 percent of its firm service commitment each month or be subject to “use-or-pay” charges. Any applicable use-or-pay charges are assessed monthly.

This year, the San Joaquin Valley Open Season will take place in February 2015 and the Rainbow Corridor Open Season will take place in April 2015. Contact your Account Manager for more information.

Non-Bidding Noncore eligible customers in potentially constrained areas on core service as of the Open Season start date may remain core.

## **II. CORE CUSTOMER RATE SCHEDULES AND SERVICE OPTIONS**

Core commercial/industrial customers are subject to a customer charge and a declining block rate structure. See [Rate GN-10 and Rate GT-10 within Rate Schedule G-10](#). Core customers automatically receive bundled **Core Sales** service if the customer selects no other option. This is a bundled service where SoCalGas performs all of the necessary functions (procurement, scheduling, transportation and balancing) to deliver gas to the customer’s facility.

EG, EOR, and refinery customers whose average monthly usage meets the eligibility standards referenced above, are eligible to elect core service under Rate GN-10 or Rate GT-10 within Rate Schedule G-10 for 100 percent of their EG, EOR, or refinery load. Customers electing core service for their EG, EOR, or refinery load must continue to meet the core usage criteria at all times or they



will be placed on an appropriate noncore service rate schedule. An exception to this rule is EG customers with total electric generator capacity less than or equal to 1 megawatt (1,000 kilowatts). EG customers with generating capacity up to 1 megawatt, regardless of usage, are eligible to elect core service. The limit of 1 megawatt is based on verifiable system rated generating capacity at net continuous power output.

As an alternative to receiving **Core Sales** service as described above, core customers, if eligible, may select from the following options:

**Core Aggregation Transportation (CAT):** A core customer may contract with a Core Transport Agent (CTA) who performs all the necessary functions (procurement, scheduling, transportation and balancing). The CTA is responsible for delivering the customer's gas supplies into the SoCalGas system. SoCalGas will accept gas delivered on the customer's behalf and transport it to the customer's facility. To enter the CAT program, customers are required to select a CTA. [See Rate GT-10 within Rate Schedule G-10.](#)

*For a list of participating CTAs, visit our website at <http://www.socalgas.com/for-your-business/natural-gas-services/energy-service-providers/customer-core-list-of-esps.shtml>*

**Core Optional:** Under certain conditions, SoCalGas is able to offer service under an optional pricing tariff to core customers who would not otherwise use natural gas equipment or who would not otherwise increase natural gas use at their existing under-utilized facilities. [See Rate Schedules GO-ET, GO-IR, GTO-ET, and GTO-IR.](#)

**Core Transportation:** Under this service, Priority 2A core customers can elect to make independent arrangements to procure gas supplies and to transport those supplies over the interstate pipeline systems for delivery into the SoCalGas' system. SoCalGas will transport the customer's gas supplies to the customer's facility. [See Rate GT-10 within Rate Schedule G-10.](#)

**Gas Cooling:** Core commercial and industrial customers with high-efficiency gas cooling absorption chillers may elect this rate. [See Rate Schedule G-AC and Rule 19.](#)

**Gas Engine Water Pumping:** Core customers who use natural gas engines for water pumping in agricultural, agricultural-related, or municipal water pumping applications may elect this rate. [See Rate Schedule G-EN and Rules 1 and 19.](#)

**Natural Gas Vehicles:** Customers who operate natural gas fueled motor vehicles will be served under a core rate which requires separate metering from other gas uses the customer may have<sup>6</sup>. *Usage for NGV is not eligible for noncore rates.* [See Rate Schedule G-NGV and Rules 1 and 23.](#)

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<sup>6</sup> Individually metered residences are excluded from this requirement. Residential customers may choose to install a separate meter and take service under the G-NGV rate schedule or use the existing residential meter and take service under the applicable residential rate schedule.



### III. NONCORE CUSTOMER RATE SCHEDULES AND SERVICE OPTIONS

A noncore customer is assigned a rate classification based on the type of facility, end-use and the conditions under which the customer receives gas service. At the time of application for service, SoCalGas places the customer on the applicable rate schedule based upon information provided by the customer. All noncore customers are required to execute a gas service contract with SoCalGas.

**Firm Intrastate Transportation:** This service option provides noncore customers served by SoCalGas' distribution system with firm intrastate transportation service and binds the customer to a two-year contractual commitment. [See Rate Schedule GT-F.](#) For customers served from the SoCalGas' transmission system, see [Transmission Level Service \(TLS\)](#), below.

