



J. Steve Rahon
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Tariffs & Regulatory Accounts

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January 27, 2006

Advice No. 3585
(U 904 G)

Public Utilities Commission of the State of California

Subject: Gas Line Extension Contract for Orange County Transportation Authority CNG Station

Pursuant to Section X.B. of General Order 96-A, Southern California Gas Company ("SoCalGas") hereby submits to the California Public Utilities Commission ("Commission") a Gas Line Extension Contract and Addendum ("Agreement") between SoCalGas and the Orange County Transportation Authority ("OCTA"), incorporated herein as Attachment C. The Agreement provides for the construction of new gas facilities to serve OCTA's compressed natural gas (CNG) refueling station located in Santa Ana, California. SoCalGas' List of Contracts and Deviations is being revised accordingly, as shown on Attachment B.

General Order 96-A, Section X.B. allows Utilities to enter into agreements with governmental entities, such as the OCTA, that allow service under conditions that may deviate from current tariff provisions provided that the CPUC is advised of such action through an Advice Letter.

Background

OCTA has requested gas service for a new CNG transit bus refueling center ("Facility") located in Santa Ana, California. The proposed load of almost 4 million therms per year requires approximately 2.8 miles of main installation and is estimated to cost approximately \$4.7 million. SoCalGas has decided on this configuration because: (a) existing gas mains in the area can not provide adequate gas volume to such a large, new load, (b) other available interconnections could not be assured of timely completion due to significant permitting requirements, and (c) the chosen interconnection is the least-cost alternative. A large portion of this project could be considered betterment, but because these gas facilities are necessary only to serve this Facility for the foreseeable future, it would be inequitable to impose all project costs (in excess of any allowances) entirely on SoCalGas ratepayers. Therefore, SoCalGas and OCTA negotiated the Agreement for a gas line extension that is the subject of this filing, under which SoCalGas agrees to provide allowances and cost sharing of 50% of all costs, with an expected combined value of approximately \$2.4 million, and OCTA agrees to provide a like amount.

Tariff Provisions

SoCalGas Rule No. 20, Gas Main Extensions, Section I. defines main extension betterments as:

“Facilities installed for the Utility’s operating convenience such as, but not limited to, the following: to improve gas flow or correct poor pressure conditions, to increase line capacity available to an existing system, to permit pressure conversion of an area, or to install proportionally larger pipe than necessary to provide for future load growth, will be installed at the expense of the Utility.”

According to this definition and the standard provisions of Rule No. 20, SoCalGas would normally install pressure betterment facilities necessary to serve the Facility at SoCalGas’ expense. However, since the upgrade of SoCalGas facilities (a) is necessary solely to serve the Facility, (b) will be extraordinarily costly (approximately \$4.7 million), and (c) is not revenue-supported by Facility’s new load (standard Rule 20 allowances are estimated at \$1.2 million), it would be unjust, in our opinion, to impose the entire cost of this installation on all other SoCalGas ratepayers.

Because situations like this were foreseen, Rule No. 20 under Section H, Special Conditions, has an Exceptional Case provision whereby, SoCalGas can file with the Commission for a ruling on cases where applying this Rule is impractical or unjust to either party or the ratepayers. Rule No. 20 defines Exceptional Cases as follows:

“When the application of this rule appears impractical or unjust to either party or the ratepayers, the Utility or Applicant may refer the matter to the Commission for a special ruling, or for the approval of special conditions(s) which may be mutually agreed upon.”

Even though SoCalGas is filing this Agreement under the provisions of General Order 96-A, Section X.B based on the above reasons, SoCalGas also believes the conditions are met for an Exceptional Case waiver for the facilities improvements necessary to serve the Facility.

Tariff Deviations

Under the Agreement, SoCalGas and OCTA propose that the total cost of main installation be added to the cost of the new service and meter. SoCalGas ratepayers will provide allowances and cost-sharing of 50% of all costs, with an expected combined value of approximately \$2.4 million, and OCTA will provide a like amount.

