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October 7, 2005

Advice No. 3413-B  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: SUPPLEMENTAL - New Open Access Tariff in Compliance with the Natural Gas OIR Phase I Decision No. 04-09-022 and Resolutions G-3376 and G-3382**

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions applicable to its tariffs as shown on Attachment B.

**Purpose**

This supplemental Advice Letter (AL) is being filed in accordance with Ordering Paragraph (OP) 4 of Resolution G-3382, dated September 22, 2005. OP 4 of Resolution G-3382 orders SoCalGas to refile its Consulting Services Agreement (CSA) and Collectible System Upgrade Agreement (CSUA) within 15 days of the date of the resolution containing the modifications indicated in the resolution. OPs 1 and 2 of Resolution G-3382 approved the Rule No. 39 and the Confidentiality Agreement as filed with AL 3413-A. In addition, OP 3 orders SoCalGas to develop the Interconnect Collectible System Upgrade Agreement (Form 6430-5), filed with AL 3413-A, concurrently with its development of the related Interconnection Agreement in Phase II of Order Instituting Rulemaking (R.) 04-01-025. This Advice Letter contains the following tariffs and replaces AL 3413-A in its entirety.

1. Rule No. 39 as filed with AL 3413-A and approved by Resolution G-3382.
2. The Confidentiality Agreement (Form 6410) as filed with AL 3413-A and approved by Resolution G-3382.
3. The CSA (Form 6400) with the modifications contained in Resolution G-3382.
4. The CSUA (Form 6420) with the modifications contained in Resolution G-3382.

**Background**

R.04-01-025 was opened in January 2004 to ensure that California does not face a natural gas shortage in the future. The proceeding was divided into two phases with Phase I addressing interstate capacity contracts, liquefied natural gas access, and interstate pipeline access. Decision (D.) 04-09-022, dated September 2, 2004, addressed the Phase I issues and directed

SoCalGas to, among other things, submit for Commission approval non-discriminatory open access tariffs for all new sources of gas supply.

Consequently, in compliance with OP 6 in D.04-09-022 SoCalGas, filed AL 3413 requesting approval of a new Rule No. 39, Access to the SoCalGas Pipeline System. The new Rule No. 39 establishes SoCalGas' interconnection policy as it pertains to parties interested in connecting to and delivering gas into SoCalGas' pipeline system. The intent of Rule No. 39 is to provide open access to SoCalGas' system on a nondiscriminatory basis. AL 3413 was protested by eight parties and was suspended on November 12, 2004. Resolution G-3376 was written to address the concerns of the protesting parties and approved the proposed Rule No. 39 with modifications. In compliance with Resolution G-3376, SoCalGas filed AL 3413-A that included a modified Rule No. 39 to incorporate the changes adopted by Resolution G-3376 and submitted four new agreements created as a result of the new procedures set forth in Rule No. 39. The new agreements filed were the: (1) CSA (Form 6400), (2) Confidentiality Agreement (Form 6410), (3) CSUA (Form 6420) and (4) Interconnect Collectible System Upgrade Agreement (Form 6430-5).

AL 3413-A was protested by three parties and was suspended on May 3, 2005. Resolution G-3382 was written to address the concerns of the protesting parties and, as stated above, approved the Rule No. 39 and the Confidentiality Agreement, deferred the Interconnect Collectible System Upgrade Agreement to the R.04-01-025 proceeding, and ordered SoCalGas to refile the CSA and the CSUA with the modifications stated in the resolution.

### **Effective Date**

SoCalGas respectfully requests that this filing become effective on November 6, 2005, which is not less than thirty (30) days regular statutory notice.

### **Protest**

Anyone may protest this Advice Letter to the 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:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Jerry Royer (jrr@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

**Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A to this advice letter, which includes interested parties in R.04-01-025.

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Attachments

# 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. **SOUTHERN CALIFORNIA GAS COMPANY/ U 904 G**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Donna Shepherd

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### EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3413-B

Subject of AL: Supplemental - New Open Access Tariff in Compliance with the Natural Gas OIR  
Phase I Decision 04-09-022 and Resolutions G-3376 and G-3382

Keywords (choose from CPUC listing): Agreements, Capacity, Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

G-3382, G-3376, D.04-09-022

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>:

Resolution Required?  Yes  No

Requested effective date: 11/06/05

No. of tariff sheets: 8

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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: Table of Contents, Rule No. 39, Forms 6400, 6410 and 6420

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

**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 Avenue**

**San Francisco, CA 94102**

**jjr@cpuc.ca.gov and jnj@cpuc.ca.gov**

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

**ATTACHMENT A**  
**Advice No. 3413-B**

**(See Attached Service List)**

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ATTACHMENT B  
Advice No. 3413-B

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Original 39739-G	Rule No. 39, ACCESS TO THE SOCALGAS PIPELINE SYSTEM, Sheet 1	Original 38306-G
Original 39740-G		Original 38988-G
	Rule No. 39, ACCESS TO THE SOCALGAS PIPELINE SYSTEM, Sheet 2	Original 38307-G
		Original 38308-G, 38989-G
Original 39741-G	SAMPLE FORMS - CONTRACTS, Access to the SoCalGas Pipeline System, Consulting Services Agreement (Form 6400), Sheet 1	Original 38990-G
Original 39742-G	SAMPLE FORMS - CONTRACTS, Access to the SoCalGas Pipeline System, Confidentiality Agreement (Form 6410), Sheet 1	Original 38991-G
Original 39743-G	SAMPLE FORMS - CONTRACTS, Access to the SoCalGas Pipeline System, Collectible System Upgrade Agreement (Form 6420), Sheet 1	Original 38992-G
Revised 39744-G	TABLE OF CONTENTS	Revised 39340-G
Revised 39745-G	TABLE OF CONTENTS	Revised 39327-G
Revised 39746-G	TABLE OF CONTENTS	Revised 39714-G

ACCESS TO THE SOCALGAS PIPELINE SYSTEM

The Utility shall provide nondiscriminatory open access to its system to any party (hereinafter "Interconnector") for the purpose of physically interconnecting with the Utility and effectuating the delivery of natural gas, subject to the terms and conditions set forth in this Rule and the applicable provisions of the Utility's other tariff schedules including, but not limited to, the gas quality requirements set forth in Rule No. 30, Section I. None of the provisions in this Rule shall be interpreted so as to unduly discriminate against or in favor of gas supplies coming from any source.

