

APPENDIX B

GLOSSARY

Actual Costs - Is the sum of the twelve monthly totals of actual gas commodity costs plus the sum of the twelve monthly commodity transportation costs, plus the sum of the twelve monthly transportation reservation charges. Adjustments to these costs are for revenues, imbalance charges, commodity cost refunds, surcharge and purchase adjustments, and hedging transaction costs along with any gains or losses.

BCF – One billion cubic feet.

Benchmark Dollars - Are based on monthly benchmark gas commodity costs calculated at the mainline for interstate purchases and the border for border purchases. The monthly benchmark gas commodity cost is the product of the mainline gas commodity reference price times the volume purchased at the mainline plus the product of the border gas commodity reference prices times the volumes purchased at the respective border locations.

BTU - Is the amount of heat necessary to raise one pound of water one degree fahrenheit.

City-Gate – A receiving point where gas is delivered to a local distribution company (i.e. investor owned utility).

Commodity Charge – A buyer pays commodity charges when a service is used and is paid on a per unit basis (\$/MMBtu).

Core Fixed Cost Account (CFCA) – This account functions as a balancing account recorded in SoCalGas’ financial statements. The purpose of this account is to balance the difference between authorized margins, and other non-gas fixed costs allocated to the core market with revenues intended to recover these costs.

Cubic Feet – One cubic feet equals one therm.

Dekatherm – Equivalent to an MMBtu. One therm is defined as 100,000 BTU’s. Thus, a dekatherm has 10 therms.

FERC Order 636- On April 8, 1992, FERC Order required the conversion of pipeline service providers to function primarily as transportation entities. This resulted in pipeline providers to unbundle their services, which created greater competition among gas suppliers and ensure reliable supply at the lowest price.

Firm Access Rights – Is a framework where marketers can confirm access to a pipeline transmission system through a contract. This assures the contract holder “firm” access rights in a particular zone that their gas supply will be delivered.

Hub – A location where natural gas pipelines come together.

Interruptible Service – Seller can interrupt service of transporting gas service if it is required to serve a higher priority customer. The total cost is usually less than firm access rights services. In general, interruptible service contracts can have a term as short as several days to one month.

Loans - Gas is loaned for a set period of time and repaid at the same location.

MMBtu – A million British Thermal Units. It is measurement of gas based on a standard heat value or stored energy.

Nomination – Describes the transportation of a specific quantity of gas from one receipt point to a delivery point. The nomination also identifies the upstream and downstream contracts and/or parties, ranking, and receipt/delivery point.

Over the Counter (OTC) – A security that is not traded on an exchange, usually due to an inability to meet listing requirements. Brokers/dealers negotiate directly with one another over computer networks and by phone, where the NASD monitors their activities.

Park - Gas is held for a set period of time and returned at the same location.

Purchase Gas Account (PGA) – This account functions as a balancing account and its purpose is to balance the recorded cost of gas for the Single Gas Portfolio to provide procurement service for both SoCalGas and SDG&E customers with the corresponding revenue from the sale of that gas.

Reservation Charges – A fixed charge for firm transportation service, which is based on volume. This charge is the price for guaranteed capacity and is paid regardless of throughput.

Shrinkage – When natural gas is compressed and transported through an interstate pipeline where it results in volume loss. Each pipeline has a rate regulated by FERC that determines specific shrinkage percentage between delivery points along a pipeline.

Swap – An exchange of streams of payments over time according to specified terms.

Transportation Charges – Charges for transporting gas from wellheads to the local utility via interstate pipelines. Rates fall under FERC jurisdiction.

Wheeling – Receipt of gas at one location and delivery of gas at another location at a utility's gas system.

APPENDIX C

Receipt Point & Transmission Zone Firm Capacities