The Agreement between SoCalGas and OCTA is part of a negotiated settlement and includes the following deviations from SoCalGas’ standard form agreements and Rule No. 20:

- SoCalGas ratepayer cost-sharing of \$2.4 million is a combination of approximately \$1.2 million in allowances and an additional credit of approximately \$1.2 million, reflected in the Agreement as a cost reduction. The \$1.2 million credit results in both parties sharing the cost of this project 50% each. This level of cost sharing was necessary to secure OCTA’s agreement to fuel their large new bus fleet with

utility-supplied natural gas rather than trucked-in LNG (liquefied natural gas). SoCalGas supports this level of cost sharing, considering the unique construction issues associated with this project, the societal benefits of helping a governmental agency convert a fleet of public buses to clean fuel in a crowded metropolitan area, and the CPUC statutory requirement¹ to work in cooperation with the CEC, CARB, air pollution control districts and the motor vehicle industry to “promote the development of equipment and infrastructure needed to facilitate the use of electric power and natural gas to fuel low emission vehicles.” This agreement is very specific to the unique circumstances associated with this project, and is not intended to be precedent setting.

- The SoCalGas combined cost-sharing of approximately \$2.4 million is calculated to cover 50% of the total project costs (including tax). While the allowances are established in accordance with Rules No. 20 and 21, based on expected revenue for new permanent, bona-fide load, the Agreement does not provide for future adjustments of allowances. As such, the Agreement deviates from Rule 20, Sections D.8 and E. An exception to this deviation is that OCTA forfeits all allowances and credits if they fail to take service within 6-months of SoCalGas’ ready-to-serve date or July 1, 2007, whichever is later, or if they fail to use at least 2 million therms of SoCalGas-supplied natural gas during the 12-month period of 25 to 36 months following SoCalGas’ ready-to-serve date, which will be no earlier than January 1, 2007.
- OCTA does not wish to entertain Applicant Design or Applicant Installation options, so the Agreement does not include information regarding such options. As such, the Agreement deviates from Rule 20, Sections F and G.
- SoCalGas Rules 20 and 21 hold the customer responsible for the Utility’s estimated cost. However, as part of the negotiated settlement, the Agreement holds the customer responsible for 50% of the Utility’s actual cost (including tax), since the high cost and complexity make it difficult to accurately estimate the project cost.
- In keeping with the spirit of sharing actual costs equally, the same 50% sharing principal will apply when the project cost is adjusted to reflect actual cost, and when required change orders occur. Change orders initiated by OCTA for its own convenience will be the sole financial responsibility of OCTA.
- Except as provided in the afore-mentioned cost adjustments, Applicant advances will not be refundable, which deviates from SoCalGas Rule 20, Section E.

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition and therefore respectfully requests that this advice letter become effective February 26, 2006, which is not less than thirty (30) calendar days after the date filed.

¹ Public Utilities Code 740.3

Protests

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 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 (jjr@cpuc.ca.gov) and Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest shall 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.

J. STEVE RAHON
Director
Tariffs and Regulatory Accounts

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

Phone #: (213) 244-3837

E-mail: dmshepherd@semprautilities.com

EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3585

Subject of AL: Gas Line Extension Contract for Orange County Transportation Authority CNG Station

Keywords (choose from CPUC listing): Contracts

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

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 AL¹: _____

Resolution Required? Yes No

Requested effective date: 2/26/06

No. of tariff sheets: 2

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: Contracts & Deviations and TOC

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: None

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

Southern California Gas Company

Attention: Sid Newsom

555 West Fifth Street, ML GT14D6

Los Angeles, CA 90013-4957

snewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3585

(See Attached Service List)

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jweil@aglet.org

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Alcantar & Kahl
Kari Harteloo
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BP Amoco, Reg. Affairs
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Houston, TX 77079

Barkovich & Yap
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ceyap@earthlink.net

Beta Consulting
John Burkholder
burkee@cts.com

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Banning, CA 92220

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164 West Magnolia Blvd., Box 631
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Catherine Elder
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ATTACHMENT B
Advice No. 3585

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Original 40149-G	LIST OF CONTRACTS AND DEVIATIONS, Sheet 3	
Revised 40150-G	TABLE OF CONTENTS	Revised 40144-G

LIST OF CONTRACTS AND DEVIATIONS

(Continued)

<u>Name and Location of Customer</u>	<u>Type or Class of Service</u>	<u>Date of</u>		<u>Commission Authorization No. and Date</u>	<u>Most Comparable Regular Tariff Schedule</u>	
		<u>Execution</u>	<u>Expiration</u>		<u>No.</u>	<u>Contract Differences</u>
Orange County Transportation Authority (OCTA)	Commercial	1-20-06	Indefinite	AL 3585 G.O. 96-A Sec. X.B.	GT-F	50-50 sharing of costs deviates from standard Gas Line Extension Contract and Rule 20.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3585
 DECISION NO.

