

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 20, 2014

**Advice Letter 952**

Ed Giesecking  
Director/Pricing and Tariffs  
Southwest Gas Corporation  
P O Box 98510  
Las Vegas, NV 89193-8510

**Subject: To Revise Rule No. 21 – Transportation of Customer –  
Secured Natural Gas, Character of Service Regarding  
Allocation of Pro Rata Storage**

Dear Mr. Giesecking:

Advice Letter 952 is effective October 31, 2014.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division



## SOUTHWEST GAS CORPORATION

January 14, 2015

ATTN: Tariff Unit  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4005  
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)  
Advice Letter No. 952  
Substitute Sheet Filing

Enclosed herewith are an original and one (1) copies of substitute California P.U.C. Sheet Nos. 249, 250 and 251. These sheets were submitted in Advice Letter No. (AL) 952, dated October 1, 2014. AL 952 is Southwest Gas Corporation's (Southwest Gas or Company) update of Rule No. 21, Transportation of Customer-Secured Natural Gas and was approved effective October 31, 2014.

On December 12, 2014, subsequent to the approval of AL 952, Southwest Gas received approval of AL 933-A, effective October 21, 2014. AL 933-A incorporates Rule No. 22 Biomethane Gas into the Company's tariff and included the above-referenced tariff sheets in the filing. Therefore, the purpose of this filing is to incorporate the updates to Rule No. 21 approved in AL 933-A, remove the pending ("P") edit marks, and cancel the appropriate revisions of Sheet Nos. 249, 250 and 251.

The substitute sheets are denoted by an asterisk (\*) and have been included for your convenience.

In accordance with General Order 96-B, General Rule 7.5.1, the substitute sheets are being served in the same manner as the original AL.

Please telephone me at (702) 876-7323 should you have any questions regarding the substitute sheets.

Sincerely,

By

Valerie J. Ontiveroz  
Regulatory Manager/California

VJO:jjp  
Enclosures

DISTRIBUTION LIST

Advice Letter No. 952

In Conformance with General Order 96-B, General Rule 4.3

The following individual has been served by regular, first-class mail:

Joe Como, Acting Director  
Office of Ratepayer Advocates  
California Public Utilities Commission  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, CA 94105

The following individuals or entities have been served by electronic mail (email):

Pacific Gas & Electric Company  
[PG&ETariffs@pge.com](mailto:PG&ETariffs@pge.com)

Southern California Gas Company  
[SNewsom@semprautilities.com](mailto:SNewsom@semprautilities.com)

San Diego Gas & Electric Company  
[SDG&ETariffs@SempraUtilities.com](mailto:SDG&ETariffs@SempraUtilities.com)

Robert M. Pocta  
Office of Ratepayer Advocates  
California Public Utilities Commission  
[rmp@cpuc.ca.gov](mailto:rmp@cpuc.ca.gov)

Nathaniel Skinner  
Office of Ratepayer Advocates  
California Public Utilities Commission  
[nws@cpuc.ca.gov](mailto:nws@cpuc.ca.gov)

Pearlie Sabino  
Office of Ratepayer Advocates  
California Public Utilities Commission  
[pzs@cpuc.ca.gov](mailto:pzs@cpuc.ca.gov)

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS

This Rule describes the general terms and conditions that apply whenever the Company transports Customer-Secured Gas through its system. Customers electing to secure Biomethane Gas from a Biomethane Gas supplier that is also interconnected with the Company's system may only do so if such Biomethane Gas supplier complies with all terms and conditions set forth in Rule No. 22, Biomethane Gas, of this California Gas Tariff.

A. CHARACTER OF SERVICE

1. The basic transportation service rendered under Schedule Nos. GN-T, GS-70/ GN-70/SLT-70, GS-VIC, and GS-LUZ shall consist of:
  - a. The receipt by the Company for the account of the customer of gas at the interconnection between the Company, and its upstream pipeline supplier [herein called receipt point(s)].
  - b. The transportation of the customer's gas through the Company's system for the account of the customer; and
  - c. The delivery of the customer's gas after transportation by the Company for the account of the customer at the point(s) of delivery into the customer's facility.
2. Core transportation customers in the Company's Southern California service areas, including groups aggregating core loads, will be allocated a pro rata share of the gas storage services that are available to the Company. The Company will inform the customer or Aggregator of the monthly and daily storage entitlement available to that customer or group.

