Southern California Gas Company

A Sempra Energy utility

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October 14, 2003

Advice No. 3301
(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of SoCalGas' Fiber Optic Cable In Gas Pipelines (FIG) Service Pursuant to Decision 03-10-017

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions to SoCalGas' tariff schedules, applicable throughout its service territory, as shown on Attachment B.

Purpose

This filing is made in compliance with Decision (D.) 03-10-017 which authorizes SoCalGas to revise its tariffs to reflect the establishment of a new service allowing telecommunications and cable TV companies (Carriers) to place fiber optic cable in SoCalGas' active gas pipelines. SoCalGas will install and own all facilities in and on the gas pipelines necessary to place the fiber optic cable in its pipelines using technology provided by Carriers that meets SoCalGas' safety and reliability standards.

Background

On October 2, 2003, the Commission issued D.03-10-017 relative to Application (A.) 02-03-061[1], in which SoCalGas requested authority to establish a new service allowing Carriers to place fiber optic cable in SoCalGas' active gas pipelines.

SoCalGas initially filed (A.) 02-03-061 in response to Resolution G-3320 issued by the Commission on January 9, 2002, which denied, without prejudice, SoCalGas' Advice Letter 3040, which requested authorization to implement a new category of tariffed services that would allow Carriers to place fiber optic cable in SoCalGas' active gas pipelines.

Information

In compliance with D.03-10-017, SoCalGas proposes the following changes to its tariffs:

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[1] SoCalGas and SDG&E respectfully filed A.02-03-061 and A.02-03-062 on March 29, 2002. By an Administrative Law Judge Ruling dated June 19, 2002, these applications were consolidated pursuant to Rule 55 of the Commission's Rules of Practice and Procedure.

- A new Schedule No. G-FIG, "Fiber Optic Cable in Gas Pipelines", containing information on the nondiscriminatory offering of the FIG service, pricing, capacity concerns, provision of information to potential Carriers, contracts for service, liabilities for third party damages, and dispute resolution.

- A new schedule to its Master Services Contract, "Fiber Optic Cable in Gas Pipelines", Schedule G, Form 6597-7, specifying the terms and conditions under which SoCalGas will provide Carriers the right to place fiber optic cable in its gas pipelines.

- A revised Assignment of Contract, Form 3907-B, specifying the terms and conditions under which a Master Services Contract can be assigned.

- A revision to Preliminary Statement Part V, "Description of Regulatory Accounts - Balancing", to modify the "Core Fixed Cost Account" and the "Noncore Fixed Cost Account" to record the capital component of FIG revenues associated with the use of the gas distribution system until superseded by the ratemaking adopted in SoCalGas' 2004 PBR/Cost of Service Proceeding (A.02-12-027). The capital component of FIG revenues will be allocated to core and noncore customers on an Equal Percent of Marginal Cost basis.

Protest

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division - IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Jerry Royer (jjr@cpuc.ca.gov) and to Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: snewsom@SempraUtilities.com

Effective Date

SoCalGas respectfully requests that this advice letter be made effective November 23, 2003, which is not less than forty (40) days regular statutory notice.

Notice

In accordance with Section III.G of General Order No. 96-A, a copy of this advice letter is being sent to the parties listed on Attachment A, which includes the parties in SoCalGas' FIG A.02-03-061.

J. STEVE RAHON
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Attachment

ATTACHMENT A

Advice No. 3301

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3301

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 37003-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 3	Revised 34371-G
Revised 37004-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 4	Revised 36095-G*
Original 37005-G	Schedule No. G-FIG, FIBER OPTIC CABLE IN GAS PIPELINES, Sheet 1	
Original 37006-G	Schedule No. G-FIG, FIBER OPTIC CABLE IN GAS PIPELINES, Sheet 2	
Original 37007-G	Schedule No. G-FIG, FIBER OPTIC CABLE IN GAS PIPELINES, Sheet 3	
Original 37008-G	Schedule No. G-FIG, FIBER OPTIC CABLE IN GAS PIPELINES, Sheet 4	
Original 37009-G	Schedule No. G-FIG, FIBER OPTIC CABLE IN GAS PIPELINES, Sheet 5	
Original 37010-G	Schedule No. G-FIG, FIBER OPTIC CABLE IN GAS PIPELINES, Sheet 6	
Original 37011-G	Schedule No. G-FIG, FIBER OPTIC CABLE IN GAS PIPELINES, Sheet 7	
Original 37012-G	Schedule No. G-FIG, FIBER OPTIC CABLE IN GAS PIPELINES, Sheet 8	
Original 37013-G	Schedule No. G-FIG, FIBER OPTIC CABLE IN GAS PIPELINES, Sheet 9	
Revised 37014-G	SAMPLE FORMS - CONTRACTS, Assignment of Contract (Form 3907-B)	Revised 13815-G
Original 37015-G	SAMPLE FORMS - CONTRACTS, Master Services Contract, Schedule G, Fiber Optic Cable in Gas Pipelines (Form 6597-7)	
Revised 37016-G	TABLE OF CONTENTS	Revised 36972-G
Revised 37017-G	TABLE OF CONTENTS	Revised 35934-G*
Revised 37018-G	TABLE OF CONTENTS	Revised 35935-G*
Revised 37019-G	TABLE OF CONTENTS	Revised 37002-G*

