

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 11, 2014

Southern California Gas Company  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Attn: Rasha Prince, Director  
Regulatory Affairs  
[RPrince@semprautilities.com](mailto:RPrince@semprautilities.com)

Dear Ms. Prince:

Southern California Gas Company (SoCalGas) Advice Letter (AL) 4177-A is approved.

Schedule G-CPS and the revisions to Rule No. 1, Rule No. 30, Rule No. 39, Form 6643, the Core Fixed Cost Account, the Noncore Fixed Cost Account, and the Enhanced Oil Recovery Account filed with AL 4177-A are effective December 18, 2013.

The pro forma agreements submitted with AL 4177-A will be made effective no earlier than the first day of the month following the day when SoCalGas Electronic Bulletin Board (EBB) modifications are deemed complete by SoCalGas. SoCalGas shall notify the Commission's Energy Division Tariff Unit upon completion of the EBB modifications so that these pro forma agreements become effective then. These pro forma agreements are the California Producer Operational Balancing Agreement (CPOBA), the California Producer Interconnection Agreement (CPIA), the California Producer Interconnect Collectible System Upgrade Agreement (CPICSUA), and the California Producer Agreement for Transfer of Ownership of Interconnection Point Systems (CPATO).

Form 6641, Form 6642, and Form 6643 will be inapplicable to the existing California gas producers who sign a CPIA and CPICSUA. These forms will continue to be applicable to California gas producers who have existing access agreements in effect, with Form 6643 modified to reference Schedule G-CPS as the source for all components of operation and maintenance fees and the system modification fee.

Form 6640 is null and void.

Sincerely,

Edward Randolph  
Director, Energy Division

CC: Sid Newsom, Tariff Manager, SoCalGas [snewsom@semprautilities.com](mailto:snewsom@semprautilities.com)  
Richard Myers, CPUC Energy Division [ram@cpuc.ca.gov](mailto:ram@cpuc.ca.gov)  
Evelyn Kahl, Attorney, Alcantar & Kahl [ek@a-klaw.com](mailto:ek@a-klaw.com)  
John Leslie, Attorney, McKenna, Long & Aldridge, [jleslie@mckennalong.com](mailto:jleslie@mckennalong.com)



**Rasha Prince**  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.5141  
Fax: 213.244.4957  
*RPrince@semprautilities.com*

November 18, 2013

Advice No. 4177-A  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Establishment and Modifications of Contracts and Tariffs to Implement Resolution G-3489 Consistent with D.07-08-029 and D.10-09-001 (California Producer Access Decisions)**

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) a new rate schedule, new agreement forms, and revisions to SoCalGas' existing rules and an existing agreement form, applicable throughout its service territory, as shown in Attachment B.

**Purpose**

The purpose of this filing is to incorporate modifications in compliance with Ordering Paragraphs (OP) 1 through 11 of Resolution G-3489 which adopts, consistent with Decision (D).07-08-029 and D.10-09-001 (California (CA) Producer Access Decisions), terms and conditions of access to the SoCalGas gas pipeline system for CA Producers. This supplemental filing, which replaces Advice No. (AL) 4177 in its entirety, also updates the operation and maintenance (O&M) fees related to CA Producer service to reflect changes that have occurred due to the passage of time since SoCalGas filed AL 4177 in November 2010. SoCalGas is resubmitting all the documents formerly submitted in AL 4177 to implement the new terms of CA Producer access to the SoCalGas system pursuant to OP 2a of D.07-08-029 and OPs 2 and 3 of D.10-09-001. These documents include: 1) modifications to existing tariff rules and an agreement form, 2) proposed new agreement forms, 3) elimination of existing Form 6640, as a result of the Commission authorizing SoCalGas to charge CA Producers the actual cost of capacity studies, and 4) a new rate schedule, Schedule No. G-CPS (G-CPS), California Producer Services, for recovery of costs associated with specific services incurred in providing system access to CA Producers. Finally, SoCalGas is proposing limited, new modifications to these documents to facilitate administration of these agreements and services for both CA Producers and SoCalGas. SoCalGas hereby requests that the Commission approve the proposed tariff modifications described herein.