**Interruptible Intrastate Transportation:** This service option provides noncore customers served by SoCalGas' distribution system with interruptible intrastate transportation service and requires the customer to make a one-month contractual commitment. This service has the lowest level of service priority and will be curtailed before service under firm intrastate transportation is curtailed. [See Rate Schedule GT-I.](#) For customers served from SoCalGas' transmission system, see [Transmission Level Service \(TLS\)](#), below.

**Transmission-Level Service (TLS):** This service is applicable to noncore customers served directly from SoCalGas' transmission system or who would otherwise qualify for Transmission Level Service<sup>7</sup>. Rate Schedule GT-TLS offers two general rate options to most TLS customers: a) Class Average All-Volumetric rate option, and b) Reservation Rate option. The term for both options is three years. Transportation service for most noncore customers served under GT-TLS is firm up to the quantities specified for firm priority service in the customer's intrastate transportation contract and are established by SoCalGas based on the customer's historic peak usage or a SoCalGas-approved forecast made by the customer. Bypass customers, as defined in SoCalGas tariff Rule 1, served under GT-TLS must select the Reservation Rate Option to receive firm transportation service, and must comply with more restrictive daily and cumulative additional gas balancing requirements and imbalance charges than non-Bypass customers. [See Rate Schedule GT-TLS.](#)

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<sup>7</sup> Transmission Level Service is service to (1) noncore customers (noncore commercial/industrial, electric generation, enhanced oil recovery, and international) as currently defined in the Utility's tariffs that are served directly from the Utility's transmission system as established by the Utility's capital accounting records, (2) noncore electric generation customers who are served directly from the Utility's high pressure distribution system, are located within five miles of the nearest Utility transmission line, and whose average annual usage is equal to or greater than 50 million therms, (3) noncore customers who were previously classified by California Public Utilities Commission (CPUC) decision as transmission service level customers, (4) noncore customers served from a combination of the Utility's transmission and distribution systems on a single premises, (5) wholesale customers, and (6) customers who Bypass Utility service.



*From time to time, the utility may need to change the classification of the system serving particular customers from distribution to transmission, or vice-versa. When this occurs, the customer's eligibility for GT-F or GT-TLS will also change, accordingly*

#### **IV. NONCORE CUSTOMER GAS PROCUREMENT**

In choosing intrastate transportation services, noncore customers must either manage their own gas procurement, scheduling, transportation, and balancing needs (directly or through the use of an "Agent Marketer"), or arrange to have these needs fully managed by a "Contracted Marketer." In either case, SoCalGas will accept the gas delivered into its system on the customer's behalf and transport it to the customer's facility. If a customer contracts with a Contracted Marketer, the Contracted Marketer is responsible for all imbalance charges. [See Rules 30 and 35.](#)

**Optional Weekly or Bi-Weekly Special-Payment Arrangements:** SoCalGas may provide the option of weekly or bi-weekly special-payment arrangements specifically for incurred monthly imbalance charges and winter daily balancing charges. SoCalGas may issue a bill for daily balancing standby rate charges on a weekly or bi-weekly basis 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. [See Rate Schedule G-IMB and Rule 9.](#)

**Transfer of Intrastate Curtailment Requirements:** Firm and interruptible noncore customers may make arrangements to transfer curtailment requirements. [See Rule 23.](#)

**Transportation Balancing:** SoCalGas provides monthly balancing service to noncore customers or their Contracted Marketer. Customer or the Contracted Marketer must balance gas usage with gas transportation receipts into SoCalGas' system within a prescribed tolerance band or the customer or Contracted Marketer will be subjected to imbalance charges.<sup>8</sup> Customers or their Contracted Marketers may trade gas when their monthly gas balance is outside of the monthly 10% tolerance limits in order to avoid Standby Procurement charges or the Buy-Back rate. [See Rate Schedule G-IMB and Rule 30.](#) Bypass customers must meet more stringent daily and cumulative balancing requirements described further in [Rate Schedule GT-TLS.](#) In addition to the monthly balancing service described here Customers or their Contracted Marketers are also subject to more stringent balancing rules from November through March each year. Please see the Winter Daily Balancing Rules section G in Rule 30 for more details.