Southern California core transportation customers may inject gas into storage from April 1 to October 31 and may withdraw gas from storage from November 1 to March 31. The customer must inform the Company of the customer's storage injection schedule by the 23rd day of the month prior to actual gas injection. Daily storage injection nominations may not exceed 110% percent of the month's average daily storage injection quantity. Customers are not required to provide a monthly storage withdrawal nomination, but must provide the Company an estimate of the quantity expected to be withdrawn each month. Daily nominations for storage injections and withdrawals require a 48 hour advance notice.

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS  
(Continued)

A. CHARACTER OF SERVICE (Continued)

Core transportation customers in the Company's Northern California and South Lake Tahoe service areas, including groups aggregating core loads, will be allocated a pro rata share of the gas storage services that are available to the Company. The customer will be required to complete a storage capacity release agreement with the Company, if they elect to take the pro rata share. All such capacity releases, including the customer's subsequent use of storage capacity, are subject to the terms and conditions of the Paiute Pipeline Company FERC Gas Tariff.

Charges for these storage services are included as the Upstream Storage Charges contained in the Statement of Rates applicable to the Southern and Northern California Divisions and the South Lake Tahoe District. In accordance with Section G.4 of this Rule, the customer shall reimburse the Company for any additional charges incurred by the Company in conjunction with the customer's use of storage services.

3. The services provided under Schedule Nos. GN-T, GS-70/GN-70/SLT-70, GS-VIC, and GS-LUZ shall be provided on a best efforts basis. The Company may curtail or interrupt service due to operating conditions or conditions of *force majeure*. In the event of curtailment or interruption of service, the Company shall provide service as follows:
  - a. The Company shall provide the customer with as much advance notice as is practical of any curtailment or interruption of service;
  - b. The customer's service under Schedule Nos. GN-T, GS-70/GN-70/SLT-70, GS-VIC, and GS-LUZ shall be curtailed in accordance with Rule No. 20 of this California Gas Tariff; and
  - c. The Company may, to the extent feasible, continue to receive the customer's gas at the receipt point(s) on a scheduled basis during the period of curtailment or interruption, and shall, to the extent feasible, redeliver such gas at the point(s) of delivery. For the period of curtailment or interruption, the Company may waive any payments that may otherwise be due pursuant to Section D hereof, to the extent that such payments are caused by the curtailment or interruption.

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS

(Continued)

A. CHARACTER OF SERVICE (Continued)

4. Gas transported under Schedule Nos. GN-T, GS-70/GN-70/SLT-70, GS-VIC, and GS-LUZ shall be for use only by the customer, unless the Commission has specifically authorized the customer otherwise to resell such transported gas. Service under the provisions of Schedule No. GN-T shall not constitute the dedication of the Company's pipeline system or any portion thereof to the customer.

B. GAS SPECIFICATIONS

1. Unless otherwise agreed to by both parties, the gas delivered to the Company must meet the quality specifications required by the Company's upstream pipeline supplier(s).
2. It must also be at the pressure (See Rule No. 2 of this California Gas Tariff) and have the value specified in the customer's transportation service agreement.

C. QUANTITIES OF GAS

1. The Company shall not be obligated to accept customer's gas in excess of amounts it advises customer it can accept. The Company shall not be required to continue to accept gas at any receipt point when the daily flow rate at that receipt point(s) is less than 50 Mcf per day.
2. Gas Industry Standards Board guidelines will be followed regarding nominating, confirming and scheduling gas receipts and deliveries as they may be revised by the FERC from time to time. The customer shall be responsible for contacting the upstream interstate pipeline(s) to arrange for the nominating and scheduling of receipts and deliveries hereunder, provided; however, that the customer may designate one party to serve as its Agent for such purpose. In the Company's Southern California Division, such contact shall be made to the Company. The Company and upstream interstate pipeline(s) require that specific information be provided to successfully process each nomination. It is the customer's or their Agent's responsibility to satisfy the information requirements.