PRELIMINARY STATEMENT
PART V
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

PURCHASED GAS ACCOUNT (PGA) (Continued)

3. A credit entry equal to the brokerage fee charged to core customers less the allowance for F & U.

4. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.

5. An entry equal to the interest on the average of the balance in the account during the month, excluding the core-subscription subaccount, calculated in the manner described in Preliminary Statement, Part I, J.

CORE FIXED COST ACCOUNT (CFCA)

The CFCA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between authorized margin, transition, and other non-gas fixed costs allocated to the core market with revenues intended to recover these costs.

On a monthly basis, SoCalGas maintains this account as follows:

SoCalGas debits this account with the core portion of the following costs: gas margin costs, transition costs, and other non-gas operating costs.

SoCalGas credits this account with the core portion of the following revenues: transmission revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program; and other revenues that the Commission has directed SoCalGas to allocate to the core market. Pursuant to D.03-10-017, revenues also include core's allocation of the capital component of FIG (fiber optic cable in gas pipelines) revenues associated with the use of the gas distribution system until superseded by ratemaking adopted in SoCalGas' 2004 PBR/Cost of Service Proceeding (A.02-12-027). N

In addition, SoCalGas adjusts this account to amortize previously accumulated overcollected or undercollected balances to reflect payment to, or recovery from, ratepayers. SoCalGas also adjusts this account to reflect volumetric differences associated with the core amortization recorded in other regulatory accounts.

NONCORE FIXED COST ACCOUNT (NFCA) L

The NFCA is an interest-bearing balancing account. The purpose of this account is to balance the difference between noncore costs (authorized margin, transition, and actual non-gas fixed costs) and noncore revenues. Noncore revenues exclude EOR and unbundled storage revenues and revenues L

(Continued)

PRELIMINARY STATEMENT
PART V
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

NONCORE FIXED COST ACCOUNT (NFCA) (Continued)

L

from (1) non-tariff contracts for service to DGN, (2) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding, and (3) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues. Pursuant to D.03-10-017, revenues also include noncore's allocation of the capital component of FIG (fiber optic cable in gas pipeline) revenues associated with the use of the gas distribution system until superseded by ratemaking adopted in SoCalGas' 2004 PBR/Cost of Service Proceeding (A.02-12-027). Pursuant to D.02-12-017, the Commission authorized 100% balancing account protection effective January 1, 2003 until the date the new BCAP rates go into effect. In the event that Gas Industry Restructuring D.01-12-018 is implemented prior to the next BCAP, 100% balancing account protection will be limited to noncore local transmission and distribution revenues.

N
|
|
N

On a monthly basis, SoCalGas maintains this account as follows:

SoCalGas debits this account with 100% of the seasonally forecasted noncore and wholesale revenues excluding the transactions stated above less F&U.

SoCalGas credits this account with 100% of the actual noncore and wholesale revenues excluding the transactions stated above less F&U.

In addition, SoCalGas adjusts this account to amortize previously accumulated overcollected or undercollected balances to reflect payment to, or recovery from, ratepayers.

ENHANCED OIL RECOVERY ACCOUNT (EORA)

This EORA is a balancing account. The purpose of this account is to balance recorded EOR revenue with forecasted EOR revenues.

The Utility shall maintain the EORA by making entries at the end of each month as follows:

a. A debit entry equal to one-twelfth of the forecasted EOR revenue amount used to offset the revenue requirement in the most recent annual cost-allocation proceeding;

b. A debit entry equal to the amortization of the forecasted revision date EORA balance;

c. A credit entry equal to 3.0 cents per therm plus 75 percent of EOR non-gas revenue under contracts signed on or before December 3, 1986, and an amount equal to the short-run marginal cost plus 95 percent of EOR non-gas revenue under contracts signed subsequent to December 3, 1986. EOR non-gas revenue shall equal revenue from EOR customers excluding the following:

(Continued)

Schedule No. G-FIG Sheet 1
FIBER OPTIC CABLE IN GAS PIPELINES

APPLICABILITY N

Applicable for service to telecommunications carriers and cable TV companies, as defined in the Commission D.98-10-058 (applicable to attachments to poles and other structures of incumbent local exchange carriers and major electric utilities), who wish to place fiber optic cable in active gas pipelines of Utility. These persons are referred to herein as "Carriers".