348

ISSUED BY

Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jan 27, 2006
 EFFECTIVE Feb 26, 2006
 RESOLUTION NO. _____

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(Continued)

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33768-G,33769-G,33770-G

LIST OF CONTRACTS AND DEVIATIONS 36974-G,39958-G,40149-G

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(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3585
DECISION NO.

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Jan 27, 2006
EFFECTIVE Feb 26, 2006
RESOLUTION NO. _____

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(Continued)

(TO BE INSERTED BY UTILITY)
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ATTACHMENT C

Advice No. 3585

**Gas Line Extension Contract and Addendum
between SoCalGas
and OCTA**




Line Extension Contract

Reference:

Gas Company Project #: 00000092534

Project Location: 4301 W MACARTHUR BLVD

A  Sempra Energy utility

10/25/2005

ARTHUR T. LEAHY
CHIEF EXECUTIVE OFFICER
ORANGE COUNTY TRANSPORTATION AUTHORITY
550 S MAIN ST
SANTA ANA, CA 92868

Project Scope:

NON-RESIDENTIAL, COMMERCIAL. PROJECT LOCATED AT 4301 W MACARTHUR BLVD AND
HYLAND AVE. IN THE CITY OF SANTA ANA, IN THE COUNTY OF ORANGE COUNTY

INSTALL MAIN, SERVICE/METER, ADDITIONAL METER TO THE SPECIFIED LOCATION,
IN COMPANY PROVIDED TRENCH

The engineering required for the installation of the gas facilities as described above in the Project Scope, based on the information you have provided us, has been completed. The attached "Exhibit A" dated 10/25/2005 details the estimated costs and allowances, and also indicates any advances and contributions, if required at this time.

Please provide us with an address list for the property, if applicable, including any internal apartment or unit numbers or letters as quickly as possible. This will assist us in providing timely installation of the requested gas meters and/or refunds of your refundable advances.

To acknowledge your receipt of the **Exhibit A, confirmation of the scope of the Project, and receipt and agreement with the enclosed General Conditions**, please have this letter executed by your authorized representative(s) (owner or corporate officer) and return all pages to The Gas Company representative listed below. Your return of the executed copy of this letter plus any required advance will constitute your request to The Gas Company to schedule the installation and your agreement to Exhibit A and the General Conditions. Timely return of this letter will ensure that your construction is not delayed. A copy of the letter has been provided for your records.

Thank you for this opportunity to provide you with natural gas to serve your energy requirements. We are pleased to have you as a Gas Company customer and want to provide you with the best possible service. If you have any questions, please contact me at (714) 634-7228.

Sincerely,

THOMAS D. MULL
NEW BUSINESS PROJECT MANAGER
301 E. COLUMBINE
SANTA ANA, CA 92707-5705

SOUTHERN CALIFORNIA GAS COMPANY

GENERAL CONDITIONS FOR LINE EXTENSIONS

These are the general conditions under which Southern California Gas Company ("The Gas Company") will provide line extensions for Applicants.

I. COSTS

A. Estimates and Duration. The enclosed Exhibit A estimate is valid for 90 days and may be revised after that time if the installation of gas facilities for the Project has not begun. Once The Gas Company begins the installation, the estimated cost will remain in effect for 12 months. If at the end of the twelve months the work is not complete, The Gas Company reserves the right to calculate its costs for the work completed, less applicable allowances, and issue a new project and Line Extension Contract for the remaining installation work. If additional monies are due, Applicant agrees to pay them within 30 days after invoice. Applicant will be responsible for costs of engineering, planning, surveying, right of way acquisition and other associated costs.

B. Allowances. Applicant(s) receiving allowances as an offset to the installation costs are responsible for these costs and may be billed subject to the following: line extension(s) where allowances have been granted to the Applicant based on future gas load(s) must have the gas meter(s) installed and turned on with bona fide load within six (6) months for main/main and service(s) installations and twelve (12) months for service(s) only installations. These time frames commence from the date The Gas Company completed the installation of gas facilities. If Applicant fails to comply, the Applicant will be billed for the difference between estimated allowances and authorized allowances, as described in Tariff Rules 20 and/or 21. The bill amount will include Income Tax Component Contribution and Advances (ITCCA/CIAC) Tax. Applicant requested temporary service(s) are fully collectible. Refunds shall be made and calculated in accordance with Rule 22.