Nominations Made Directly to the Upstream Interstate Pipeline(s): If the customer nominates directly to the upstream interstate pipeline(s), the customer or Agent must provide their nomination(s) to the Company via facsimile or other Company-approved method prior to the nomination deadlines set forth below:

Advice Letter No. 952  
Decision No. \_\_\_\_\_

Issued by  
Justin Lee Brown  
Vice President

Date Filed October 1, 2014  
Effective October 31, 2014  
Resolution No. \_\_\_\_\_



## **SOUTHWEST GAS CORPORATION**

Justin Lee Brown , Vice President/Regulatory Affairs

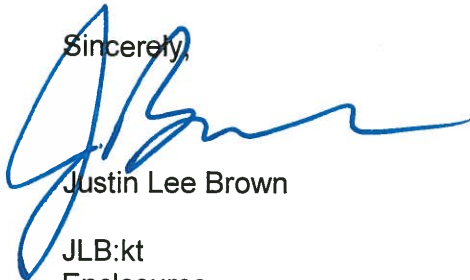
October 1, 2014

ATTN: Tariff Unit  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4005  
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)  
Advice Letter No. 952

Enclosed herewith are an original and one (1) copy of Southwest Gas Corporation's Advice Letter No. 952, together with California Gas Tariff Sheet Nos. 249-254, 256, 265, 266, 268, and 271.

Sincerely,



Justin Lee Brown

JLB:kt  
Enclosures



# SOUTHWEST GAS CORPORATION

Advice Letter No. 952

October 1, 2014

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southwest Gas Corporation (Southwest Gas or the Company) (U 905 G) tenders herewith for filing the following tariff sheets:

Cal. P.U.C. Sheet No.	California Gas Tariff Title of Sheet	Canceling Cal.P.U.C.Sheet No.
3rd Revised Sheet No. 249	Rule No. 21 – Transportation of Customer-Secured Natural Gas	2nd Revised Sheet No. 249
3rd Revised Sheet No. 250	Rule No. 21 – Transportation of Customer-Secured Natural Gas (Continued)	2nd Revised Sheet No. 250
2nd Revised Sheet No. 251	Rule No. 21 – Transportation of Customer-Secured Natural Gas (Continued)	1st Revised Sheet No. 251
1st Revised Sheet No. 252	Rule No. 21 – Transportation of Customer-Secured Natural Gas (Continued)	Original Sheet No. 252
1st Revised Sheet No. 253	Rule No. 21 – Transportation of Customer-Secured Natural Gas (Continued)	Original Sheet No. 253
1st Revised Sheet No. 254	Rule No. 21 – Transportation of Customer-Secured Natural Gas (Continued)	Original Sheet No. 254
1st Revised Sheet No. 256	Rule No. 21 – Transportation of Customer-Secured Natural Gas (Continued)	Original Sheet No. 256
1st Revised Sheet No. 265	Rule No. 21 – Transportation of Customer-Secured Natural Gas (Continued)	Original Sheet No. 265
1st Revised Sheet No. 266	Rule No. 21 – Transportation of Customer-Secured Natural Gas (Continued)	Original Sheet No. 266
1st Revised Sheet No. 268	Rule No. 21 – Transportation of Customer-Secured Natural Gas (Continued)	Original Sheet No. 268





### California Gas Tariff

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal.P.U.C.Sheet No.
1st Revised Sheet No. 271	Rule No. 21 – Transportation of Customer-Secured Natural Gas (Continued)	Original Sheet No. 271

#### **Purpose**

The purpose of this filing is to revise Rule No. 21 – Transportation of Customer-Secured Natural Gas § (A)(2), Character of Service, to clarify the Northern California and South Lake Tahoe service areas (Northern system) allocation of pro rata storage services.

#### **Background**

Pursuant to Rule No. 21, Southwest Gas is required to make available a pro rata share of its gas storage services to its core transportation and aggregation customers.

Southwest Gas has contracted gas storage services with both Southern California Gas Company, regulated by the California Public Utilities Commission (CPUC), and Paiute Pipeline Company (Paiute), regulated by FERC, for its Southern and Northern California systems, respectively.

For storage services provided by Paiute, Southwest Gas must follow Paiute's FERC-approved Tariff Fourth Revised Volume No. 1-A, which requires all shippers have title to gas at the time the gas is tendered to Paiute, including while the gas is being transported or held in storage. In order to ensure title of gas and adhere to both CPUC and FERC regulations, the Company, for its Northern system, must provide customers with their allocated pro rata share of storage services as a storage capacity release.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

#### **Effective Date**

Southwest Gas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after Energy Division approval) pursuant to General Order 96-B. Southwest Gas respectfully requests that the tariff sheets filed herein be made effective as soon as possible and no later than October 31, 2014.