TERRITORY

Throughout Utility's service territory.

RATES

Customer Charge

Each Carrier who has any fiber optic cable placed in Utility's active gas pipelines shall pay in advance of each month a customer charge per month for each month or portion thereof in which the Carrier has any such fiber optic cable in place in Utility's active gas pipelines under this rate schedule, in the amount of:

Per month $3,000.00

Make Ready Charges

Carrier shall pay in advance as an "up-front" charge the cost to Utility to make ready its active gas pipelines for placement of Carrier's fiber optic cable in them, including the total out-of-pocket cost (including any associated taxes) of material and installation by Utility of conduit, fittings, and other facilities in its active gas pipelines or related metering equipment to accommodate the Carrier's fiber optic cable, and associated with Carrier placing its fiber optic cable in such conduit.

Utility's make ready charges shall be calculated as follows:

Labor by Utility's employees in performing physical modifications to Utility's pipelines necessary to allow the installation of Carrier's fiber optic cable will be charged at the rate of:

Per hour of work by each employee $80.00

The minimum charge per employee per day shall be one hour; all additional work by each employee per day shall be calculated by quarter hour. N

(Continued)

(Continued)

RATES (Continued) N

Make Ready Charges (Continued)

Services provided to Utility by persons under contract to Utility performing physical modifications to Utility's pipelines necessary to allow the installation of Carrier's fiber optic cable will be charged at the actual amount paid by Utility to such persons.

Labor by Utility employees for inspection of installation of fiber optic cable by Carriers will be charged at the rate of:

Per hour or portion thereof for all hours of work by each employee $100.00

The minimum charge per employee per day shall be one hour; all additional work by each employee per day shall be calculated by quarter hour.

The cost of all materials and equipment incurred by Utility to install conduit or other facilities necessary to allow the installation of Carrier's fiber optic cable shall be charged to Carrier at the actual cost to the utility.

Labor charges for work performed by Utility employees under this schedule are subject to revision to reflect changes in actual wage and benefit rates and overhead costs prospectively by future advice letter filings.

Annual Recurring Charge

Carrier shall pay in advance an annual, recurring charge for each year that it has fiber optic cable located in Utility's active gas pipelines under this rate schedule. The charge is:

Per mile or portion thereof per year or portion thereof $750.60

This amount is subject to revision from time to time by advice letter with approval of the Commission to reflect the average cost per mile of Utility's gas pipelines subject to this rate schedule, using normal ratemaking principles and the portion of the capacity of a pipeline that would be rendered unavailable for gas service due to the use by Carriers.

Carrier shall pay in advance an annual, recurring charge for each year that it has fiber optic cable located in Utility's active gas service line under this rate schedule. The charge is:

Per service line per year or portion thereof .... $92.34 N

(Continued)

RATES (Continued) N

Annual Recurring Charge (Continued)

This amount is subject to revision from time to time by advice letter with approval of the Commission to reflect the average cost per foot of Utility's gas service lines subject to this rate schedule, using normal ratemaking principles and the portion of the capacity of a service line that would be rendered unavailable for gas service due to the use by Carriers.

All charges are payable to Utility within 19 days of invoicing by Utility to Carrier, with the exception of make ready charges, an estimated amount for which may be billed in advance. Estimated make ready charges may be invoiced by Utility and must be paid before Utility has any obligation to begin the make ready work. Any estimate provided shall be good for only 30 days; if not paid within 30 days, Utility may revise the estimate. The actual make ready charges may be invoiced by Utility at any time after incurred by Utility, but not more than one year after completion of the make ready work. Carrier shall be entitled to a refund without interest if actual costs are less than the estimate, and Carrier shall pay the additional amount without interest if actual costs are more than the estimate. Utility's estimate shall not be a warranty of what the actual costs will be.

SPECIAL CONDITIONS

Nondiscrimination

1. This service shall be available on a nondiscriminatory basis to all eligible persons.

2. Requests for service by all eligible persons shall be granted on a first come/first served basis. All requests for service received within 30 days of the date this schedule first becomes effective shall be considered as received at the same time, and any requests for the same space received within this period shall be awarded by lot.