**Background**

On August 23, 2007, the Commission issued D.07-08-029, which adopts the terms and conditions by which natural gas produced by gas producers located in California will be granted access to the SoCalGas system. D.07-08-029 adopted, with some modifications, SoCalGas' proposed Operational Balancing Agreement (OBA) and Interconnection Agreement (IA) along with its Exhibit D - Interconnect Collectible System Upgrade Agreement (ICSUA) as the templates for the terms and conditions of access. As part of its decision, the Commission adopted distinct monitoring and enforcement protocols for non-hydrogen sulfide (non-H<sub>2</sub>S) constituents for CA Producer gas delivered into the SoCalGas distribution system.

As ordered by D.07-08-029, SoCalGas convened an informal workshop on September 25, 2007<sup>1</sup>, prior to the filing due date of its Tier 3 AL. SoCalGas filed a Petition for Modification (PFM) of D.07-08-029 on October 4, 2007 to address safety concerns related to the adopted gas monitoring and enforcement protocol applicable to California-produced gas delivered into the SoCalGas transmission system. SoCalGas also submitted a request for extension to the Commission's Executive Director in order to delay the AL filing until such time as the Commission acted on SoCalGas' PFM. The Executive Director granted SoCalGas' request. While awaiting Commission decision on SoCalGas' PFM, SoCalGas continued to communicate with parties to explore resolution of outstanding issues.

On January 29, 2009, the Commission issued D.09-01-009, in which it declined to grant or deny SoCalGas' PFM, but instead reopened A.04-08-018 for the purpose of taking additional evidence on the outstanding gas quality monitoring and enforcement issues. D.09-01-009 also allowed the continuance of the extension granted by the Executive Director to SoCalGas to file its advice letter until after the Commission's final decision.

On September 2, 2010, the Commission issued D.10-09-001 granting SoCalGas' PFM. The Commission adopted the following gas quality and enforcement protocol for non-H<sub>2</sub>S constituents:

We will require SoCalGas to monitor the non-hydrogen sulfide constituents of those California gas producers who are directly connected to SoCalGas' transmission and distribution mains at four- to eight-minute intervals, and that access be denied on a nonlatching basis after a second consecutive alarm for gas which exceeds the non-hydrogen sulfide specifications. (OP 2 of D.10-09-001)

The Commission also stated:

When the requirements in Pub. Util. Code § 785 are considered in conjunction with the Rule 30 requirement that the producer gas "shall conform" to the non-hydrogen sulfide specifications "at the time of delivery," there is no leeway in permitting a more relaxed protocol to be adopted for California producer gas that flows into SoCalGas' transmission lines and then into its distribution lines. Retaining a strict protocol will ensure that all of the California producer gas flowing into SoCalGas' transmission and distribution system remains safe and in compliance with all the gas quality specifications set forth in Rule 30 (D.10-09-001, pp. 25-26).

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<sup>1</sup> D.07-08-029, OP2

In compliance with the CA Producer Access Decisions, SoCalGas filed AL 4177 on November 30, 2010 to modify tariff Rules No.1, No.30, and Rule No. 39, as described below, and to establish the following new pro forma agreements and a new rate schedule:

To Rule No. 1, a definition of "California Producer" was added. Revised Rule No. 30 added Section F.5 to clarify that CA Producers with an effective CPOBA will be subject to Schedule No. G-IMB Buy-Back service during OFO days; amended Section D.2 and D.6 to reference California Supplies and added sections I.9, I.10, and I.11 to reflect the gas quality monitoring and enforcement protocol adopted by the Commission. Revised Rule No. 39 to reference the new CPIA, CPICSUA, and CPOBA, which, in the absence of an existing access agreement, will be the governing agreements for CA Producers' access to the SoCalGas system and CA Producers' balancing obligations. It also added a requirement for CA Producers to fund the installation of a gas chromatograph (GC) and related equipment as a condition of access, if a GC complying with Rule No. 30 is not already installed, addressed gas odorization cost recovery, and defined the terms under which a CA Producer can request a capacity study.