#### **Protest**

Anyone wishing to protest this filing may do so by sending a letter within 20 days of the filing. The protest should set forth the grounds upon which it is based and should be submitted expeditiously. There is no restriction on who may file a protest. Protests should be mailed or faxed to:

Investigation, Monitoring & Compliance Program Manager  
California Public Utilities Commission, Energy Division  
505 Van Ness Avenue, Room 4002  
San Francisco, CA 94102  
Facsimile: 415-703-2200



Advice Letter No. 952  
Page 3  
October 1, 2014

Copies should also be mailed to the attention of Director, Energy Division, Room 4004 at the same address as above, and mailed or faxed to:

Mr. Justin Lee Brown  
Vice President/Regulatory Affairs  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, Nevada 89193-8510  
Facsimile: 702-222-1475

**Notice**

Southwest Gas believes noticing requirements set forth in General Rule 4.2 of GO 96-B are not applicable since this filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedules or rules.

**Service**

In accordance with General Order 96-B, General Rule 4.3, Southwest Gas is mailing copies of this advice letter and related tariff sheets to the utilities and interested parties shown on the attached list.

Communications regarding this filing should be directed to:

Ed Giesecking  
Director/Pricing and Tariffs  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, NV 89193-8510  
Telephone: 702-364-3271  
E-mail: [ed.giesecking@swgas.com](mailto:ed.giesecking@swgas.com)

Debra S. Gallo  
Director/Government and State  
Regulatory Affairs  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, NV 89193-8510  
Telephone: 702-876-7163  
E-mail: [debra.gallo@swgas.com](mailto:debra.gallo@swgas.com)

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By

  
Justin Lee Brown

Attachments

DISTRIBUTION LIST

Advice Letter No. 952

In Conformance with General Order 96-B, General Rule 4.3

Southern California Edison Company

Pacific Gas & Electric Company

Sierra Pacific Power Company

San Diego Gas & Electric Company

Southern California Gas Company

Southern California Water Company

Duane Morris, LLP

Director/Division of Ratepayer Advocates

Robert M. Pocta, Office of Ratepayer Advocates  
([rmp@cpuc.ca.gov](mailto:rmp@cpuc.ca.gov))

Nathanial Skinner, Office of Ratepayer Advocates  
([nws@cpuc.ca.gov](mailto:nws@cpuc.ca.gov))

Pearlie Sabino, Office of Ratepayer Advocates  
([pzs@cpuc.ca.gov](mailto:pzs@cpuc.ca.gov))

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS

This Rule describes the general terms and conditions that apply whenever the Company transports Customer-Secured Gas through its system. Customers electing to secure Biomethane Gas from a Biomethane Gas supplier that is also interconnected with the Company's system may only do so if such Biomethane Gas supplier complies with all terms and conditions set forth in Rule No. 22 of this California Gas Tariff.

A. CHARACTER OF SERVICE

1. The basic transportation service rendered under Schedule Nos. GN-T, GS-70/ GN-70/SLT-70, and GSR shall consist of:
  - a. The receipt by the Company for the account of the customer of gas at the interconnection between the Company, and its upstream pipeline supplier [herein called receipt point(s)].
  - b. The transportation of the customer's gas through the Company's system for the account of the customer; and
  - c. The delivery of the customer's gas after transportation by the Company for the account of the customer at the point(s) of delivery into the customer's facility.
2. Core transportation customers in the Company's Southern California service areas, including groups aggregating core loads, will be allocated a pro rata share of the gas storage services that are available to the Company. The Company will inform the customer or Aggregator of the monthly and daily storage entitlement available to that customer or group.

Southern California core transportation customers may inject gas into storage from April 1 to October 31 and may withdraw gas from storage from November 1 to March 31. The customer must inform the Company of the customer's storage injection schedule by the 23rd day of the month prior to actual gas injection. Daily storage injection nominations may not exceed 110% percent of the month's average daily storage injection quantity. Customers are not required to provide a monthly storage withdrawal nomination, but must provide the Company an estimate of the quantity expected to be withdrawn each month. Daily nominations for storage injections and withdrawals require a 48 hour advance notice.

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS  
(Continued)

A. CHARACTER OF SERVICE (Continued)

Core transportation customers in the Company's Northern California and South Lake Tahoe service areas, including groups aggregating core loads, will be allocated a pro rata share of the gas storage services that are available to the Company. The customer will be required to complete a storage capacity release agreement with the Company, if they elect to take the pro rata share. All such capacity releases, including the customer's subsequent use of storage capacity, are subject to the terms and conditions of the Paiute Pipeline Company FERC Gas Tariff.