Carrier to Provide Technology

3. Utility is not offering pursuant to this schedule any technology or rights thereto for placing fiber optic cable in its gas pipelines. Persons wishing to be served under this schedule must provide Utility with a technology for placing fiber optic cable in gas pipeline. Carriers under this schedule must warrant to Utility that they own or have been granted the rights to use the technology that they have provided to Utility for service under this schedule. A Carrier may provide a technology applicable to only some kinds of gas pipelines, in which case the Carrier would be provided access to only those kinds of gas pipelines for which its technology has been demonstrated. Carrier indemnifies Utility for any liability to third parties arising out of the use of said technology. N

(Continued)

Schedule No. G-FIG Sheet 4
FIBER OPTIC CABLE IN GAS PIPELINES

(Continued)

SPECIAL CONDITIONS (Continued) N

Carrier to Provide Technology (Continued)

4. Any technology provided to Utility by Carriers for placing fiber optic cable in gas pipelines (including supporting structures or equipment) must meet nondiscriminatory standards of the Utility for safety and reliability. Any such technology must also meet all applicable pipeline safety regulations of the United States Department of Transportation and safety regulations of the Commission.

Requests for Information and Service

5. A person qualified to be a Carrier under this schedule may submit written requests for information about the availability of service under this schedule. Utility shall respond promptly in writing to written requests for information by such a potential Carrier. Subject to execution of a nondisclosure agreement, Utility shall provide access to maps, drawings, plans and other information Utility uses in its business, necessary for evaluating the availability of service in areas of Utility's service territory identified by the potential Carrier.

6. A person qualified to be a Carrier under this schedule may submit to Utility a written request for service specifying the specific route(s) to be provided or the specific point(s) to be connected by fiber optic cable. Utility shall respond in writing as soon as possible stating whether or not Utility will provide such service. If Utility states that it will provide such service, its response shall include a description of the facilities it intends to install, an estimate of the cost of these facilities to the Carrier, and an estimate of the time required to install the facilities.

Contracts

7. As a condition precedent to service under this schedule, an executed Master Services Contract, Schedule G (Form No. 6597-7) is required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order. Utility will file all executed contracts with the Commission, which shall be open to public inspection, except that Utility shall redact from the copies of the executed contracts filed with the Commission the routes and locations of the facilities covered by the particular contract or exhibits to the contract.

8. The term of any contract for service under this schedule shall be for 20 years, except as provided elsewhere in this rate schedule. Carrier may also terminate the contract, or portions of service provided thereunder, on one year written notice, provided that Carrier is liable for the cost of removal of facilities upon such termination, as set forth in this rate schedule and the contract. The contract may also provide, upon mutual agreement for renewal, terms after expiration of 20 years. Upon cancellation or termination at any time, Carrier is responsible for removing its fiber optic cable and for all actual costs incurred by Utility as a consequence of such removal. If Carrier does N

(Continued)

Schedule No. G-FIG Sheet 5
FIBER OPTIC CABLE IN GAS PIPELINES

(Continued)

SPECIAL CONDITIONS (Continued) N

Contracts (Continued)

8. (Continued)

not remove its fiber optic cable by the time required by this rate schedule, Utility may remove it at Carrier's expense and with no liability to Carrier. In addition, upon the termination of the contract pursuant to this or any other Special Condition, Utility at its option may elect to remove any or all make ready work installed at the request of Carrier, and may charge the cost of such removal to Carrier.

9. A contract for service under this schedule may be assigned by Carrier to another person qualified to be a Carrier under this rate schedule with the written consent of Utility, which shall not be unreasonably withheld, by execution of Form 3907-B, Assignment of Contract. It shall be deemed reasonable for Utility to withhold consent to assignment to a person that is not creditworthy relative to the obligations to be assumed. It shall be deemed reasonable as a condition for consent to assignment for the Utility to: (a) require that any assignee confirm in writing its assumption of the rights and obligations of its predecessor; or (b) require that the assignor remain liable in the event of default by assignee for all obligations incurred by the assignor prior to the assignment of the contract.

Pipeline Capacity Available to Provide Service

10. Utility will provide access under this schedule only to its active distribution mains of two inches in diameter and larger and service lines one inch in diameter and larger with an operating pressure of 60 lbs/psig or less. However, access will only be provided for those kinds of distribution mains and service lines for which the Carrier has provided an acceptable technology for the placing of fiber optic cable, as described in Special Conditions 3 and 4.

11. Access will be limited to one fiber optic cable or cables of a combined maximum of 1 inch diameter, to be installed in one conduit with a maximum diameter of 1.2 inches, per SoCalGas pipeline.

