

July 1, 1997

To the Members of the GISB Intraday Nomination Task Force,

Although significant progress has been made in the past few weeks, the end product still appears to be beyond our immediate reach. Certainly, it does not appear likely that at the present pace, the Task Force will be able to put forth before the Executive Committee a complete package by the September 1st date. The Southern California Gas Company (SoCalGas) believes that the September 1st date is important in terms of setting a reasonable time limit and limiting the expenditure of money on this process. It is also an important indicator to the FERC that the industry can reach consensus on the tough issues facing us within a reasonable time frame.

In the interest of moving the process forward to consensus by September 1, SoCalGas would like to propose that the Task Force focus only on the **Bifurcated Scenario** with the following modifications:

- The 6:00 p.m. intraday nomination opportunity is the only time bumping may occur, **there will be no bumping for gas that is already flowing (we believe that this is a significant concession for firm shippers, but in the spirit of consensus building it appears to be a reasonable compromise).**
- In the event the TSP delays the release of its scheduled volumes report for "timely" nominations, it will result in a corresponding delay in the 6:00 p.m. deadline for the first intraday nomination opportunity and the notice to the bumped parties. However, the start of flow for the intraday nomination at 9:00 a.m. should not be affected.
- Notice to the "bumpee" will occur by 10 p.m. the day before gas flow.
- The effective time to begin to flow for the 6:00 p.m. intraday nomination will be 9:00 a.m. the start of the regular gas day. **(This gives firm shippers a second opportunity for a full day of gas supply).**

While the **Bumping Scenario** and the **24-Hour/7 Days Scenario** both have their supporters, there does not appear to be enough individual support to reach consensus on these scenarios. In fact, it seems to SoCalGas that the issue of required bumping for all pipelines is a deal breaker for many of the participants.

Also, although the **24-Hour/7 Days Scenario** is worthy of consideration, it too has aspects which are similar to the bumping issue which may prevent agreement. However, SoCalGas believes that this particular scenario is something that the group must still work toward to achieve the overall objective of a "continuous and contiguous" pipeline grid. But, an interim step is necessary and we must learn to walk before we run.

SoCalGas Intraday Nomination Proposal

Hopefully, the compromises included with the above proposal are significant enough that all parties can live with them in the interim while we develop the final product. SoCalGas would like to discuss this proposal with anyone interested prior to the next Task Force meeting on July 11. Please contact Richard Ishikawa at (213) 244-2844 or Bob Bctonte at (213) 244-3832 at your earliest convenience.

cc: GISB Executive Committee Members

SOCALGAS INTRADAY NOMINATION PROPOSAL TIMELINE
GISB Intraday Nomination Task Force

Time of Day (CCT)	Event
Calendar Day 1	
11:45 a.m.	Timely Nomination Deadline
4:30 p.m.	Timely Nominations Scheduled
6:00 p.m.	1st Intraday Nomination (Type ii) Deadline (A Bumping Nomination on those TSPs which permit bumping may be submitted at this intraday nomination opportunity only) (Note 1)
10:00 p.m.	1st Intraday Nomination (Type ii) Scheduled Notice to Bumped Shippers (Note 1)
Calendar Day 2	
9:00 a.m.	Timely Nomination Flowing 1st Intraday Nomination (Type ii) Flowing
10:00 a.m.	2nd Intraday Nomination (1st Type i) Deadline (No bumping permitted)
2:00 p.m.	2nd Intraday Nomination (1st Type i) Scheduled and Flowing
5:00 p.m.	3rd Intraday Nomination (2nd Type i) Deadline (No bumping permitted)
9:00 p.m.	3rd Intraday Nomination (2nd Type i) Scheduled and Flowing

Note 1: If the Scheduled Volumes Report is delayed beyond the 4:30 p.m. deadline, the deadlines for the 1st Intraday Nomination opportunity and notice to bumped parties will be delayed by a correspondingly amount of time. However, the effective time for flow should not be changed from 9:00 a.m.