Charges for these storage services are included as the Upstream Storage Charges contained in the Statement of Rates applicable to the Southern and Northern California Divisions and the South Lake Tahoe District. In accordance with Section G.4 of this Rule, the customer shall reimburse the Company for any additional charges incurred by the Company in conjunction with the customer's use of storage services.

3. The services provided under Schedule Nos. GN-T, GS-70/GN-70/SLT-70, GS-VIC, and GS-LUZ shall be provided on a best efforts basis. The Company may curtail or interrupt service due to operating conditions or conditions of *force majeure*. In the event of curtailment or interruption of service, the Company shall provide service as follows:
- a. The Company shall provide the customer with as much advance notice as is practical of any curtailment or interruption of service;
  - b. The customer's service under Schedule Nos. GN-T, GS-70/GN-70/SLT-70, GS-VIC, and GS-LUZ shall be curtailed in accordance with Rule No. 20 of this California Gas Tariff; and
  - c. The Company may, to the extent feasible, continue to receive the customer's gas at the receipt point(s) on a scheduled basis during the period of curtailment or interruption, and shall, to the extent feasible, redeliver such gas at the point(s) of delivery. For the period of curtailment or interruption, the Company may waive any payments that may otherwise be due pursuant to Section D hereof, to the extent that such payments are caused by the curtailment or interruption.

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS

(Continued)

A. CHARACTER OF SERVICE (Continued)

4. Gas transported under Schedule Nos. GN-T, GS-70/GN-70/SLT-70, GS-VIC, and GS-LUZ shall be for use only by the customer, unless the Commission has specifically authorized the customer otherwise to resell such transported gas. Service under the provisions of Schedule No. GN-T shall not constitute the dedication of the Company's pipeline system or any portion thereof to the customer.

B. GAS SPECIFICATIONS

1. Unless otherwise agreed to by both parties, the gas delivered to the Company must meet the quality specifications required by the Company's upstream pipeline supplier(s).
2. It must also be at the pressure (See Rule No. 2 of this California Gas Tariff) and have the value specified in the customer's transportation service agreement.

C. QUANTITIES OF GAS

1. The Company shall not be obligated to accept customer's gas in excess of amounts it advises customer it can accept. The Company shall not be required to continue to accept gas at any receipt point when the daily flow rate at that receipt point(s) is less than 50 Mcf per day.
2. Gas Industry Standards Board guidelines will be followed regarding nominating, confirming and scheduling gas receipts and deliveries as they may be revised by the FERC from time to time. The customer shall be responsible for contacting the upstream interstate pipeline(s) to arrange for the nominating and scheduling of receipts and deliveries hereunder, provided; however, that the customer may designate one party to serve as its Agent for such purpose. In the Company's Southern California Division, such contact shall be made to the Company. The Company and upstream interstate pipeline(s) require that specific information be provided to successfully process each nomination. It is the customer's or their Agent's responsibility to satisfy the information requirements.

Nominations Made Directly to the Upstream Interstate Pipeline(s): If the customer nominates directly to the upstream interstate pipeline(s), the customer or Agent must provide their nomination(s) to the Company via facsimile or other Company-approved method prior to the nomination deadlines set forth below:

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS  
(Continued)

C. QUANTITIES OF GAS (Continued)

Cycle 1 (Timely Nominations)	9:30 a.m. Pacific Clock Time on the day prior to flow.
Cycle 2 (Evening Nominations)	4:00 p.m. Pacific Clock Time on the day prior to flow.
Cycle 3 (Intraday Nominations)	8:00 a.m. Pacific Clock Time on the flow day.
Cycle 4 (Intraday Nominations)	3:00 p.m. Pacific Clock Time on the flow day.

Nominations Made to the Company: If the customer nominates to the Company, the customer or Agent must provide their nomination(s) to the Company via facsimile or other Company-approved method no later than the nomination deadlines set forth below:

Cycle 1 (Timely Nominations)	8:00 a.m. Pacific Clock Time on the day prior to flow.
Cycle 2 (Evening Nominations)	2:30 p.m. Pacific Clock Time on the day prior to flow.
Cycle 3 (Intraday Nominations)	6:30 a.m. Pacific Clock Time on the flow day.
Cycle 4 (Intraday Nominations)	1:30 p.m. Pacific Clock Time on the flow day.