12. Except as provided in the last sentence of this Special Condition, Utility shall deny service under this schedule for a particular location or route if Utility determines that there is now, or will be in the next 60 months, insufficient capacity in its pipelines to accommodate placement of fiber optic cable, or that placement of fiber optic cable would create a threat to the safety or reliability of Utility's gas service. Utility may not deny service on grounds of insufficiency of capacity if capacity is forecast to be adequate for at least the next 60 months. Utility may offer Carrier service for a particular location or route where there will be insufficient capacity within 60 months on condition that Carrier agrees to pay a portion acceptable to Utility of the cost of increasing the capacity of Utility's pipelines in that particular location or route. N

(Continued)

Schedule No. G-FIG Sheet 6
FIBER OPTIC CABLE IN GAS PIPELINES

(Continued)

SPECIAL CONDITIONS (Continued) N

Design and Installation Requirements

13. Installation of fiber optic cable must exit Utility's pipelines to go around all operational Utility pipeline valves before re-entry to Utility's pipelines.

14. Except as provided in the following Special Condition, in addition to exiting and entering Utility's pipelines at all operational valves, fiber optic cable must exit (with the distance between exit and re-entry a minimum interval of at least 15 feet for pipeline of a diameter of 8 inches or more, and 12 feet for pipeline of less than 8 inches diameter) Utility's pipeline at a minimum interval. The minimum interval varies with the density of gas service in the vicinity of the pipeline. The minimum interval between a re-entry and the next exit is as follows:

    In Class 1 areas: Every 3,000 feet
    In Class 2 areas: Every 1,500 feet
    In Class 3 areas: Every 1,000 feet
    In Class 4 areas: Every 500 feet

    Class 1 through Class 4 as used herein means the classes as defined in the U.S. Department of Transportation pipeline safety regulations found at 49 CFR Section 192.5 (or superseding regulations).

15. Carrier may elect not to have its cable exit and reenter Utility's pipeline at the minimum intervals provided in the preceding Special Condition for the applicable Class of area, but by doing so subjects itself to the following provisions of this Special Condition. If Carrier has so elected, in the event that Utility pinches its pipeline to prevent the flow of gas in order to respond to a gas operation emergency, Utility shall have no liability to Carrier for any damage to Carrier's fiber optic cable or for any interruption in service by such cable, and Carrier shall indemnify Utility from all liability to third parties as a result of interruption in service by such cable. Furthermore, any cost to repair conduit, fittings, or other facilities necessary for the placement of the Carrier's fiber optic cable shall be paid solely by Carrier.

16. Utility will install (by its own employees or by persons under contract to Utility) and own all facilities necessary for the placement of Carriers' fiber optic cable in Utility's pipelines. Utility will consult with Carrier on the selection and management of any contractor, and Carrier will not be required to contract for service by Utility in any particular location or route before being informed of identity of any contractor who would install facilities for use by Carrier. Carrier will install (by its own employees or by persons under contract to the Carrier) and own the fiber optic cable.

17. Utility shall have the right to have its inspectors present at Carrier expense during installation of Carrier's fiber optic cable by Carrier. N

(Continued)

SPECIAL CONDITIONS (Continued) N

Liability

18. Utility is not responsible for any damage to Carrier's fiber optic cable or for any loss of service by Carrier as a result of events of Force Majeure or actions of persons other than Utility and not under the control or direction of Utility, including, but not limited to, third parties digging into, damaging, or severing Utility's pipeline.

19. Carrier shall provide a contact that Utility can reach at any time (24 hours a day, 7 days a week, 52 weeks a year) regarding any emergency conditions affecting, or that are related to, Carrier's fiber optic cables in Utility's pipelines.

20. Carrier waives all claims against Utility for damages to its fiber optic cables installed under this rate schedule, facilities related to such fiber optic cables, or to its business associated with such fiber optic cables arising out of the actions of Utility or contractors to Utility, except where such damage was caused solely by the gross negligence or willful misconduct of Utility or its contractors.

21. Carrier shall indemnify Utility from all liability for injury or death to persons (including employees or contractors of Carrier or Utility) and for damage or destruction to property caused by Carrier's installation of or other activities in connection with the fiber optic cable.

Permits, Franchises, and Rights-of-Way

22. As a condition of service under this schedule, Carrier must obtain, and warrant that it has, the right to have its fiber optic cable in any gas pipeline in a public or private right-of-way in which it seeks to have it placed under this schedule. Carrier must indemnify, hold harmless, and defend Utility from: (a) any claim by any governmental entity or property owner, tenant, or licensee, that Carrier does not have the right to have its fiber optic cable in gas pipeline in such public or private right-of-way; and (b) any liability of Utility to such governmental entity, property owner, tenant, or licensee as a result of the installation of fiber optic facilities. In no case does Utility hold out its rights-of-way or franchises as providing the right for Carrier's fiber optic cable to be placed in Utility's gas pipelines in any public or private right-of-way.