A. Terms of Access

1. The interconnection and physical flows shall not jeopardize the integrity of, or interfere with, normal operation of the Utility's system and provision of service to its customers.
2. The Interconnector and Utility must execute an Interconnection and Operational Balancing Agreement (IOBA).
3. The Interconnector shall pay for all equipment necessary to effectuate deliveries at point of interconnection, including, but not limited to, valves, separators, meters, quality measurement, odorant and other equipment necessary to regulate and deliver gas at the interconnection point. The Interconnector shall also pay for computer programming changes to the Utility's Electronic Bulletin Board (EBB) scheduling system, if any, required to add the Interconnector's new interconnection point. The Interconnector and Utility must execute an Interconnect Collectible System Upgrade Agreement Exhibit to the IOBA (Form 6430).
4. The point of interconnection shall be established as a transportation scheduling point, pursuant to the provisions of Rule No. 30, if the Interconnector abides by the standards of the North American Energy Standards Board.
5. The maximum physical capacity of the interconnection will be determined by the sizing of the point of receipt, including the metering and odorization capacities, but is not the capacity of the Utility's pipeline system to transport gas away from the interconnection point and is not, nor is it intended to be, any commitment by Utility of takeaway capacity.
6. The available receipt capacity for any particular day may be affected by physical flows from other points of receipt, physical pipeline and storage conditions for that day, and end-use demand on the Utility's system.
7. The Utility will expand its receipt point capacity at the request and expense of a supply source or an interconnecting pipeline. The Interconnector and Utility must execute a Collectible System Upgrade Agreement (Form 6420) prior to any work being completed.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3413-B  
 DECISION NO. 04-09-022

ISSUED BY  
**Lee Schavrien**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Oct 7, 2005  
 EFFECTIVE Nov 6, 2005  
 RESOLUTION NO. G-3376, G-3382

Rule No. 39

Sheet 2

ACCESS TO THE SOCALGAS PIPELINE SYSTEM

(Continued)

B. Interconnection Capacity Studies

1. If any party is interested in determining the physical capacity of the interconnection points and/or Utility's downstream capability to take natural gas away from the interconnection point and the associated Utility facility enhancement costs, the party may request an Interconnection Capacity Study.
2. Any party interested in funding an Interconnection Capacity Study must submit a written request for access, which includes where and when the new supply will be delivered to the Utility and the volume required to be received. Within 30 business days, the Utility will provide a written proposal to the party to evaluate the system impact of the new supplies including the estimated time and cost to perform this analysis.
3. The party and the Utility must execute a Consulting Services Agreement (Form 6400) or Collectible System Upgrade Agreement (Form 6420) and Confidentiality Agreement (Form 6410) prior to any work being completed and provide payment equal to the estimated cost of the Interconnection Capacity Study prior to the Utility proceeding with the Interconnection Capacity Study. The party will be responsible for the actual costs of the analysis; to this end, an invoice or refund will be issued to the supplier at the completion of the analysis for any difference between the actual costs and the estimate.
4. The cost estimate provided in the Interconnection Capacity Study will not include cost estimates for land acquisition, site development, right-of-way, metering, gas quality, permitting, regulatory, environmental, unusual construction costs, and operating and maintenance costs. Upon completion of the Interconnection Capacity Study and for an additional charge, the Utility will perform a more detailed Preliminary Engineering Study that will include such cost estimates associated with these elements, if requested by the party in writing. As with the Interconnection Capacity Study, the party will be responsible for the actual costs to perform the Preliminary Engineering Study.
5. In addition, upon formal written request by any party, the Utility will prepare a Detailed Engineering Study, which will: (1) describe all costs of construction, (2) develop complete engineering construction drawings, and (3) prepare all construction and environmental permit applications and right-of-way acquisition requirements. The party shall pay an estimated charge before the Utility will begin the Detailed Engineering Study. As with the Interconnection Capacity Study, the party will be responsible for the actual costs to perform the Detailed Engineering Study.
6. The Utility shall provide an Interconnection Capacity Study, in a timely manner, at the request and expense of the requesting party, which may be an interconnecting pipeline or a supply source.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3413-B  
DECISION NO. 04-09-022

2H12

ISSUED BY

**Lee Schavrien**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Oct 7, 2005  
EFFECTIVE Nov 6, 2005  
RESOLUTION NO. G-3376, G-3382

SAMPLE FORMS - CONTRACTS  
Access to the SoCalGas Pipeline System  
Consulting Services Agreement (Form 6440, 11/05)

Sheet 1

(See Attached Form)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 3413-B  
DECISION NO. 04-09-022

ISSUED BY  
**Lee Schavrien**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Oct 7, 2005  
EFFECTIVE Nov 6, 2005  
RESOLUTION NO. G-3376, G-3382



## **CONSULTING SERVICES AGREEMENT**

THIS CONSULTING SERVICES AGREEMENT (the "Agreement") is made and entered into effective this \_\_\_\_\_ day of \_\_\_\_\_, 200\_ (the "Effective Date") by and between **Southern California Gas Company**, a California corporation ("SoCalGas"), and \_\_\_\_\_ (the "Client").

### **RECITALS**

WHEREAS, SoCalGas is a public utility regulated by the California Public Utilities Commission ("CPUC") providing gas service to end-use customers within Southern California.

WHEREAS, the Client is a sponsor of a \_\_\_\_\_ project and/or has an interest in SoCalGas' ability to receive and redeliver additional gas supplies into its gas utility system.

WHEREAS, the Client desires to retain SoCalGas in connection with the performance of certain consulting services, upon the terms and conditions set forth in this Agreement (the "Services").

### **AGREEMENT**

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

#### **SECTION 1 - CONSULTING SERVICES**

1.1. **Retention.** Client hereby retains SoCalGas to provide the Services, upon the terms and conditions set forth in this Agreement.

1.2. **Scope of Services.** The Services to be provided to Client by SoCalGas shall consist of the tasks set forth in Exhibit A to this Agreement including analyzing the impact on its gas transmission system of receipt of additional gas supply at a new or expansion of an existing receipt point for redelivery to end use customers (the "Scope of Services"). No construction work shall be included or done pursuant to this Agreement.

1.3. **Term.** This Agreement shall be effective on the Effective Date and shall continue in full force and effect until the completion of the Services.

#### **SECTION 2 - COMPENSATION AND EXPENSES**

2.1. **Compensation.** An estimate of SoCalGas' fees and all other applicable costs to be billed by SoCalGas to Client under this Agreement are set forth in Exhibit A to this Agreement. In any event Client shall be liable for the actual costs of the Services which

may be higher than the estimated costs. Actual costs shall include the actual Services rendered and all related costs incurred, and shall include permit or other fees or charges, procurement, indirect costs and overheads, carrying costs, and any related income or other tax liability thereon.

2.2. Payment. Upon execution of this Agreement, Client shall make payment to "Southern California Gas Company" for the Services in the amount specified in Exhibit A within \_\_\_ days. Any amount billed by SoCalGas to Client subsequent to the initial payment shall be paid by Client within twenty (20) days after receipt of SoCalGas' invoice to the address set forth in Section 8 below.