- a. Customers or their Agents may submit Nominations for multiple days (Standing Nominations), provided such Nominations are within the term of the customer's transportation service agreement. The Company will confirm whether it has sufficient operational capacity to deliver all or a portion of the customer's gas.
- b. Nominations received after a deadline will be processed for the following cycle with the exception that late Cycle 4 Nominations will not be processed. The Company will confirm the volumes nominated for Cycle 1 (Timely Nominations) through all four cycles, regardless of upstream cuts in scheduled quantities, unless the Company receives a revised Nomination from the responsible party for any subsequent cycle.
- c. Intraday Nominations will replace existing Standing Nominations only for the duration of the flow day requested.

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS  
(Continued)

C. QUANTITIES OF GAS (Continued)

- d. Balancing quantities must be separately identified in the Nomination. The Company shall determine and notify the customer if there is sufficient operating flexibility to schedule such quantities. The Company will only accept balancing quantities for Cycle 1 Nominations.
  - e. Nominations for multiple customers must specify the quantity of gas to be scheduled at each of the Company's receipt points with its upstream pipeline(s). The customer or Agent must specify, prior to the flow day, the method to be used by the Company for allocating imbalances among individual customers. If the allocation method is not specified prior to the flow day, the Company will allocate any imbalances pro rata from the Cycle 1 Nomination.
3. It shall be the customer's, the customer's agent, or, for core customers aggregating load, the Aggregator's obligation to make arrangements with the Company and other parties for delivery of gas into the Company's upstream pipeline suppliers' systems and for receipt by customer of gas after transportation to the point(s) of delivery. The customer, agent or Aggregator shall be obligated to provide dispatching and operating coordination with the Company and allow the Company access to appropriate charts and records. Such arrangements must be satisfactory to the Company.
  4. The customer shall cause deliveries into the Company's system of volumes to be transported hereunder to be made at approximately a uniform daily rate and based on historical use where appropriate. On any gas day, the Company may refuse to accept quantities of gas that result in fluctuations in excess of 10 percent from the volumes transported during the previous gas day. Fluctuations in excess of 10 percent shall only be allowed if prior approval has been obtained from the Company's dispatcher.
  5. Upon request of the Company, the customer shall from time to time submit its best estimates of the daily, monthly and annual volumes of gas to be transported, including peak day requirements, together with such other operating data as the Company may require in order to schedule its operations.

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RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS  
(Continued)

C. QUANTITIES OF GAS (Continued)

6. Balancing of thermally equivalent volumes of gas received and delivered shall be achieved as nearly as feasible on a daily basis, taking into account the customer's right, subject to the Company's approval, to vary receipts and deliveries within specified limits. Deliveries shall be those volumes which have passed the point(s) of delivery as determined by the Company's meter. Except for core customers aggregating load, any Cumulative Imbalance shall be carried forward to the next calendar month and shall be considered first through the meter during the next calendar month. Cumulative imbalances for core customers aggregating load shall be carried forward to the second following calendar month and shall be considered first through the meter during the second following calendar month.
7. The customer may elect to offset any imbalance against (1) imbalances created by other customers of the Company; (2) in the case of core customers, the customer's or core aggregator's available storage account capacity or inventory for the Company's Southern California service area, if sufficient; or (3) imbalances created by customers served directly by Southern California Gas Company for customers in the Company's Southern California Division. Such offsets must be accomplished prior to the end of the authorized trading period. All trading of imbalances shall be conducted in accordance with Sections D and E of this rule.

D. TRADING OF IMBALANCE QUANTITIES

The customer may elect to offset an imbalance by identifying and reaching an agreement with one or more transportation customers of the Company that have established imbalances in an opposite direction. Alternatively, customers may also identify and reach agreement with transportation customers served directly by Southern California Gas Company, subject to authorization by the Company. Core customers, including customers aggregating core loads, may also offset imbalances with available storage account quantities held by that customer or group of customers for the Company's Southern California service area, if sufficient. Customers that agree to trade imbalances will be subject to the following conditions:

1. Customers will be entitled to trade their entire Cumulative Imbalance for a given month.

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS  
(Continued)

D. TRADING OF IMBALANCE QUANTITIES (Continued)

7. In the event a customer is proposing an imbalance trade with a customer served directly by Southern California Gas Company, the Company will act as the trading partner with the Southern California Gas Company customer on behalf of the Company's customer. Such trade will be subject to prior authorization by the Company and Southern California Gas Company tariff provisions.
8. For the Company's Southern California service area, except during any period of system curtailment of core service as described in Rule No. 20 of this California Gas Tariff, core transportation customers, including those customers aggregating core loads, may use their available storage inventory capacity and quantities to (1) offset the customer's own transportation imbalances; or (2) trade with other core customers served by the Company for their transportation imbalances. Core transportation customers may not trade storage capacity or quantities with customers served directly by Southern California Gas Company. Core customers trading imbalances with storage service must have sufficient capacity or inventory during the month the imbalance is created and at the time the trade is completed.