C. Attorneys Fees and Offset. If The Gas Company is required to bring an action to collect monies due or to enforce any other right or remedy, Applicant agrees that The Gas Company is entitled to recover its reasonable attorneys' fees and costs. The Gas Company may withhold from any payments due Applicant any amounts Applicant owes The Gas Company.

II. INDEMNITY

A. General. Applicant shall indemnify and hold The Gas Company harmless from and against all liability (excluding only Pre-Existing Environmental Liability) connected with or resulting from injury to or death of persons, including but not limited to employees of The Gas Company or Applicant, injury to property of The Gas Company, Applicant or a third party, or violation of local, state or federal laws or regulations (excluding environmental laws or regulations) (including attorneys' fees) arising out of the performance of this Contract, except only for liability to the extent it is caused by the negligence or willful misconduct of The Gas Company.

B. Environmental. Applicant shall indemnify and hold The Gas Company harmless from and against any and all liability (including attorneys' fees) arising out of or in any way connected with the violation or compliance with of any local, state, or federal environmental law or regulation as a result of pre-existing conditions at the Project site, release or spill of any pre-existing hazardous materials or waste, or out of the management and

disposal of any pre-existing contaminated soils or groundwater, hazardous or nonhazardous, removed from the ground as a result of The Gas Company's work performed ("Pre-Existing Environmental Liability"), including, but not limited to, liability for the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from the violation of any local, state, or federal law or regulation, attorneys' fees, disbursements, and other response costs. As between Applicant and The Gas Company, Applicant agrees to accept full responsibility for and bear all costs associated with Pre-Existing Environmental Liability. Applicant agrees that The Gas Company may stop work, terminate it, redesign the gas facilities to a different location, or take other action reasonably necessary to complete its work without incurring any Pre-Existing Environmental Liability.

C. Withhold Rights. In addition to any other rights to withhold, The Gas Company may withhold from payments due Applicant such amounts as, in The Gas Company's reasonable opinion, are necessary to provide security against all loss, damage, expense and liability covered by the foregoing indemnity provisions.

III. WARRANTY

The Gas Company requires that Applicant warrant all materials and workmanship performed by Applicant (directly or through a contractor other than The Gas Company) shall be free of all defects and fit for their intended purpose. A one-year warranty on any materials and a two-year warranty on any installation work provided are required. If Applicant's work or materials fail to conform to the warranty, Applicant shall reimburse The Gas Company for the total cost of repair and/or replacement or The Gas Company may give Applicant the opportunity to fix within a reasonable time such defect(s). Such reimbursements are non-refundable and the amount of such reimbursements may be withheld by The Gas Company and offset against refundable amounts owed Applicant.

IV. TARIFF RULES / COMMISSION

A. This Line Extension Contract ("Contract") consists of and incorporates by reference the line extension contract letter, Exhibits A, General Conditions and all of The Gas Company's applicable tariff schedules and rules as filed from time to time with the California Public Utilities Commission ("Commission"), including but not limited to, the Preliminary Statement and Rules 1, 2, 4, 9, 13, 20, 21 and 22. Copies of these rules may be obtained by visiting the SoCalGas' Internet site at www.socalgas.com or by requesting copies from your Gas Company representative.

B. This contract is at all times subject to such changes or modifications as the Commission may direct from time to time in the exercise of its jurisdiction.

C. No agent of The Gas Company has authority to make any terms or representations not contained in this Contract and the tariff schedules and Applicant hereby waives them and agrees neither The Gas Company nor Applicant shall be bound by them.

V. JOINT AND SEVERAL LIABILITY

Where two or more parties are Applicants for a Project, The Gas Company shall direct all communications, bills and refunds to the designated Applicant, but all Applicants shall be jointly and severally liable to comply with all terms and conditions herein.

VI. STUB EXTENSIONS

Stub costs are refundable only to the extent the allowances generated by stub extensions exceed the main to meter installation costs, and only for ten years from the date of the stub installation. Refunds will be made without interest, and no refund will be made in excess of the amount advanced.

VII. AUTHORIZED SIGNATURE

If Applicant is a corporation, partnership, joint venture, or a group of individuals, the subscriber hereto represents that he has the authority to bind said corporation, partners, joint venture, or individuals as the case may be.