2.3. Change Orders. Any change to the Scope of Services shall be in writing (a "Change Order") and signed by Client and SoCalGas. If Client issues any request for a change in the Scope of the Services or the time of completion of the Services beyond those tasks described in the Scope of Services and not identified as a Change Order, but which SoCalGas considers to be a Change Order, then SoCalGas shall notify Client in writing and the parties shall mutually decide whether such a change in the Scope of Services or the time of completion of the Services constitutes a Change Order, which increases or decreases the Scope of the Services and increases or decreases the cost to SoCalGas of providing the Services. If SoCalGas issues a Change Order that results in an increase or decrease in the cost of the Services, then an adjustment shall be made to the total compensation and/or the time of completion of the Services. All written Change Orders shall become a part of this Agreement. SoCalGas may refrain from any additional work until Client has paid such additional amount as set forth above.

2.4. Payroll Taxes. Social security, federal, and other applicable taxes shall not be withheld from payments made to SoCalGas.

### **SECTION 3 - INFORMATION AND OWNERSHIP**

3.1. Confidential Information. During the term of this Agreement, either party may have access to and become acquainted with confidential information and trade and business secrets of the other. Treatment of this information by both parties is set forth in the Confidentiality Agreement which is attached hereto and incorporated herein as Exhibit B of this Agreement (the Confidentiality Agreement).

3.2 Ownership and Use. Notwithstanding the above, any and all material and information prepared, accumulated or developed by SoCalGas, any subcontractor or their respective employees, including, without limitation, documents, drawings, designs, calculations, maps, plans, workplans, text, filings, estimates, manifests, certificates, books, specifications, sketches, notes, reports, summaries, analyses, data models and samples, (hereinafter, collectively "Work Product"), shall remain the property of SoCalGas when prepared or in process, whether or not delivered to Client. SoCalGas hereby grants to Client a nonexclusive royalty-free unrestricted license to use, copy, and distribute any Work Product furnished by SoCalGas to Client under this Agreement, subject to the terms specified in Exhibit B, Confidentiality Agreement. SoCalGas

warrants that the Work Product provided by SoCalGas hereunder will meet or exceed all generally accepted industry standards for this type of work. SoCalGas makes no representations about the suitability, reliability, availability, timeliness or accuracy of Work Product or Services for any purpose. The Work Product will be done using information and assumptions at one point of time and which are subject to change at any time that could change the results or analysis reflected in Work Product. Estimates of costs may not cover all environmental costs or other unforeseen costs, or costs resulting from changes to laws, rules and regulations governing the Services herein. Therefore, SoCalGas does not warrant the Services or Work Product for any use and specifically disclaims any liability for any subsequent use of the Work Product, or any part thereof, by Client. No warranty of any kind is or will be included as part of the Services and all express and implied warranties, including any warranties of merchantability, and/or fitness for a particular purpose are specifically disclaimed with the exception of claims solely arising from the gross negligence or intentional misconduct by Utility that occurs while performing the Services. Client will not hold SoCalGas liable or responsible in any way for any losses, damages, claims, costs, expenses or other obligations it incurs, or may incur, arising out of or related to Client's use of, or reliance on, any part of the Services, Work Product or other information provided by SoGalGas hereunder.

#### **SECTION 4 - STATUS**

SoCalGas is and at all times during the term of this Agreement shall be an independent contractor providing consulting services to Client. Nothing contained in this Agreement shall be construed to create a relationship of principal and agent, employer and employee, servant and master, partnership or joint venture between the parties.

#### **SECTION 5 - ATTORNEYS' FEES**

Should any dispute arise regarding any term or provision of this Agreement or enforcement of any rights hereunder, or to collect any portion of the amount payable under this Agreement, then all litigation and collection expenses, witness fees, court costs and attorney's fees shall be paid to the prevailing party.

#### **SECTION 6 - SUPERVISION AND COORDINATION**

During the term of this Agreement, each party shall appoint a representative who will be authorized, empowered and available to act for and on behalf of each to implement the terms and conditions of this Agreement.

#### **SECTION 7 – DISPUTES**

Any dispute or need for interpretation arising out of this Agreement which cannot be resolved after a reasonable period of time of good faith negotiation may be submitted to the CPUC for resolution.

## **SECTION 8 – NOTICES**

Any and all notices and other communications hereunder shall be in writing and shall be deemed to have been duly given or received when delivered personally or by courier forty-eight (48) hours after being mailed, via first class, postage prepaid, to the addresses set forth immediately below of the parties hereto or to such other addresses as either of the parties hereto may from time to time designate in writing to the other party.

SoCalGas:

Southern California Gas Company  
555 West Fifth Street, M.L. GT22A1  
Los Angeles, California 90013-1011  
Attn: Rasha Prince

Client:

Client  
Address  
Address  
Attn:

## **SECTION 9 - SUCCESSORS AND ASSIGNS**

. Assignment or transfer of the entire rights and obligations of any Party hereunder shall only be permitted under the following circumstances:

A. When the assignment is to a successor, representative or assignee which shall succeed by purchase, merger, corporate reorganization/restructuring or consolidation to all or substantially all of the assets of Project or SoCalGas, as the case may be and when the assignment is to a parent, affiliate or subsidiary of a Party hereto; or

B. When any Party assigns or pledges this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument which it has executed or may execute hereafter; however, in such event the other Parties shall be provided prior written notice thereof; or

C. When the Party assigning shall have first obtained the consent in writing of the other Party hereto.

## **SECTION 10 - APPLICABLE LAW**

The provisions of this Agreement shall be construed and enforced in accordance with the laws of the State of California.

**SECTION 11 – WAIVERS**

The failure or delay of either party to exercise or enforce at any time any of the provisions of this Agreement shall not constitute or be deemed a waiver of that party's right thereafter to enforce each and every provision of the Agreement and shall not otherwise affect the validity of this Agreement.

**SECTION 12 – SEVERABILITY**

If any provision of this Agreement is finally determined to be contrary to, prohibited by, or invalid under applicable laws or regulations, such provision shall become inapplicable and shall be deemed omitted from this Agreement. Such determination shall not, however, in any way invalidate the remaining provisions of this Agreement.

**SECTION 13 - ENTIRE AGREEMENT AND AMENDMENTS**

This Agreement and its exhibits constitutes the entire understanding and agreement between the parties relating to the subject matter hereof and supersedes any prior written or oral understanding or agreement between the parties relating to the subject matter hereof. This Agreement shall not be amended, altered, or supplemented in any way except by an instrument in writing, signed by the duly authorized representative of the parties, that expressly references this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and in the year first above written.