E. PAYMENT FOR IMBALANCES BETWEEN GAS RECEIVED AND GAS DELIVERED

1. After the imbalance trading period, the difference between actual monthly deliveries and metered usage, adjusted for any previous imbalances, will be the customer's Cumulative Imbalance. Cumulative Imbalances at the end of the billing period within plus or minus 10 percent of the total metered gas usage will be allowed without penalty. Incremental imbalances in excess of plus or minus 10 percent of total metered gas usage are defined as Excess Imbalances. In addition to the charges payable under the customer's otherwise applicable rate schedules, monthly imbalance volumes shall be billed as follows:

a. Positive Excess Imbalance

When transportation volumes received by the Company are greater than 110 percent of the customer's metered usage and the Excess Imbalance is not eliminated through imbalance trading, the lower of the following shall be applied to the Excess Imbalance and credited to the customer's bill:

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS  
(Continued)

M. CORE AGGREGATION TRANSPORTATION (CAT) PROGRAM (Continued)

2. Storage Allocation and Rights

- a. For the Company's Southern California service areas, gas storage inventory injected by Aggregators may not be subjected to encumbrances of any kind. Aggregators will be assigned month-end storage inventory targets by the Company to meet the Company's month-end storage targets and maintain minimum volumes sufficient to meet the Company's peak day and cold year seasonal requirements. Aggregators will not be allowed to withdraw gas in inventory below the month-end targets established by the Company. Gas storage inventory to meet core reliability cannot be used to cure an under-delivery of flowing supplies during an imbalance trading period.
- b. During the injection season, flowing supplies scheduled for injection will be delivered first, with all remaining flowing supplies scheduled for delivery to the Company's Southern California distribution system for current month use.
- c. Aggregators in the Company's Northern California and South Lake Tahoe service areas are subject to the terms and conditions of the Paiute Pipeline Company's FERC Tariff for all storage activities.
- d. When an Aggregator adds a customer or customers to its Group which represents an addition of more than 150,000 therms of storage inventory, a pro rata portion of the existing gas storage inventory will be sold by the Company to the Aggregator at the current month's Procurement Charge as set forth in the currently-effective Schedule No. GCP of this California Gas Tariff. When a customer terminates CAT service which represents a reduction of more than 150,000 therms of storage inventory and returns to the otherwise applicable sales schedule, a pro rata portion of the existing gas storage inventory will be sold by the Aggregator to the Company at the current month's Procurement Charge as set forth in the currently-effective Schedule No. GCP of this California Gas Tariff.

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RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS  
(Continued)

M. CORE AGGREGATION TRANSPORTATION (CAT) PROGRAM (Continued)

3. Operational Flow Orders

At any time, the Company may implement an Operational Flow Order (OFO) to assure that firm interstate nominations and deliveries into the Company's distribution system by Aggregators are equivalent in reliability and quantity to those made by the Company. When an OFO is implemented by the Company, Aggregators will be required to nominate the full contractual MDQ as firm deliveries to the Company's distribution system.

Failure by the Aggregator to comply with an OFO to deliver the contractual MDQ will result in an OFO Non-Compliance Penalty assessed to the Aggregator. The volume subject to the OFO Non-Compliance Penalty is calculated as the difference between the Aggregator's MDQ and the sum of the Aggregator's scheduled flowing supplies, plus any quantities scheduled for delivery from the Aggregator's storage inventory to the Company's Southern California service area distribution system. Aggregators will be charged \$1.00 per therm for all volumes which are not in compliance with an OFO.

Aggregators will not be penalized for Excess Positive Imbalances established during the OFO period. For the Company's Southern California service area, Aggregators will not be penalized for reduced injection quantities into storage during the OFO period which result in the month-end storage inventory targets not being met, if such reduced injections are authorized by the Company.