23. Carrier shall reimburse Utility for any incremental costs or fees charged to and paid by Utility associated with the placement of its fiber optic cable in Utility gas pipeline located in a public or private right-of-way. Utility will provide as much prior notice to Carrier as is reasonably possible of such costs or fees. N

(Continued)

Schedule No. G-FIG Sheet 8
FIBER OPTIC CABLE IN GAS PIPELINES

(Continued)

SPECIAL CONDITIONS (Continued) N

Permits, Franchises, and Rights-of-Way (Continued)

24. It shall be the responsibility of Carrier to obtain and pay for any permits necessary for the placement of Carrier's fiber optic cable, including any permits necessary for any facilities to be installed and owned by Utility to accommodate the placement of Carrier's fiber optic cable. The inability of Carrier to obtain any permits necessary shall relieve Utility of any obligation to provide service under this schedule with respect to any location or route for which necessary permits cannot be obtained.

Modifications to Utility Pipelines

25. If actual future load growth creates the need to add capacity to the particular pipe segment(s) occupied by the fiber optic cable at any time one or more years after the effective date, Utility will promptly notify Carrier and provide Carrier with an estimate of the least cost method of adding needed additional capacity. The amount of additional capacity needed will be determined by employing standard utility planning procedures which consider cost efficiency and effectiveness. Carrier will have the option of: (1) paying the proportionate share of the incremental costs of adding the needed capacity in the most effective manner (the cost equal to the proportion of the capacity on the particular new pipe segment(s) in which the cable is placed after the capacity addition has been made) (i.e., in the event the total incremental capacity added is equal to the actual capacity used by the Carrier's cable, the Carrier shall pay the full incremental cost) or, (2) removing the conduit from the pipeline. If Carrier elects to remove its cable either of the parties may terminate service for that portion of the service impacted. Such notice of termination shall be effective 90 days after it is provided. Utility will promptly make its best efforts to offer Carrier space in other of its pipelines under this rate schedule that will substantially substitute for the service that is being terminated pursuant to the notice. In addition, Utility and Carrier may mutually agree to other arrangements that would allow Utility to meet its need for gas pipeline capacity and Carrier to continue to have fiber optic cable in Utility's pipeline. Any such agreement shall be filed with the Commission in the same manner as any contract for service under this rate schedule.

26. If Utility is lawfully required by any third party to relocate its pipeline containing Carrier's fiber optic cable, or if Utility needs to replace its pipeline containing Carrier's fiber optic cable for operating reasons beyond the reasonable control of Utility (including the need to install a pipeline with increased capacity to meet gas demand), then Utility may inform Carrier of termination of service for the impacted segment under this rate schedule for so much space in that pipeline as is necessary to comply with the relocation requirement or to meet operating needs. Such notice of termination shall be effective 90 days after it is given, provided that if Utility is given less than 90 days notice by a third party that it must relocate its pipeline, the notice of termination by Utility shall be effective on the date Utility's pipeline must be relocated. If in the course of such relocation N

(Continued)

Schedule No. G-FIG Sheet 9
FIBER OPTIC CABLE IN GAS PIPELINES

(Continued)

SPECIAL CONDITIONS (Continued) N

Modifications to Utility Pipelines (Continued)

26. (Continued)

or replacement Utility will open a new trench or bore to install new gas pipeline, Utility will offer Carrier the opportunity to install its own fiber optic conduit and cable in such trench or bore, for a fee equal to Utility's incremental cost to allow placement of such conduit and cable. Carrier must obtain all necessary permits and rights to install such conduit and cable, under the same conditions as would apply if Carrier was placing its cable in Utility's pipeline in such trench or bore. Utility will make no recurring charges for Carrier's use of a joint trench or bore, but otherwise such fiber optic cable shall be subject to all the terms and conditions of this rate schedule. In addition, Utility will promptly make its best efforts to offer Carrier space in other of its pipelines under this rate schedule that will substantially substitute for the service that is being terminated pursuant to the notice. Utility will also offer Carrier the option to place its fiber optic cable in the segment of pipeline that is constructed in place of the pipeline that must be relocated or replaced. The terms of such service shall be the same as for any other pipeline subject to this rate schedule (including make ready and annual recurring charges), but Carrier shall have priority over any other Carrier under this rate schedule for use of such pipeline. In addition, Utility and Carrier may mutually agree to other arrangements that would allow Utility to meet its need for relocation or replacement and Carrier to continue to have fiber optic cable in Utility's pipeline. Any such agreement shall be filed with the Commission in the same manner as any contract for service under this rate schedule.