**Southern California Gas Company**

**Client**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



LNG Business Manager  
Energy Markets & Capacity Products

Southern California Gas Company  
M.L. GT22A1  
555 W. Fifth Street  
Los Angeles, CA 90013

Tel: (213) 244-\_\_\_\_  
Fax: (213) 244-\_\_\_\_  
@semprautilities.com

Exhibit A

Date

Attn:

Address

Address

Subject:

Dear \_\_\_\_\_,

In response to your request, Southern California Gas Company (SoCalGas) is pleased to provide you with this estimate for professional consulting services. SoCalGas proposes to analyze the impact on its gas transmission system of receiving \_\_\_\_\_ million cubic feet per day (MMcfd) of new supply at \_\_\_\_\_, California, on a \_\_\_\_\_ basis. SoCalGas' analysis will identify any system improvements necessary to accept this new supply under the assumption that the new supply \_\_\_\_\_ . Any assessment of gas quality or gas quality issues is also outside of the scope of this proposal.

A cost estimate for any facility improvements, accurate to  $\pm 20\%$ , will be calculated. This cost estimate will not include metering/gas quality, permitting, regulatory, environmental, or unusual construction costs (freeway crossings, channel crossings, river crossings, etc.). The findings and estimate will not constitute a proposal by SoCalGas.

A report that summarizes the results of our analyses, identifies any facility improvements, and estimates the cost of those improvements, will be provided to \_\_\_\_\_. \_\_\_\_\_ will be granted an unrestricted license to use, copy, and distribute the report; however the report and all work product shall remain the property of SoCalGas.

The estimated cost to perform this analysis is \$ \_\_\_\_\_. The estimated completion date for performing the analysis is \_\_\_\_\_, 200\_ provided that you contract for the study by \_\_\_\_\_, 200\_.



*LNG Business Manager  
Energy Markets & Capacity Products*

*Southern California Gas Company  
M.L. GT22A1  
555 W. Fifth Street  
Los Angeles, CA 90013*

*Tel: (213) 244-\_\_\_\_  
Fax: (213) 244-\_\_\_\_  
@semprautilities.com*

Payment in full is required upon execution of a contract to proceed with the analysis.  
\_\_\_\_\_ will be responsible for the actual costs of the project; to this end, an invoice or refund will be issued to \_\_\_\_\_ at the completion of the project for any difference between the actual costs and this estimate.

Should your requirements vary from this proposal, SoCalGas would like the opportunity to modify and resubmit this proposal as appropriate. If you have any questions, please call me at (213) 244-\_\_\_\_\_.

Sincerely,

LNG Business Manager

SAMPLE FORMS - CONTRACTS  
Access to the SoCalGas Pipeline System  
Confidentiality Agreement (Form 6410, 11/05)

Sheet 1

(See Attached Form)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 3413-B  
DECISION NO. 04-09-022

ISSUED BY  
**Lee Schavrien**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Oct 7, 2005  
EFFECTIVE Nov 6, 2005  
RESOLUTION NO. G-3376, G-3382



## CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is made and entered into effective as of \_\_\_\_\_ ("Effective Date"), by and between a \_\_\_\_\_ corporation, located at \_\_\_\_\_ [address] \_\_\_\_\_ ("Company"), and the **Southern California Gas Company**, a California corporation, located at \_\_\_\_\_ [address] \_\_\_\_\_ ("SCG").

In consideration of the mutual covenants herein, and the disclosures to be made in connection herewith, the parties agree as follows:

1. Company is considering engaging in developing a \_\_\_\_\_ that would connect with SCG's gas pipeline system ("Project") in California and wishes to discuss with SCG certain aspects of the Project and the possible future relationship of the parties concerning the Project (the "subject matter"). Because of the competitive nature of the Project and the subject matter, which may be discussed by the parties concerning the Project, the parties agree to keep all subject matter identified in writing as "Proprietary Information" confidential. "Proprietary Information" shall mean any data, information, trade secrets or "know-how" that is proprietary to a Party, and not known to the Party receiving it or the general public as of the date hereof, which is disclosed in the course of dealings between the Parties in connection with this Agreement, in oral and/or written form. For the purposes of this Agreement, the party receiving Proprietary Information from a party in connection herewith is the "Receiving Party," and the party providing Proprietary Information to the other party hereunder is the "Disclosing Party". Any information designated by a party as Proprietary Information, if in tangible form, will be marked clearly as "Proprietary Information"; or if communicated orally, it must be identified in writing as "Proprietary Information" in reasonable detail within five (5) business days after disclosure. This Agreement does not require either Party to disclose any particular "Proprietary Information," or to disclose it in any particular form or format. No representation is made that any Proprietary Information disclosed is free from error, or suitable for any use or purpose. Company understands that as a California public utility company SCG is obligated to provide service in a non-discriminatory manner and this Agreement in no way prevents, restricts or limits SCG's discussions or relationships with other companies considering LNG projects other than not disclosing the Proprietary Information of Company.
  
2. Except as otherwise provided in this Agreement, no part of the Proprietary Information may be disclosed or delivered to third parties or used by the Receiving Party for any purpose other than for the purpose stated in Paragraph 1 above, without the prior written consent of the Disclosing Party, which may be refused. Except as authorized in writing by the

Disclosing Party, the Receiving Party shall not copy, disclose, or use the Disclosing Party's Proprietary Information or any part thereof and shall return to the Disclosing Party or destroy, upon the Disclosing Party's request, all Proprietary Information provided by the Disclosing Party in tangible form, and all copies, photographs, reproductions, and all other duplications thereof, including any summaries, extracts and other information derived from the Proprietary Information, regardless of the form of media.

3. The Receiving Party shall take all reasonable measures to prevent unauthorized disclosure of the Proprietary Information and shall restrict access to the Proprietary Information to those employees, or employees of Affiliates, who have a need to know in the course of their duties. If the Receiving Party finds it necessary for the purpose set forth in Paragraph 1 above to disclose to a subcontractor or agent any Proprietary Information, such subcontractor or agent shall first agree in writing to comply with the provisions of this Agreement. For purposes of this Agreement, "Affiliate" shall mean any company or legal entity which (a) controls either directly or indirectly a Party, or (b) which is controlled directly or indirectly by such party, or (c) is directly or indirectly controlled by a company or entity which directly or indirectly controls such party. Control means the right to exercise fifty percent (50%) or more of the voting rights in the appointment of the directors or similar representatives of such company or entity.
4. Notwithstanding any of the other provisions herein, SCG will not disclose any Proprietary Information disclosed pursuant to this Agreement to any of its Affiliates not regulated by the CPUC without the prior written consent of Company.
5. All Proprietary Information disclosed hereunder shall be and remain the exclusive property of the Disclosing Party. This Agreement shall not be construed to grant to the Receiving Party any license or other rights to the Proprietary Information except as specifically noted herein.
6. The obligations set forth in this Agreement shall not apply to information that the Receiving Party can establish is:
  - a. Information, which is in the public domain as of the date of this Agreement or which later, enters the public domain from a source other than the Receiving Party.
  - b. Information which the Receiving Party has written evidence of knowing prior to the execution of this Agreement.
  - c. Information which the Receiving Party receives from a bona fide third party source not under any obligation of confidentiality.
  - d. Information approved for release by the Disclosing Party in writing.