4. Credit & Collection Rights and Obligations

Customers that aggregate core loads will be financially liable for Company intrastate transportation charges, interstate demand charges or surcharges, and other costs allocated to customers by the Commission. The Aggregator will be financially liable for charges related to managing its procurement portfolio on behalf of the customers it serves.

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS  
(Continued)

M. CORE AGGREGATION TRANSPORTATION (CAT) PROGRAM (Continued)

4. Credit & Collection Rights and Obligations (Continued)

b. Calculation of Creditworthiness Requirements (CWR)

The calculation of the amount of the deposit and the credit limit will take into account the Aggregator's MDQ and the nature of services for which the Aggregator bills its customers. This CWR shall be calculated as follows:

(i) Aggregator Bills Customers For Gas Only:

$CWR1 = 120 \text{ days} \times MDQ \times 150\% \text{ Annual Average Procurement Charge}$

(ii) Aggregator Bills All Customers For Gas and Transportation Charges:

$CWR2 = CWR1 + (75 \text{ days} \times MDQ \times \text{Average Transportation Rate})$

c. Other Options

An Aggregator may select the following options to reduce its CWRs:

(i) **Guaranteed Deliveries** — The Aggregator may guarantee weekly delivery of gas equal to a percentage of projected usage acceptable to the Company and the Aggregator. By satisfying the guaranteed delivery percentage, an Aggregator can reduce its CWR by the percentage of guaranteed deliveries.

(ii) **Storage Collateral** — For the Company's Southern California service area, an Aggregator may reduce its CWR by maintaining a prescribed volume of gas in storage in addition to gas stored to meet its core reliability requirements. The prescribed volume specified by the Aggregator and the Company will reduce the number of days used in the calculation of the CWR by the prescribed volume divided by the Aggregator's MDQ.

N/C  
N/C

RULE NO. 21

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS  
(Continued)

M. CORE AGGREGATION TRANSPORTATION (CAT) PROGRAM (Continued)

4. Credit & Collection Rights and Obligations (Continued)

d. Billing and Payment Terms (Continued)

(iii) Late Payment (Continued)

(b) The outstanding balance will be subject to late payment fees and collection procedures in accordance with the Company's applicable Rules in this California Gas Tariff.

(c) For the Company's Southern California service area, an Aggregator will not be able to increase its MDQ, add new customers, or trade, sell or withdraw any gas in storage until late payment is cured.

If an Aggregator pays late three or more times by seven days or less, or pays late once by more than seven days in any contiguous 12 month period, then, in addition to the above, the Aggregator will lose its "good payment" status defined below and the Company may request an additional security deposit or escrow agreement.

(iv) Good Payment History — In order to establish a good payment history, the Aggregator must pay each bill in full within 15 days after transmittal. An Aggregator's CWRs will be reduced by 2 percent, retroactive to the date program participation was established, for every 12 months of good payment history.

If at any time there has been a detrimental change in the financial condition of the Aggregator or good payment history is lost, the Company, at its sole discretion, may reestablish the Aggregator's CWRs.

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Southwest Gas Corporation (U 905 G)**

Utility type:

ELC       GAS

PLC       HEAT       WATER

Contact Person: **Edward Giesecking**

Phone #: **(702) 364-3271**

E-mail: **ed.giesecking@swgas.com**

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **952**

Subject of AL: **To revise Rule No. 21 – Transportation of Customer-Secured Natural Gas, Character of Service regarding allocation of pro rata storage**

Keywords (choose from CPUC listing): **Rules.**

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **Not applicable**

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL **Not applicable**

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: **Not applicable**

Resolution Required?  Yes  No

Requested effective date: **October 31, 2014**

No. of tariff sheets: **11**

Estimated system annual revenue effect: (%): **Not applicable**

Estimated system average rate effect (%): **Not applicable**

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: **N/A**

Service affected and changes proposed<sup>1</sup>: **See ‘Subject of AL’ above**

Pending advice letters that revise the same tariff sheets: **Not applicable**

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

**CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Ave.,  
San Francisco, CA 94102  
mas@cpuc.ca.gov and [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)**

**Utility Info (including e-mail)  
Mr. Justin Lee Brown, Vice-Pres.  
Regulatory Affairs  
Southwest Gas Corporation  
P. O. Box 98510  
Las Vegas, NV 89193-8510  
[justin.brown@swgas.com](mailto:justin.brown@swgas.com)  
Facsimile: 702-222-1475**

<sup>1</sup> Discuss in AL if more space is needed.