#### **V. OTHER SERVICES AND PROGRAMS**

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<sup>8</sup> If as a result of a billing error, metering error, or transportation adjustments, a customer (or customer's Agent Marketer or Contracted Marketer) makes a trade based on what turns out to be an incorrect amount of imbalance quantities based on notification by SoCalGas, SoCalGas will not be liable for any financial losses or damages incurred by the customer, nor will SoCalGas be financially liable to any of the customer's imbalance trading partners.



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**Access to the SoCalGas Pipeline System:** SoCalGas provides nondiscriminatory open access to its system to any party for the purpose of physically interconnecting with SoCalGas and effectuating the delivery of natural gas, subject to gas quality requirements and other terms and conditions. [See Rules 30 and 39.](#)

**Backbone Transportation Service Rights (BTS):** BTS enables customers and gas suppliers (including California gas producers) to hold firm and/or interruptible BTS rights at receipt points into the SDG&E/SoCalGas integrated gas transmission system and to transport gas to end-users, pooling contracts, SoCalGas' storage fields, and off-system. For more information, go to <http://www.socalgas.com/for-your-business/natural-gas-services/backbone.shtml>. See [Rate Schedule G-BTS](#).

**Biogas Conditioning/Upgrading Services (BCS) Tariff:** BCS is an optional tariff service that allows SoCalGas to plan, design, procure, construct, own, operate and maintain biogas conditioning and upgrading equipment on customer premises. This service enables biogas producers, such as wastewater treatment plants, landfills, dairies and organic waste processors, to condition their biogas for use onsite for electric generation, vehicle fueling and other applications or to meet health, safety, and quality requirements necessary for pipeline injection, allowing this renewable resource to be utilized where and when it is needed most. For more information, go to <http://www.socalgas.com/innovation/power-generation/green-technologies/biogas/conditioning-and-upgrading.shtml>. See [Rate Schedule GO-BCUS](#).

**California Solar Initiative – Thermal (CSI-Thermal):** SoCalGas offers rebates for the installation of solar water heating units. Some restrictions apply, e.g., pool and spa heaters are excluded. The CSI-Thermal handbook contains eligibility guidelines and can be viewed at <http://www.socalgas.com/solar>.

**Compression Services Tariff (CST):** CST is an optional tariff service that allows SoCalGas to plan, design, procure, construct, own, operate, and maintain compression equipment on customer premises to meet pressure requirements as requested by the customer and agreed to by SoCalGas. CST may be beneficial for customers interested in producing CNG for vehicle fueling, combined heat and power (CHP), and other applications requiring natural gas at pressures above service pressure. For more information, go to <http://www.socalgas.com/innovation/natural-gas-vehicles/refueling/compression-services-tariff.shtml>. See [Rate Schedule GO-CMPR](#).

**Electronic Bulletin Board:** Customers may elect to sign up for SoCalGas' electronic information and gas management system, SoCalGas Envoy<sup>®</sup>. This system is designed specifically for transportation customers, their agents and contracted marketers to manage their gas supplies and imbalances on the SoCalGas system. With this software, a customer can submit its gas nominations, obtain allocated gas quantities, post its imbalance advertisements, submit its imbalance trades,



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obtain gas usage information for its facility, and view its storage inventory balances. Accessing the electronic bulletin board requires a software licensing agreement. See [Rule 33](#).

**Gas Equipment Incentive Programs:** Through SoCalGas' energy efficiency (EE), Optional Pricing Tariff (OPT), and Rule 38 programs, SoCalGas may be able to assist a customer in reducing its operating costs by helping the customer invest in certain high efficiency gas technologies and/or process improvements that save natural gas. In order to participate in these programs, customers may be required to pre-qualify their project and execute an agreement prior to purchasing their equipment. Please verify the EE specific program requirements at <http://www.socalgas.com/energyefficiency/> or check with your account executive before proceeding with your project.

**Hub Services:** Customers may subscribe to park and loan services. Gas parking is the temporary storage of gas on the SoCalGas' system and gas loaning is the temporary lending of gas from the SoCalGas' system. See [Rate Schedule G-PAL](#). More information about Hub services can be found at <http://www.socalgas.com/for-your-business/ceh.shtml>.

**Off-System Gas Transportation Services:** Off-system delivery service is the capability, on an interruptible basis, to deliver to the interconnection points within the Pacific Gas & Electric Company (PG&E) system and with all interstate and international pipelines ("Upstream Pipelines"), but excluding California-produced gas supply lines. Such deliveries can be made from a BTS Contract, a city-gate pool agreement, or a SoCalGas unbundled storage account. For more information, go to <http://www.socalgas.com/regulatory/tariffs/tm2/pdf/G-OSD.pdf>.