My signature below represents my agreement and acceptance of the Project confirmation, Exhibit A and Southern California Gas Company's General Conditions For Line Extension. I acknowledge and agree that The Gas Company's cost and allowance estimates for this Project were based on information provided by me or my authorized representative. I further acknowledge and agree that my signature represents my/my company's agreement and understanding that subsequent changes in Project scope may affect the installation price and **further, that if allowances have been granted, an additional contribution may be required if the future loads on which the allowances were based do not materialize.**

APPLICANT: **ORANGE COUNTY TRANSPORTATION AUTHORITY**

Address:

By:

Orange County Transportation Authority
550 South Main Street
Orange, CA 92868

Arthur T. Leahy

(Authorized Signature)

Arthur T. Leahy

(Print Name)

Title:

Chief Executive Officer

Telephone:

714-560-5628, contact is Wendy Hebein

Date:

January 9, 2006

Social Security or Federal Tax ID No.

No. Federal Tax ID# 23-7119049

Applicant is a: (Please check one):

Individual/Sole Proprietor Corporation Gen. Partnership Ltd. Partnership LLC

Exhibit A

COST AND ALLOWANCE CALCULATION (ESTIMATES)

(x) Trenching by Company (x) Gas Only Trench

\$ <u>4,108,000.00</u>	-	\$ <u>0.00</u>	-	\$ <u>2,359,915.00</u>	=	\$ <u>1,748,085.00</u>
Project Cost		* Site Preparation		Allowance Applied		

Advance Required (Non-Refundable) \$ 1,748,085.00

Advance Required (Refundable) \$ 0.00

ITCCA (CIAC Tax) \$ 1,748,085.00 X 35 % = \$ 611,829.75

Payment Received \$ 0.00

TOTAL AMOUNT DUE \$ 2,359,914.75

* Site preparation reimbursement for applicant provided trench will be treated per Tariff Rules 20 & 21 and payments, if any, will be based on the agreed upon price per foot times the actual footage of the trench used.

Date Mailed 10/25/2005

Detach and return this portion with your payment
THIS BILL IS NOW DUE AND PAYABLE



ORANGE COUNTY TRANSPORTATION AUTHORITY
550 S MAIN ST
SANTA ANA, CA 92868

SEMPRA ENERGY
P.O. BOX C
SO. CAL. GAS. CO.
MONT PK, CA 91756

NBMS Project ID 0000092534 -1

PLEASE PAY THIS AMOUNT	2,359,914.75
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A Scenic Energy Company

Line Extension Contract Addendum

Reference:

Gas Company Project #: 00000092534

Project Location: 4301 W MACARTHUR BLVD

10/31/2005

Wendy Hebein
Section Manager, Facilities Maintenance
OCTA

550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584

Description: Pursuant to Advice Letter 3585 [to be filled in and initialed once an Advice Letter number is generated], this Line Extension Contract Addendum (Addendum) revises and supersedes certain conditions contained in the attached standard Line Extension Contract, Form 3905-D, dated 10/25/2005. All conditions in the standard Line Extension Contract govern, unless otherwise modified by this Addendum.

Project Scope is deleted in its entirety, and the following substitutes this language in its entirety:
NON-RESIDENTIAL, COMMERCIAL, PROJECT LOCATED AT 4301 W MACARTHUR BLVD AND
HYLAND AVE, IN THE CITY OF SANTA ANA, IN THE COUNTY OF ORANGE COUNTY

INSTALL APPROXIMATELY 2.8 MILES OF MAIN, SERVICE/METER, ADDITIONAL METER TO
THE SPECIFIED LOCATION, IN COMPANY PROVIDED TRENCH TO SERVE APPROXIMATELY 4
MILLION THERMS PER YEAR OF NEW LOAD

Section I.A. is deleted in its entirety, and the following substitutes this language in its entirety:

I.A. Estimates and Duration

Pursuant to Advice Letter 3585 [to be filled in and initialed once an Advice Letter number is generated], The Gas Company will provide Allowances and Credits in accordance with Section 1.B. that collectively match Applicant's cost, including Income Tax Component Contribution and Advances ITCCA (CIAC) Tax, based on actual Project Costs. To this end, the enclosed Exhibit A estimate of Project Cost reflects a \$2,359,915 "Allowance Applied", which includes both Allowances and Credits. This Project Cost estimate is furnished only for the convenience of the Purchaser. It is intended to reflect The Gas Company's general past experience of the cost of similar work under favorable conditions, and The Gas Company's estimated Allowances and Credits necessary to match the Applicant's cost. Because of unforeseen contingencies and other factors, the actual Project Cost and the level of the Credit may be considerably higher or lower than this estimate. Subsequent changes in Project scope also may affect the installation price. Therefore, the estimate is not a warranty by The Gas Company of the actual Project cost. The actual Project cost shall include overhead costs contained in The Gas Company's appropriate billing formula. Project costs include engineering, planning, surveying, right of way acquisition, installation and other associated costs.