- e. Information, which is required by law (e.g., court order or governmental agency subpoena) to be disclosed. If either Party or any of its Representatives is required by applicable law, regulation or legal process (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any Proprietary Information provided to it under this Agreement, such Party or its Representative will promptly notify the other Party of such requirement so that it may seek an appropriate protective order or elect, in its sole discretion, to grant a waiver of compliance with the provisions of this Agreement. If, in the absence of a protective order or the receipt of a waiver hereunder within a reasonable time after such notice, a Party or any of its Representatives is, in the reasonable opinion of such Party, compelled to disclose any Proprietary Information, then the disclosing Party may disclose only such of the Proprietary Information to the person compelling disclosure as is required by law. The Party being forced to disclose any Proprietary Information will provide all commercially reasonable assistance to enable the other Party to obtain a protective order or other reliable assurance that the Proprietary Information will be accorded confidential treatment.
  - f. Either Party may disclose to any governmental entity (including a court) or its representatives or other persons as required by such entity, the tax treatment and tax structure of any transaction arising at any time in connection with this Agreement or related hereto, as well as all materials provided to either Party of any kind (including opinions or other tax analyses) relating to the tax treatment or tax structure of such transaction.
7. If the Receiving Party breaches or defaults in the performance of any of its covenants contained herein or violates any of the restrictions set forth herein, the Disclosing Party shall be entitled to all remedies available at law or in equity. The parties acknowledge that the Proprietary Information is valuable and unique, and that damages would be an inadequate remedy for breach of this Agreement and the obligations of each party and its Representatives are specifically enforceable. Accordingly, the parties agree that in the event of a breach or threatened breach of this Agreement by either party, the disclosing party shall be entitled to seek an injunction preventing such breach, without the necessity of proving damages or posting any bond. Any such relief shall be in addition to, and not in lieu of, money damages or any other available legal or equitable remedy.
8. If either party employs attorneys (in-house and/or outside counsel) to enforce any rights arising out of or related to this Agreement, the prevailing party in such matter (as determined by the court) shall be entitled to receive its reasonable attorneys' fees, costs and disbursements.

9. This Agreement shall be begin on the Effective Date and continue for period of two (2) years from the date of the last disclosure of Proprietary Information in connection herewith.
10. Neither this Agreement, nor the disclosure of Proprietary Information under this Agreement, nor the ongoing discussions and correspondence by the parties regarding the subject matter of this Agreement, shall constitute or imply any promise or intention to make any purchase or use of the services, products, facilities, real property or other assets of either party, or any commitment by either party with respect to any other present or future arrangement. If, in the future, the parties elect to enter into binding commitments relating to any of the matters stated herein, they must be stated in a separate executed written contract by the parties.
11. This Agreement shall be governed by and construed under the laws of the California, without reference to any principles on conflicts of laws. Any dispute between the parties arising under this Agreement shall be litigated solely in the state or federal courts located in the County of Los Angeles, State of California.
12. This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior discussions, communications and agreements, both oral and written. This Agreement shall not be amended or modified except by an agreement or amendment in writing signed by both parties, and shall not be modified by course of performance, course of dealing, or usage of trade. No waiver of any right under this Agreement shall be deemed a subsequent waiver of the same right or any other right. To be effective, any waiver of the provisions hereof shall be in writing.

The authorized signatories of the parties have executed this Confidentiality Agreement as of the Effective Date.

**Company Name**

**SOUTHERN CALIFORNIA GAS COMPANY**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

SAMPLE FORMS - CONTRACTS  
Access to the SoCalGas Pipeline System  
Collectible System Upgrade Agreement (Form 6420, 11/05)

Sheet 1

(See Attached Form)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 3413-B  
DECISION NO. 04-09-022

ISSUED BY  
**Lee Schavrien**  
Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Oct 7, 2005  
EFFECTIVE Nov 6, 2005  
RESOLUTION NO. G-3376, G-3382

## COLLECTIBLE SYSTEM UPGRADE AGREEMENT

This Collectible System Upgrade Agreement (“Agreement”) is entered into as of \_\_\_\_\_[date] by and among **Southern California Gas Company** (“SoCalGas”), and \_\_\_\_\_[company name] (“Project”). SoCalGas and Project may be referred to herein severally as a “Party,” or jointly as “Parties.”

WHEREAS, SoCalGas is a public utility regulated by the California Public Utilities Commission and as a natural gas utility receives and redelivers natural gas for the benefit of its customers; and

WHEREAS, Project is \_\_\_\_\_[project type] and would benefit from SoCalGas being capable of delivering gas from Project’s delivery point through the SoCalGas system for redelivery to customers;

WHEREAS, in order to achieve Project’s objectives, Project is willing to pay for the design and construction of additional facilities to the SoCalGas system and other associated activities, which facilities will be constructed, owned and operated by SoCalGas as part of its utility system.

NOW THEREFORE, in consideration of the promises and mutual undertakings set forth below, SoCalGas and Project agree as follows:

### SECTION I

#### SCOPE OF AGREEMENT

A. Scope - This Agreement sets forth the terms and conditions under which SoCalGas agrees to design, provide permit preparation, engineer and construct the applicable Utility Facilities planned to be used for the redelivery of Gas from the outlet of SoCalGas’ facilities at the Interconnection Point, in order to provide Takeaway Capacity for the Project (the “Services”). Such point will be from pipeline facilities located at or near \_\_\_\_\_[location], California into SoCalGas’ existing utility system. Such Utility Facilities shall provide the capability for Gas to be delivered to SoCalGas from \_\_\_\_\_[company name], a \_\_\_\_\_[company type] (“Interconnecting Pipeline”). Such Utility Facilities do not include the actual physical interconnection with the Interconnecting Pipeline at the Interconnection Point that will be subject to an interconnection and operational balancing agreement between the Interconnecting Pipeline and SoCalGas. Project agrees to pay the actual costs for SoCalGas’ services herein including design, engineering, permit preparation, rights-of-way acquisition, and construction of the Utility Facilities by SoCalGas, its subcontractors, and/or agents, subject to the terms of this Agreement. Access rights to SoCalGas Receipt Points will be determined and governed by applicable CPUC decisions and rules and regulations implementing them.

B. Term - This Agreement shall become effective on the date provided at the beginning of this Agreement and, unless terminated earlier, continue until the earlier of the “In Service Date” or \_\_\_\_\_[date].