**Self-Generation Incentive Program (SGIP)** – SoCalGas offers rebates to qualified customers who want to install on-site electric generation. The SGIP handbook contains eligibility guidelines and can be viewed at <http://www.socalgas.com/business/selfGen/>.

**State Regulatory Fee Exemption:** An electric generator that sells all or only a portion of its electricity production wholesale to an electric, gas, or steam public utility or the California Independent System Operator can apply for an exemption from all or a portion of its applicable charges under Rate Schedule G-SRF, Surcharge To Fund Public Utilities Commission Utilities Reimbursement Account. See [Rate Schedule G-SRF](#).

**Unbundled Storage** – Customers may subscribe to SoCalGas' gas storage capacity rights. Gas storage can be used to increase a customer's service reliability, take advantage of seasonal fluctuations in gas prices, and provide increased flexibility in balancing a customer's gas deliveries with the actual usage at its facility. SoCalGas offers varying-term services for gas inventory capacity, storage injection capacity, and storage withdrawal capacity, on a "firm" or "interruptible" basis. More information about our storage services can be found at <http://www.socalgas.com/for-your-business/ceh.shtml>.





## **VI. METERING OPTIONS**

SoCalGas bills its customers based on the rates and conditions of service approved by the CPUC. For nonresidential customers, the rate is applied and billed by facility<sup>9</sup> or on a customer's premises.<sup>10</sup> On a facility or premises where SoCalGas has installed more than one noncore meter for the customer's convenience, each meter is treated separately unless the meters at those single premises are required by regulation to be combined for billing purposes.<sup>11</sup>

***All EG customers receiving service at the EG transportation rate must be metered separately unless it can be demonstrated that such separate measurement is not economically feasible.***

Customers electing noncore service status must have electronic meter-reading equipment installed at Customer's expense as a condition of noncore service. Customers served from more than one noncore meter located at a facility or premises who would like to have meter reads combined for billing purposes will typically need to physically modify the configuration of the existing houseline piping at the customer's own expense. In certain situations, however, SoCalGas may elect to combine the meter reads administratively at the customer's request. Requests that deviate from SoCalGas' authorized tariffs require approval by the CPUC.

Core EG customers are not required to separately meter EG gas usage, however if EG equipment already is separately metered, such metering will be kept in place unless customers receive permission from SoCalGas to alter the metering configuration. Customers are generally responsible for all metering alteration costs.

SoCalGas is in the process of replacing nearly six million natural gas residential and core business customers' meters with an advanced meter. Installations were initiated in late 2012 and are expected to be completed in 2017. If your facility is scheduled to receive a device, you will be notified several weeks in advance of the installation. An advanced meter provides customers with information and tools to make educated decisions about their gas usage. Please visit the Advanced Meter webpage at <http://socialgas.com/innovation/advanced-meter/index.shtml> for additional information.

## **VII. TRANSFER RULES**

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<sup>9</sup> Excludes service to EG and NGV customers. A facility is defined as the individual gas meter on the customer's single premises.

<sup>10</sup> A customer's premises is all of the property employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil field, resort enterprises and public or quasi-public institutions, by a dedicated street, highway or other public thoroughfare, or a railway. See Rules 1, 14, 20, and 21 of SoCalGas' authorized tariffs.

<sup>11</sup> Noncore commercial/industrial meters (excluding EG meters) on the same premises must be combined for billing purposes.



**Core to noncore transfer:** Customers not meeting the gas usage eligibility-criteria for noncore service may qualify conditionally for noncore rate status by submitting a written request to SoCalGas with verifiable information documenting the expected load increase that would meet the minimum noncore consumption requirement on a permanent basis. The customer's written request must acknowledge that if actual usage following the granting of conditional-eligibility status is less than the required minimum, the customer shall be re-billed in accordance with the otherwise applicable rate schedule. SoCalGas reserves the right to accept or reject any such request. To obtain noncore service, the eligible customer must execute a noncore gas service contract and meet all of the applicable conditions of service as specified in the noncore rate schedule.

Core customers are eligible to elect noncore service in whole or in part. Once classified as a qualified noncore customer, the customer will continue to receive noncore service, regardless of subsequent changes in customer's usage, unless the customer subsequently elects service under the conditions of an authorized core rate schedule.