Applicant agrees to pay within 30 days of invoice any additional amounts whenever The Gas Company determines the cost of Work completed exceeds any amounts previously paid. When labor costs exceed the estimate, The Gas Company may, but is not obligated to, notify Purchaser, and cease all Work until approval for the increased cost is obtained from Purchaser. If the total actual cost is less than the deposit(s), The Gas Company will refund the difference (without interest) as

necessary such that Allowances and Price Reductions collectively match Applicant's cost, including Income Tax Component Contribution and Advances ITCCA (CIAC) Tax, based on actual costs.

The actual costs of change orders initiated by Applicant for its own convenience will be the sole financial responsibility of Applicant.

Section I.B. is deleted in its entirety, and the following substitutes this language in its entirety:

I.B. Allowances and Credits

Allowances based on future gas load(s) have been granted to the Applicant in Exhibit A to offset a portion of the installation costs. Additionally, Credits have been granted per Section I.A. Applicant forfeits all Allowances and Credits if it fails to either: 1) have the gas meter(s) installed and turned on with bona-fide load flowing thru such meter(s) within six (6) months after the date The Gas Company designates the installation of gas facilities is complete ("ready-to-serve" date) or July 1, 2007, whichever is later; or 2) use at least 2 million therms of natural gas transported by The Gas Company during the third year of service (the 12-month period consisting of months 25 through 36 following The Gas Company' ready-to-serve date) or January 1, 2009 through January 1, 2010, whichever is later.

If Allowances and Credits are forfeited, Applicant will be billed for all project costs earlier offset by the forfeited Allowances and Credits, plus the Income Tax Component Contribution and Advances ITCCA (CIAC) Tax. Applicant agrees to pay The Gas Company all such amounts within 30 days of invoice such additional amounts.

There will be no adjustments to Allowances and Credits and no refunds of any payments made by Applicant, except as provided in Sections I.A. and I.B. of this Addendum.

Section II.B. The term "Project Site", is defined as follows:

As used in the Southern California Gas Company General Conditions for Line Extensions, the term 'Project site' refers to the customer 'Premises', as defined in Southern California Gas Company Rule 1, where gas service will be provided.

Section IV. Revise Paragraph A. to include the underlined addition, as follows:

A. This Line Extension Contract ("Contract") consists of and incorporates by reference the line extension contract letter, Exhibits A, General Conditions and all of The Gas Company's applicable tariff schedules and rules as in effect from time to time with the California Public Utilities Commission ("Commission"), including but not limited to, the Preliminary Statement and Rules 1, 2, 4, 9, 13, 20, 21 and 22, unless otherwise modified by Advice Letter 3585 [to be filled in and initialed once an Advice Letter number is generated]. Copies of these rules may be obtained by visiting the SoCalGas' Internet site at www.socalgas.com or by requesting copies from your Gas Company representative.

AUTHORIZED SIGNATURE

If Applicant is a local governmental entity, corporation, partnership, joint venture, or a group of individuals, the subscriber hereto represents that he has the authority to bind said local governmental entity, corporation, partners, joint venture, or individuals as the case may be.

My signature below represents my agreement and acceptance of the Addendum.

APPLICANT: OCTA

By:

Arthur T. Leahy

(Authorized Signature)

Arthur T. Leahy

(Print Name)

Title:

Chief Executive Officer

Date:

Jan. 9, 2006

Address:

Orange County Transportation Authority

550 South Main Street

Orange, CA 92868

Telephone:

(714) 560-5628, contact is Wendy Hebein

Social Security No.
or Fed. Tax ID

Federal Tax ID# 23-7119049

Applicant is a: (Please check one):

Individual/Sole Proprietor Corporation Gen. Partnership Ltd. Partnership LLC
 Local Governmental Entity

The signature below represents the agreement and acceptance of the Addendum by the Southern California Gas Company, contingent upon and subject to the prior written final approval of this Addendum by the California Public Utilities Commission. Neither this Addendum nor the referenced Line Extension Contract will become binding on the Southern California Gas Company until the above final written approval by the California Public Utilities Commission is received in form and substance satisfactory to Southern California Gas Company.

SOUTHERN CALIFORNIA GAS COMPANY

By: HAL SNYDER

Signature: [Handwritten Signature]

Title: VICE PRESIDENT

Date: Jan 20, 2006