The new pro forma agreements proposed by SoCalGas were:

1. California Producer Operational Balancing Agreement (CPOBA) - Form 6452 (New): Per OP 1 of D.07-08-029, this form is based on the OBA filed with A.04-08-018. The CPOBA modifies the OBA to reflect the CA Producer Access Decisions and certain items mutually agreed to between SoCalGas and CA Producers during workshops and discussions, and changes the name to distinguish it from the OBA already in effect for all other interconnectors. SoCalGas also changed the gas price index from that published by Platts *Gas Daily* to that published by the Intercontinental Exchange (ICE). This is the result of new licensing provisions Platts is imposing on the use of data from its Gas Daily Price Survey. In order to continue using the Gas Daily Price Survey as an index, SoCalGas and CA Producers would be required to obtain additional data licenses from Platts. In order to accommodate CA Producers who do not have Platts data licenses, SoCalGas proposes to switch to a substantially similar index. In addition, SoCalGas removes the imbalance rates and cash-out calculations from the CPOBA and now incorporates these into G-CPS and references G-CPS in the CPOBA.
2. California Producer Interconnection Agreement (CPIA) - Form 6454 (New): Per OP 1 of D.07-08-029, this form is based on the IA filed with A.04-08-018. The CPIA modifies the IA to reflect the CA Producer Access Decisions and certain items mutually agreed to between SoCalGas and CA Producers during workshops and discussions, and changes the name to distinguish it from the IA already in effect for all other interconnectors.
3. California Producer Interconnect Collectible System Upgrade Agreement (CPICSUA) - Form 6456 (New): Per OP 1 of D.07-08-029, this form is based on the ICSUA filed with A.04-08-018. The CPICSUA modifies the ICSUA to reflect the CA Producer Access Decisions and certain items mutually agreed to between SoCalGas and CA Producers during workshops and discussions, and changes the name to distinguish it from the ICSUA already in effect for all other interconnectors. SoCalGas also proposes to designate the CPICSUA as Exhibit C to the CPIA rather than Exhibit D, because the original Exhibit C, Interconnectors Payment for SoCalGas' Operations

and Maintenance Fee, has been removed to form the basis for G-CPS. The CPICSUA also includes a CA Producer Self-Build Alternative provision.<sup>2</sup>

4. California Producer Agreement for Transfer of Ownership of Interconnection Point Systems (CPATO) - Form 6458 (New): Transfer of ownership is needed to fulfill the Self-Build Alternative as directed in D.07-08-029.<sup>3</sup>

In addition, SoCalGas made the following changes to clarify ambiguities in the OBA, IA and ICSUA to make the new agreements easier to understand and enforce for all parties:

- CPOBA: Section 1.4.2., substituted “either Party may immediately terminate this Agreement by providing written notice to the other Party” for “this Agreement shall immediately terminate....”
- CPOBA, CPIA and CPICSUA: For any time period originally specified in “days”, clarified whether they are “calendar” or “business” days, as applicable.
- CPICSUA: Deleted Section 7(h), Prior Agreements, the subject of which is already addressed in Section 7(c), Entire Agreement. Replaced “Project” with “Interconnector” in the last sentence of Section 7(i), Regulation, because “Project” is not a defined term in the agreement.
- CPIA: Added “measurement-related” to Section 4(f), Measurement Accuracy, to clarify that the referenced electronic systems relate to measurement facilities set forth in Section 4 - “Each Party shall be responsible for the cost, compatibility and operation of its own *measurement-related* electronic systems.” Corrected references in the second sentence in Section 2(c) Notification to, “Interconnector shall retain the right to waive in writing conditions 2(b)(ii), and SoCalGas shall retain the right to waive in writing conditions 2(b)(i).”

In addition to these new forms, SoCalGas proposed a new rate schedule, Schedule No. G-CPS (G-CPS). G-CPS was created to recover SoCalGas’ costs associated with operations and maintenance (O&M), gas quality monitoring and enforcement, and system modifications from every CA Producer. Originally, the costs were delineated in Exhibit C to the IA. This new rate schedule is applicable to all CA Producers except those already contractually exempt. G-CPS also provides the rate calculation methodology used for the monthly CA Producer Operational Imbalance cash-out charges pursuant to the CPOBA and uses the gas price indices published by the Intercontinental Exchange (ICE).

SoCalGas also proposed that, for those customers who are still under existing contracts, Appendix B – Producer’s Payment for Utility’s Operation & Maintenance Fee - Form 6643, be modified to reference G-CPS as the source for all components of the O&M fees. When the last existing CA Producer Access Agreement has been terminated, Form 6643 which is essentially the same as Exhibit C to the IA, can be eliminated.