**Noncore-to-core transfer:** Noncore customers are allowed to transfer to core service upon the expiration of their noncore service commitment. Noncore customers electing to transfer to core transportation service or to bundled core service, which includes utility gas procurement, are required to sign a contract for a five-year commitment. Noncore customers on Rate Schedule GT-F or GT-I electing to transfer to bundled core service, such as Rate GN-10 within Rate Schedule G-10, shall be charged a "cross-over" procurement rate for the first year of the required five-year commitment.

## **VIII. CUSTOMER RESPONSIBILITIES**

**Customer Equipment for Receiving and Utilizing Gas:** Customers are responsible for furnishing, installing and keeping in good and safe condition all equipment, e.g., regulators, gas pipes, appliances, fixtures and apparatus, which may be required for receiving and utilizing gas from SoCalGas. Customers' gas piping must meet all applicable federal codes and standards. Customers should be aware of the potential hazards resulting from corrosion leakage of buried gas pipes and are reminded to maintain their gas pipes by having them periodically inspected for corrosion and leaks and by having any unsafe conditions repaired immediately. Qualified professionals such as plumber and heating contractors can assist in finding, inspecting and repairing buried pipes. [See Rule 26.](#)

**Change in Operations Impacting Gas Usage:** Customers are responsible for notifying SoCalGas of any material change in gas usage. In the event there are changes in the conditions of a customer's operations resulting in permanent changes in gas usage, it is the customer's responsibility to apply for service under a different rate schedule for which the customer may qualify. A customer that changes rate schedules will not avoid any use-or-pay charges that would otherwise apply from the prior rate schedule under which the customer was served. Similarly, when there is a material



change, either in the amount or character of the energy-related appliances or equipment installed at the customer facility, the customer must immediately notify SoCalGas, in writing, of the change.

**Change in Ownership:** Customers are responsible for timely notifying SoCalGas in writing of any changes in customer name, ownership or business structure. A customer's name shall be recognized by the signature on the application, contract, or agreement for gas service. A customer may also be recognized by the payment of bills issued regularly in the customer's name.

## **IX. SAFETY INFORMATION**

**Natural Gas Odorant and Odorant Fade:** SoCalGas adheres to Department of Transportation (DOT) and California Public Utilities Commission (CPUC) rules and regulations regarding the odorizing of natural gas. SoCalGas adds an odorant to give natural gas a distinctive odor so leaks can be more readily detected. However, one should not rely on sense of smell alone to be alerted to a natural gas leak. There are a number of reasons why sense of smell might not be enough to alert one to the presence of natural gas. For example, some persons may not be able to detect the odor because they have a diminished sense of smell or are experiencing olfactory fatigue (temporary, normal inability to distinguish odor after a prolonged exposure to it). Some physical conditions, including common colds, sinus conditions, allergies, eating certain foods, inattentiveness, and the use of tobacco, alcohol, drugs and certain medications may also lessen the ability to smell the odor. In addition, the odor may be masked or hidden by other odors that are present, such as cooking, damp, musty or chemical odors. And, certain conditions in pipe and soil may cause "odorant fade" - the loss of odorant so that it is not detectable by smell. Odor fade results from physical and/or chemical processes which cause the loss of odorant in natural gas so that its distinctive odor may no longer be detectable by smell. The processes that cause odor fade include adsorption, absorption, oxidation, or any combination thereof. If a gas leak occurs in underground piping, the surrounding soil or fresh concrete can adsorb or oxidize the odorant so that the gas no longer has an odor. As a result, gas leaking from an underground pipe may not be detectable by smell. **For any suspected gas emergency, or questions regarding a gas odor or carbon monoxide, please call us immediately at 1-800-427-2200.**

**Purges and Other Planned Releases of Natural Gas:** Purging of gas lines, blow-downs and other planned releases of natural gas should ONLY be performed by qualified gas professionals. Such gas release operations should only be performed in well-ventilated areas or by safely venting the contents of gas lines and equipment to the outside atmosphere away from people, animals, structures and sources of ignition. All possible ignition sources should be identified and extinguished before and during such operations. Consider using gas detection equipment during all gas release operations to prevent gas from accumulating and creating a combustible or hazardous atmosphere. Do not release the contents of a gas line into a confined space. For more safety information, go to [socalgas.com/safety](http://socalgas.com/safety)



## **X. REGULATORY ISSUES AND PENDING CPUC PROCEEDINGS**

The CPUC regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies. The CPUC serves the public interest by protecting consumers and ensuring the provision of safe, reliable utility service and infrastructure at reasonable rates, with a commitment to environmental enhancement and a healthy California economy. There are several initiatives and pending decisions at the CPUC that may impact your gas service and/or your rates. The following summarizes some of the proceedings that may be of interest to you; however, for a comprehensive overview of ongoing proceedings that may impact your business, please refer to the SoCal Gas website: <http://socalgas.com/regulatory/cpuc.shtml>.