C. Definitions - For purposes of this Agreement between the Parties related hereto:

1. “Utility Facilities” shall mean the gas pipelines, appurtenant facilities, valves, compression, compressor upgrades, regulators, piping, valves, and other equipment, and related utility system upgrades, including all designs, engineering, drawings, permitting and plans, required for delivery of the Gas into SoCalGas’ system from the outlet of SoCalGas’ facilities at the Interconnection Point and redelivery within its service territory, or as authorized by the CPUC. Utility Facilities shall be solely owned and operated by, or on behalf of, SoCalGas.

2. “CPUC” shall mean the Public Utilities Commission of the State of California.

3. “Gas” shall mean any mixture of hydrocarbons or of hydrocarbons and non-combustible gases, in a gaseous state, consisting essentially of methane and meeting the quality specifications of SoCalGas’ tariffs, rules and regulations.

4. “In-Service Date” is that date when Utility Facilities defined herein in Exhibit B are operationally capable of being utilized on a continuous basis for Gas deliveries from the outlet of SoCalGas’ facilities at Interconnection Point. The physical capability of the Interconnecting Pipeline to deliver at the Interconnection Point including its capacity, construction and schedule is not the subject matter of this Agreement.

5. “Interconnection Point” shall mean that point where SoCalGas’ Facilities and the Interconnecting Pipeline’s Facilities physically interconnect for delivery of Gas by Interconnecting Pipeline to, and receipt thereof by, SoCalGas as described in Subsection IIIA and set forth on Exhibit A which is attached hereto and incorporated herein.

6. “Interconnecting Pipeline’s Facilities” shall mean those Gas pipeline facilities to be constructed and operated by Interconnecting Pipeline up to the Interconnection Point.

7. “Takeaway Capacity” shall mean the pipeline capacity to be made available by the design and construction of the Utility Facilities that will allow SoCalGas to receive and flow that volume of Gas from the outlet of SoCalGas’ facilities at the Interconnection Point into and through SoCalGas’ system. The Utility Facilities and Takeaway Capacity will be set forth in the scope of a mutually agreed upon and executed Exhibit B prior to commencement of any work hereunder.

D. Hinshaw Exemption - SoCalGas is exempt from jurisdiction of the Federal Energy Regulatory Commission (FERC) under the Hinshaw Exemption. SoCalGas shall not be required to take any action hereunder, including without limitation to enter into any contracts with third parties transporting Gas on Interconnecting Pipeline’s Facilities to the Interconnection Point, which for any reason jeopardizes or in SoCalGas’ sole opinion could reasonably raise a question regarding SoCalGas’ retention of its Hinshaw Exemption under the Natural Gas Act (15 U.S.C. §717(c)). While SoCalGas has the right and obligation to take action to protect its Hinshaw Exemption status, SoCalGas shall notify the Interconnecting Pipeline as soon as SoCalGas becomes aware that any action under the Agreement jeopardizes its Hinshaw

Exemption. SoCalGas shall make a good faith effort to allow the Interconnecting Pipeline an opportunity to take such actions as are necessary to assist SoCalGas in eliminating the concern.

## SECTION II

### WORK PHASES, CONDITIONS PRECEDENT AND TERMINATION

A. Work Phases: The Project will identify for SoCalGas the scope of Services to be undertaken. The Services may be done in separate and distinct phases upon request by the Project. After the Parties have mutually agreed upon the scope of Services for any individual phase, SoCalGas shall provide an estimated cost for it to complete the identified scope of Services in the form set forth herein as Exhibit B, which is attached hereto and incorporated herein. Project will review and if acceptable, shall indicate its acceptance of the Services and estimated cost by executing and returning the Exhibit B no later than \_\_\_[#] days after its receipt. SoCalGas shall not commence any Services until it has received the executed Exhibit B and the Condition Precedents set forth in Section C below have been satisfied. Each subsequent phase as described in Section III will be similarly prepared and attached to this Agreement and numbered sequentially with the initial phase being Exhibit B-1.

B. Stop Work: Within each Exhibit B, Project shall have the right to approve or stop work to be performed within a phase as identified in such Exhibit B, provided that Project will use commercially reasonable efforts to minimize effects of Project's stop work order. Project will be responsible for payment of Services rendered and any costs incurred by SoCalGas pursuant to an executed Exhibit B, prior to receipt by SoCalGas of a written stop work notice.

C. Conditions Precedent:

1. SoCalGas' obligation to perform the Services under any executed Exhibit B and in any event prior to the commencement of any Services hereunder is subject to the condition precedent that Project shall have paid SoCalGas for SoCalGas' estimated costs and expenditures related to such phase within \_\_\_[#] days after Project's execution of such Exhibit B.

2. Prior to commencement of actual construction of any facilities pursuant to an executed Exhibit B, SoCalGas shall have received any and all federal, state and local regulatory approvals and permits that are necessary for such work to commence. SoCalGas may suspend Services at any time during the term of this Agreement if, after good faith efforts have been made, it has been unable to acquire any necessary permits or authorizations.

D. Termination Conditions - In the event the conditions in subsection IIB have not been satisfied or waived by all Parties by the date specified therein, the Parties shall meet within fifteen (15) days following such date to discuss in good faith whether Exhibit B of this Agreement can be restructured on a mutually satisfactory basis under the circumstances. In the event the Parties are unable to agree on such a restructuring within forty-five (45) days after the first meeting on such matter, this Agreement may either (i) be extended up to an additional ninety (90) days thereafter by mutual consent obtained on or before such 45th day, or (ii) be terminated if any Party, within fifteen (15) days thereafter, gives ten (10) days prior written notice of termination; provided, however, such termination shall not become effective if such



condition under Subsection IIB has been satisfied or waived prior to the effective date of such termination.

E. Cooperation - Each Party shall cooperate with the other Parties as is reasonable under the circumstances, and keep the other Parties advised of all significant developments in connection with obtaining satisfaction of the conditions specified in Subsection II.A and II.B. SoCalGas is and at all times during the term of this Agreement shall be an independent contractor providing Services to Project. Nothing contained in this Agreement shall be construed to create a relationship of principal and agent, employer and employee, servant and master, partnership or joint venture between the parties.

F. Termination Charges - In the event that Project has executed an Exhibit B and the conditions precedent in subsection IIB have been satisfied or waived by the responsible party, and this Agreement is terminated under Subsection IIC, or for any other reason by Project, Project shall pay to SoCalGas the actual costs of that portion of SoCalGas' services performed or costs incurred for the design, engineering, permit preparation, asset or rights-of-way procurement and/or construction or other Services under any approved Exhibit Bs incurred as of such date of termination. In the event that (a) Project issues an order to stop work pursuant to subsection IIB for any Exhibit B or terminates this Agreement and (b) SoCalGas continues with the system upgrades despite the Project's stop order SoCalGas shall not charge Project for any new commitments made by SoCalGas resulting in subsequent costs incurred after the date of the stop notice associated with such system upgrades.