Dispute Resolution

27. Utility and Carrier shall attempt in good faith to resolve any disputes with respect to service under this schedule. In the event that resolution is not achieved, either party may invoke the Commission's dispute resolution procedures under terms substantially the same as adopted by the Commission in D.98-10-058 (applicable to attachments to poles and other structures of incumbent local exchange carriers and major electric utilities). N

SAMPLE FORMS - CONTRACTS T
Assignment of Contract (Form 3907-B) T

(See Attached Form) T

ASSIGNMENT OF ________[Name of Contract]_________________

By this Assignment, effective as of __[date]________, _____[Name of Assignor]________ ______ ("Assignor"), assigns to ____[Name of Assignee]______________ ("Assignee") all of Assignor's rights, obligations, duties, title, and interest in and to the _____[Name of Contract]__ ____________ with Southern California Gas Company ("SoCalGas"), dated __________ ______, and any and all amendments thereto ("Agreement"). [Notwithstanding this Assignment, Assignor shall remain liable under said Agreement.]

Date: ___________________ ______________________________

"Assignor"

By:___________________________

Name:_________________________

Title:__________________________

ASSUMPTION OF ________[Name of Contract]___________________

Assignee accepts the foregoing Assignment of the Agreement with all of its terms and conditions. Assignee hereby assumes each and every duty and obligation owing to SoCalGas arising out of or in connection with the Agreement, commencing as of [___________________] **or** [the date on which the Agreement was signed]. Assignee accepts this Assignment, subject to any defenses or causes of action SoCalGas may have against Assignor. [In the event of any future permitted assignment, Assignee shall remain liable to SoCalGas for each and every duty and obligation belonging to the Assignor under the Agreement]. This Assignment and Assumption is neither a modification of nor an amendment to the Agreement.

Date: ___________________ ______________________________

"Assignee"

By:___________________________

Name:_________________________

Title:__________________________

CONSENT TO ASSIGNMENT AND ASSUMPTION OF _____[Name of Contract]

SoCalGas consents to the foregoing Assignment of the Agreement by Assignor to Assignee and the foregoing Assumption of such Agreement by Assignee. The Consent shall become effective upon full execution hereof by all parties, and no assignment shall be deemed to have occurred between Assignor and Assignee until such execution.

Date: ___________________ SOUTHERN CALIFORNIA GAS COMPANY

By:___________________________

Name:_________________________

Title:__________________________

SAMPLE FORMS - CONTRACTS N
Master Services Contract, Schedule G N
Fiber Optic Cable in Gas Pipelines (Form 6597-7) N

(See Attached Form) N

MASTER SERVICES CONTRACT

SCHEDULE G

FIBER OPTIC CABLE IN GAS PIPELINES

Account No. ___________________

This Master Services Contract, Schedule, Fiber Optic Cable in Gas Pipelines dated as of _________________ ("Contract"), is entered into by and between Southern California Gas Company ("Utility") and _____________________ ("Carrier").

NOW THEREFORE, in consideration of the promises and mutual undertakings set forth herein, the parties agree as follows:

Section 1 – Scope

This Contract sets forth the general terms and conditions under which Utility will provide Carrier the right to place fiber optic cable in certain of Utility's active gas pipelines ("FIG") pursuant to Tariff Rate Schedule No. G-FIG as in effect from time to time. The initial gas pipelines in which fiber optic cable will be installed are identified on Schedule 1, attached hereto and incorporated by reference. If Utility and Carrier agree to install fiber optic cable in additional pipelines, such FIG facilities shall be identified in amendments or supplements to Schedule 1, which shall be separate and individual contracts, subject to the terms of and incorporating all the terms of this Contract.

Section 2 - Effective Date and Term

2.1 Effective Date. This Contract shall commence on the date shown on Schedule 1 (including as amended or supplemented) ("Effective Date"), which shall be after Utility has accepted Carrier's technology for fiber optic cable in active gas pipeline, and Carrier has received an estimate of cost from Utility, the identity of any contractor who would perform make ready work, agreed to proceed, paid the estimated cost, and executed and returned this Contract.

2.2 Term. Contract shall continue for twenty (20) years from the installation of particular fiber optic cable as shown in Schedule 1 (including as amended or supplemented) but shall be subject to earlier termination pursuant to other provisions of Utility's Rate Schedule No. G-FIG. Utility and Carrier may agree in writing to a provision for renewal of the Contract at the expiration of twenty years. If any agreement has been reached, the provision is attached hereto.

2.3 Carrier Termination. If the Carrier defaults under any obligation under this Contract and does not cure the same, or make arrangements acceptable to Utility to cure, within thirty (30) days after written notice from Utility to do so, Utility shall have the right to terminate the Contract immediately on written notice and shall be entitled to contract damages. Carrier may terminate this Contract on one year's prior written notice to Utility. In any case of termination, Carrier shall be responsible for all costs associated with removal of cable and associated facilities as set forth in Rate Schedule No. G-FIG.