**Greenhouse Gas (GHG) Reporting Requirements:** SoCalGas is required by the United States Environmental Protection Agency (EPA), under its GHG mandatory reporting requirements (MRR) regulations, to provide customer data for facilities that receive over a certain volume of natural gas deliveries. SoCalGas first reported customer data in fall 2011, and will do so annually going forward. Customer information is considered Confidential Business Information, pursuant to the CPUC's policy of maintaining the confidentiality and privacy of customer information. We also report annually to the California Air Resources Board (CARB) GHG emissions from sources owned by SoCalGas under their MRR regulation. Many larger customers are also subject to CARB's MRR regulation, and have been reporting their combustion GHG emissions to CARB. In the event SoCalGas is required to provide customer-specific information by governmental agencies for these or other regulations, efforts shall be undertaken to ensure the confidential nature of that information consistent with law.

**Greenhouse Gas (GHG) Rulemaking:** Beginning on January 1, 2015, the California Air Resources Board (ARB) Cap-and-Trade Program expands to include emissions from all SoCalGas customers. SoCalGas is required to purchase carbon allowances or offsets on behalf of our end-use customers for the emissions generated from the full combustion of the natural gas we deliver. Large end-use customers who emit at least 25,000 metric tons of CO<sub>2</sub> equivalent per year have a direct obligation to the ARB for their own emissions; therefore, SoCalGas' obligation will not include these customers and they will not be responsible for compliance costs related to end-users from SoCalGas. The CPUC has recently opened a rulemaking proceeding to determine how the costs related to compliance with the Cap-and-Trade program will be included in end-use customers' rates. The rulemaking will also address how revenues generated from the sale of directly allocated allowances will be returned to ratepayers. SoCalGas expects the rulemaking to be resolved later in 2015. For 2015, SoCalGas has forecasted compliance costs to be about \$79 million and consignment revenues to be about \$73 million.

**Pipeline Safety Enhancement Plan (PSEP):** SoCalGas is required to test or replace all natural gas pipelines in its transmission system that have not already been tested, or do not have an adequate record of a pressure test and as a result, SoCalGas has undertaken a multi-year pipeline testing and replacement effort. Phase 1 was started in 2012 and is expected to run continuously in stages for the next ten years. SoCalGas estimates the cost for Phase 1 at \$2.5 billion over ten years. A final



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CPUC decision was issued in June 2014 that adopted the proposed transmission system enhancement approach and authorized establishment of balancing accounts to track costs incurred to implement Phase 1, with future recovery subject to a reasonableness review. On December 17, 2014, SoCalGas and SDG&E filed a joint Pipeline Safety and Reliability Memorandum Account (PSRMA) application requesting reasonableness review of PSEP activity and recovery of \$46.2 million SoCalGas costs recorded through June 12, 2014. SoCalGas requests a decision by late 2015, which will impact rates expected in 2016. Further, SoCalGas and SDG&E plan to file a joint Phase 2 application in 2015 to request authorization to pressure test or replace pipelines in less populated areas, which may also impact rates in 2016.

**Southern Gas System Reliability Project:** SoCalGas has filed an application with the CPUC for authority to recover North-South pipeline project costs in customer rates, and for approval of related cost allocation and rate design proposals. The North-South Project is needed to maintain Southern System reliability and alleviate the potential for curtailments of customers on the Southern System due to a potential mismatch between the demand of such customers and the volume of flowing supplies delivered to the Southern System to meet that demand.

**Triennial Cost Allocation Proceeding (TCAP) Phase 1:** SoCalGas filed an application in December 2014 to update the allocation of the costs of providing gas service to customer classes and determine the transportation rates it charged to customers. These costs have been previously authorized by the CPUC for recovery in rates. This Phase 1 Application includes updating the allocation of costs related to the underground storage of natural gas for the period 2016 through 2019. A Phase 2 Application to be filed later in 2015 will include updating the allocation of all other costs related to gas transportation service, as well as the demand forecasts used to set rates, for a three-year period of 2017-2019. A final CPUC decision on Phase 1 that will impact rates is expected in 2015.