### SECTION III

#### CONSTRUCTION, PAYMENT, AND OPERATIONS

A. Installation of Facilities - SoCalGas shall design, engineer, provide permit preparation and right of way acquisition, and if necessary, construct, and install Utility Facilities as it deems necessary to have the capability to redeliver from the outlet of the SoCalGas' facilities at the Interconnection Point Gas volumes in an amount up to the Takeaway Capacity mutually agreed upon in the applicable Exhibit B subject to reimbursement from Project as provided herein. Utility Facilities shall be designed and constructed by SoCalGas to meet all applicable legal and regulatory requirements as well as to meet the minimum specifications of SoCalGas for materials, installation, testing and acceptance, provided however, all such actions shall be in compliance with an executed Exhibit B and follow commercially reasonable standards. Any and all material, including but not limited to all information, reports, drawings, plans, and/or designs developed by SoCalGas, its agents or subcontractors hereunder are owned by and remain the property of SoCalGas.

1. No Utility Facilities or Services for Takeaway Capacity which are to be paid for by Project shall be designed, engineered or constructed by SoCalGas without Project's prior written approval of the estimated cost, as set forth in Section IIA. Project acknowledges that the estimated cost is an estimate only and that Project will be responsible for SoCalGas' actual costs incurred consistent with the specifications in the applicable Exhibit B and commercially reasonable standards including, but not limited to, its labor and internal overheads, procurement, taxes, permits and associated fees, subcontractor and agent costs. SoCalGas will provide documentation acceptable to Project on the calculation of internal overheads. Actual

costs may not include any damages or other liabilities that SoCalGas has incurred as a result of its own negligence.

2. SoCalGas shall submit to Project, as available from time to time, any proposals regarding the scope of services to be performed in a subsequent phase, and schedules for construction (including ordering materials) and estimated costs related to implementing such phase, based on the mutually agreed date projected as the In-Service Date (as determined in good faith from time to time);

3. SoCalGas shall provide monthly status reports to Project in a form mutually agreed upon by the Parties. This reporting process will provide Project information on the status of performance and identify any material changes in cost, and any delays in schedule or other matters, including permitting, that would impact completion of the scope of Services set forth in an approved Exhibit B.

4. Project shall, within the time period set forth in subsection II.A, accept any such Exhibit B proposal in writing if it agrees to such proposal; if no acceptance is received within such time it shall be deemed rejected and SoCalGas shall take no further action; and

5. Project shall be solely responsible hereunder for any additional costs attributable to Project's delay or refusal in approving any phase or cost proposal by SoCalGas.

6. SoCalGas shall notify Project when it becomes aware that the cost of Services pursuant to any executed Exhibit B has exceeded or appears it will exceed the estimated cost by more than \_\_\_\_\_[#] percent (%). Project may issue a Stop Work Order as set forth in Section IIA. At such time, SoCalGas may submit a revised Exhibit B for Project's approval and require additional prepayment from Project prior to continuing any further services. If Project agrees to the revised Exhibit B it will execute and pay within the time limits set forth in Section I A, however, Project is not required to agree to such revised Exhibit B. In the event Project does not agree, SoCalGas may discontinue work until Project has paid such additional amount. In the event any such condition is not satisfied or waived by the date applicable thereto, this Agreement may be terminated by either Party as specified in Subsection IIC.

B. Payment by Project - Project shall advance SoCalGas' estimated costs of the Services set forth in subsection IIA within the scope of an approved Exhibit B. After a final accounting has been made by SoCalGas but in no event later than \_\_\_\_\_[date], Project shall reimburse SoCalGas within thirty (30) days of invoice from SoCalGas for its actual costs above the prepaid estimated costs, including indirect costs and overheads, carrying costs, designing, engineering, installing, permitting and constructing the Utility Facilities set forth in an executed Exhibit B, and including any related income, CIAC, or other tax liability thereon, even if such costs are above cost estimates provided to Project by SoCalGas. After a final accounting has been made by SoCalGas but in no event later than \_\_\_\_\_[date], any advances paid, which are in excess of SoCalGas' actual costs, shall be returned to Project.

1. Project may request and SoCalGas shall agree to Project's audit by a certified public accountant of the accounting records applicable to the construction of the Utility Facilities installed and owned by SoCalGas hereunder at Project's expense. Such audit may be conducted during the term hereof or for a period of up to one year after termination.

2. Refund: In the event a final non-appealable decision of the California Public Utilities Commission provides that SoCalGas shall refund, credit, or reimburse Project any pre-payments made hereunder, or portion thereof, for Work done pursuant to this Agreement, SoCalGas shall comply fully with such decision and implement its ruling as appropriately applied to the specific terms of this Agreement. In the event that (a) a private letter ruling from the Internal Revenue Service is issued to SoCalGas which holds that any amount paid by Project to SoCalGas as contribution in aid of construction (“CIAC”) under the terms of this Agreement is not subject to federal income taxation, (b) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Project to SoCalGas are not subject to federal income tax, (c) if SoCalGas receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Project to SoCalGas pursuant to this Agreement, (d) in the event a final non-appealable decision of the California Public Utilities Commission provides that SoCalGas shall refund, credit, or reimburse Project any pre-payments made hereunder, or portion thereof, for CIAC paid pursuant to this Agreement, or (e) if for any other reason any amount paid by Project to SoCalGas as CIAC under the terms of this Agreement is not subject to federal income taxation, SoCalGas shall promptly refund to Project the following:

(i) Any payment made by Project for taxes that is attributable to the amount determined to be non-taxable,

(ii) Any amounts paid by Project to SoCalGas for such taxes which SoCalGas did not submit to the taxing authority, and

(iii) With respect to any such taxes paid by SoCalGas, any refund or credit SoCalGas receives or to which it may be entitled from any Governmental Authority, provided, however, that SoCalGas will remit such amount promptly to Project only after and to the extent that SoCalGas has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to the Work, subject of this Agreement.

C. Coordination with Other Users of Interconnection Point – Each Party acknowledges that third parties may enter into arrangements with SoCalGas for the delivery of gas through the Interconnection Point, including contracts for capacity in excess of Takeaway Capacity agreed upon in any executed Exhibit B. In such regard, SoCalGas agrees that in no event shall SoCalGas’ subsequent contracts with third parties for upgrades for Takeaway Capacity increase the costs agreed to by Project as agreed to in any of the Project’s executed Exhibit Bs. Any cost allocation impacts arising from the involvement of third parties will be determined in SoCalGas’ CPUC Application 04-12-004, or another pertinent CPUC proceeding.