2.4 Termination due to CPUC Modification. If the CPUC (see Section 5.2 below) modifies Rate Schedule No. G-FIG and such modification results in a material impairment of a party's rights or benefits under this Contract, such party shall have the right to terminate this Contract (including all Schedules hereunder) upon ninety (90) days written notice to the other party. Prior to such termination, Utility and Carrier will negotiate in good faith to see if it is possible to: (1) resolve the issues raised by such modification; and (2) ensure that each party will receive comparable benefits as originally contemplated when the Contract was entered into.

Section 3 – Fees/Billings/Payments.

3.1 Fees. Fees shall be payable as set forth in Utility's Rate Schedule No. G-FIG.

3.2 Billings. All bills rendered by Utility shall be paid by Carrier within 19 days after the billing date to Utility's depository specified below (which may be changed by Utility on 10 days prior written notice). One master billing or separate billings for each Contract may be agreed to by the parties. The billing(s) shall be sent to Carrier at the following location:

____
____
____
____

Carrier may change the address for billings by sending notice to Utility in accordance with Section 4.1.

3.3 Payments. All payments by Carrier shall be made for the account of Utility to the following address:

____
____
____
____

Utility may change the address for payments by sending notice to Carrier in accordance with Section 4.1.

Section 4 – Notices.

4.1 General Notices. All notices, requests or demands by either party shall be given in writing and sent by electronic mail or telecopy during normal business hours of the receiving party with a confirming copy mailed by pre-paid first class mail within one business day to the parties as follows:

Utility	Carrier
Southern California Gas Company	__________________________
555 W. Fifth Street	__________________________
Los Angeles, CA 90013-1011	__________________________
Attn.: ____________________	Attn.: ____________________
Telecopy: _________________	Telecopy: _________________
E-mail: __________________________	E-mail: __________________________

Notices shall be deemed to be received as of the day of mailing the confirming copy. All designated contacts, addresses, telephone and telecopy numbers may be changed from time to time, by the party affected, after seven days written notice to the other party.

4.2 Emergency Contacts. Carrier and Utility shall each maintain 24-hour emergency contacts as follows:

Utility	Carrier
Title: ____________________	Title: ____________________
Telephone: _______________	Telephone: _______________

The emergency contact information may be changed by sending notice in accordance with Section 4.1.

Section 5 – Tariffs/Government.

5.1 Tariffs. This Contract is subject to and incorporates by reference all the terms of Utility's Rate Schedule No. G-FIG and all applicable tariff rules (including but not limited to Rule No. 4) as in effect from time to time.

5.2 Continuing CPUC Jurisdiction. This Contract shall be subject to the continuing jurisdiction of the California Public Utilities Commission ("CPUC") (including without limitation such changes or modifications as the CPUC may direct from time to time), and to all rules, laws, orders, regulations or decisions by any governmental entity (including a court) having jurisdiction.

Section 6 – Miscellaneous.

6.1 Conflicts. In the event of a conflict between the terms of this Contract, any Tariff Rule and the terms of Tariff Rate Schedule No. G-FIG, the terms of Tariff Rate Schedule No. G-FIG shall control.

6.2 Survival. Where the context permits, the provisions of this Contract shall survive its termination.

6.3 Waiver. Either party may waive its rights under any provision hereof, but such waiver must be in writing and duly executed by the waiving party in order to be effective. A waiver shall only be effective to the extent expressly set forth and shall not be a waiver of the same or similar rights in a different situation or a waiver of rights pursuant to any other provision.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed this Contract in duplicate originals.

SOUTHERN CALIFORNIA GAS COMPANY ______________________________

By ___________________________ By ___________________________

Title _________________________ Title _________________________

SCHEDULE 1

To

Master Services Contract
Schedule G
Fiber Optic Cable in Gas Pipelines
Dated as of ____________

Account No. ___________________

Amendment/Supplement [No. __] [Dated ________]

This Schedule 1 is a part of and subject to the terms and conditions set forth in that certain Master Services Contract, Schedule G, Fiber Optic Cable in Gas Pipelines dated as of _____________, between Southern California Gas Company ("Utility") and ___________________________________ ("Carrier"). Capitalized terms used herein but not defined herein shall have the meaning assigned to them in the Contract.

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SAMPLE FORMS (continued)

Contracts

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SAMPLE FORMS (continued)

Contracts (continued)

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The following listed sheets contain all effective Schedules of Rates and Rules affecting service and information relating thereto in effect on the date indicated thereon.

GENERAL — Cal. P.U.C. Sheet No.

(Continued)