## SECTION IV

### ASSIGNMENT

Assignment - Assignment or transfer of the entire rights and obligations of any Party hereunder shall only be permitted under the following circumstances:

A. When the assignment is to a successor, representative or assignee which shall succeed by purchase, merger, corporate reorganization/restructuring or consolidation to all or substantially all of the assets of Project or SoCalGas, as the case may be and when the assignment is to a parent, affiliate or subsidiary of a Party hereto; or

B. When any Party assigns or pledges this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument which it has executed or may execute hereafter; however, in such event the other Parties shall be provided prior written notice thereof; or

C. When the Party assigning shall have first obtained the consent in writing of the other Party hereto, such consent may not be unreasonably withheld.

## SECTION V

### NOTICES

A. Form of Notice - All notices including invoices provided for herein shall be given in writing, and either hand delivered, or sent by prepaid priority courier, or sent by telephone facsimile (“telefax”) with original to follow by regular mail. In the case of courier delivery, delivery shall be deemed to occur three (3) business days after delivery to the courier by the sending Party and in the case of telefax the following business day after telephonic confirmation that the message was sent and received. Unless changed as set forth below, the addresses and telefax number of the Parties for purposes of this Section V are as follows:

#### Project:

Mailing Address:  
Telefax Number:

#### SoCalGas:

Mailing Address: Southern California Gas Company  
Box 3249 ML 22E1  
Los Angeles, California 90051-1249  
Telefax Number: (213) 244-8449

B. Telephone Contacts - At any time a telephone call is required to confirm the sending and receipt of any telefax notices, the following telephone numbers shall be utilized:

#### Project:

Confirmation Telephone:  
Contact:

#### SoCalGas:

Confirmation Telephone:  
Contact: LNG Business Manager

C. Changes - The designated contact, address and telefax and telephone numbers specified herein may be changed from time to time by the Party affected after two (2) days written notice.

## SECTION VI

### LIMITED WARRANTY

A. Services. SoCalGas warrants to Project that the Services performed by SoCalGas will meet or exceed all generally accepted industry standards for this type of work. SoCalGas disclaims any other warranty, express or implied, and disclaims all implied warranties of fitness for intended purpose.

B. Limitation of Liability. The warranties expressly provided for above are in lieu of all other express or implied warranties. SoCalGas is not committing to provide any capacity on its system or access rights to its system to Project as a result or benefit of this Agreement. In no event shall SoCalGas be liable for punitive, consequential, indirect, incidental, or special damages or for lost business or lost profits, whether under tort, breach of contract, strict liability, or any other theory, even if SoCalGas has been advised of the possibility of such damages.

## SECTION VII

### MISCELLANEOUS

A. Laws - The formation, interpretation and performance of this Agreement shall be governed by the internal laws of the State of California, without reference to principles of conflicts of laws.

B. Force Majeure- In no event shall SoCalGas be liable for breach of this Agreement if it cannot perform its obligations under this Agreement because of forces not under its control including, but not limited to, acts of God, labor disputes or strikes (whether involving SoCalGas' or its subcontractor's workforce), shortages of parts or materials, civil unrest, war, inability to obtain governmental approvals or permits, or government orders. In the event of such delay, the time for completion shall be extended by a period of time reasonably necessary to overcome the effect of such delay.

C. Execution of Documents - Each Party shall do all necessary acts and make, execute, and deliver such written instruments as shall from time to time be reasonably necessary to carry out the terms of this Agreement.

D. Attorneys' Fees- Should any dispute arise regarding any term or provision of this Agreement or enforcement of any rights hereunder, or to collect any portion of the amount payable under this agreement, then all litigation and collection expenses, witness fees, court costs and attorney's fees shall be paid to the prevailing party.

E. Publicity - Any public statements, publicity or press releases concerning this Agreement and the transactions contemplated by this Agreement shall be jointly planned and coordinated by and between the Parties. No Party shall act unilaterally regarding such publicity

or press releases without the prior written approval of the other Parties, which approval shall not be unreasonably withheld.

F. Disputes - Any dispute or need for interpretation arising out of this Agreement, which cannot be resolved after a reasonable period of time of good faith negotiations, will be resolved with binding arbitration, except for areas explicitly under federal and state jurisdiction.

G. Regulation - SoCalGas is a California utility subject to the jurisdiction of the CPUC. In the event the CPUC, or any other administration agency with jurisdiction over the subject matter hereof, materially change, alter or modify this Agreement, such that a party is deprived of its benefits anticipated herein such Party may terminate this Agreement upon 15 days notice or immediately if necessary to comply. In such event Project remains liable for payment of those costs incurred by SoCalGas pursuant to any approved Exhibit B up to such date.

H. Prior Agreements - This Agreement is limited to the construction of, and cost allocation for, SoCalGas' Facilities as defined in Exhibit B.

I. Entire Agreement - This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof, supersedes all prior discussions, agreements and understandings, whether oral or written, which the Parties may have in connection herewith and may not be amended or modified except by written agreement of the Parties, and shall not be modified by course of performance, course of conduct or usage of trade.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed in two (2) copies by their authorized representatives as of the day and year first written above.

[Company Name]

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

SOUTHERN CALIFORNIA GAS COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit B – Estimate Schedule of Contributions - \_\_\_\_\_ Basis  
 \_\_\_\_\_ – Deliveries at \_\_\_\_\_  
 Date

<b>Pipeline Facilities &amp; Compressor Stations</b>	
<u>xxxxx MMcf/d Case</u>	<u>Requesting Party Initials for Each Item Desired</u>
List applicable facilities here	
List applicable facilities here	
List applicable facilities here	
List applicable facilities here	
List applicable facilities here	
• Initial Step	
o Estimated to take ----- months**	
▪ List step here	
▪ List step here	
o contribution required - +\$-----	
• Next Step	
o Estimated to take ----- months**	
▪ List step here	
▪ List step here	
▪ List step here	
▪ List step here	
o contribution required - +\$-----	
• Next Step	
o Estimated to take ----- months**	
▪ List step here	
▪ List step here	
▪ List step here	
▪ List step here	
o contribution required - +\$-----	
• Next Step	
o Estimated to take ----- months**	
▪ List step here	
▪ List step here	
▪ List step here	
o contribution required - +\$-----	
Ready to flow gas in estimated ----- months**	
Total estimated cost = \$-----	

\*\* Estimated time is subject to change in the event of unforeseen permitting, environmental, construction, force majeure or other legal or regulatory actions that may cause delay.

+ Amount of contribution is an estimate only. Project agrees to pay actual costs per the Agreement.

**Southern California Gas Company**

By: \_\_\_\_\_

By: \_\_\_\_\_

Accepted on: \_\_\_\_\_

Accepted on: \_\_\_\_\_

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N  
N

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3413-B  
 DECISION NO. 04-09-022

ISSUED BY  
**Lee Schavrien**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Oct 7, 2005  
 EFFECTIVE Nov 6, 2005  
 RESOLUTION NO. G-3376, G-3382



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