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<sup>2</sup> D.07-08-029, pages 60-61

<sup>3</sup> See Id., pages 60-61

The O&M fees proposed in G-CPS are supported in D.07-08-029.<sup>4</sup> G-CPS also included fees associated with the gas quality monitoring and enforcement protocol adopted in the CA Producer Access Decisions. The rates and fees reflected in G-CPS were based on then current costs to SoCalGas.

In order to implement the balancing requirements of the CPOBA, SoCalGas must make system modifications to its Electronic Bulletin Board (EBB). Accordingly, a monthly System Modification Fee (SMF) per MMcfd of contract Interconnect Capacity was added to G-CPS. The SMF was based on a then-estimated \$1.07 million capital investment.<sup>5</sup>

In addition, SoCalGas requested that the Commission make certain sample forms (Form 6641, Form 6642, and Form 6643), which are currently on file with the Commission, inapplicable to the existing and new CA Producers who sign a CPIA and a CPICSUA. However, these forms should continue to be applicable to CA Producers who have existing access agreements in effect, with Form 6643 modified to reference G-CPS as the source for all O&M fees components. SoCalGas also requested the Commission to make Form 6640 null and void.

Indicated Producers (IP) and ExxonMobil filed protests to AL 4177 on December 30, 2010 and December 31, 2010, respectively. SoCalGas filed a reply to these protests on January 7, 2011. On October 17, 2013, the Commission approved Resolution G-3489, which adopted terms and conditions of access to the SoCalGas gas pipeline system for CA Producers, after considering the positions of the parties on several contested issues, terms and conditions.

### **Compliance with Resolution G-3489**

Pursuant to the CA Producer Access Decisions and Resolution G-3489, SoCalGas hereby files this supplemental advice letter to implement the modifications ordered in Resolution G-3489. SoCalGas is resubmitting the forms, modified existing tariffs, proposed new tariff, and proposed form retirement that were submitted in AL 4177, but reflecting the modifications ordered in Resolution G-3489 and the current versions of existing tariffs. .

Consistent with Resolution G-3489, SoCalGas submits the following tariff revisions:

- **G-CPS** with attached Exhibit A, revised Applicability Section, and revised Summary of Rates and Fee Section in compliance with OP 7; revised SMF Section in compliance with OP 9; and revised SMF in compliance with OP 11. The hourly labor rates, O&M Fees, and Gas Quality Monitoring and Enforcement Fees shown in this revised G-CPS are based on the current costs to SoCalGas; and are expected to be revised from time to time to reflect changing labor rates and costs of equipment and materials.
- **Rule No. 30** with revised Sections I.8 and I.9 in compliance with OP 3 and OP 7. In addition, clarifying and additional language was inserted into Section I.9 pursuant to the discussion about the monitoring interval on page 22 of Resolution G-3489.<sup>6</sup>

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<sup>4</sup> D.07-08-029, FOF 24.

<sup>5</sup> As discussed in the following section, this estimate has been revised to \$1.3 million.

<sup>6</sup> These revisions were made to the version of Rule 30 filed in AL 4556 on November 4, 2013 in compliance with D.13-09-002.

- **CPIA** with revised Section 10(g)(v) in compliance with OP 4; Section 4(a) in compliance with OP 5<sup>7</sup>; Section 1(a) in compliance with OP 6; Section 4(a)(ii) in compliance with OP 7; and Section 4(a)(iii) in compliance with OP 8.
- **CPOBA** with revised Section 8.8.5 consistent with the revisions to Section 10(g)(v) of CPIA in compliance with OP 4 (see above).
- **CPICSUA** with revised Section 1(a) in compliance with OP 6.

Rule No. 1, Rule No. 39, and CPATO are not affected by Resolution G-3489. SoCalGas is therefore resubmitting these AL 4177 documents based on the current versions of the tariffs.

In compliance with OP 11, SoCalGas has updated the capital cost estimate for modifying the EBB upon which the SMF is based. As discussed in the Background section above, the EBB needs to be modified to implement the balancing requirements of the CPOBA. The revised SMF is based on the updated capital estimate of \$1.3 million, which will be ratebased and then amortized over three years. The SMF is derived by determining the constant monthly payment required to achieve the same present value that would occur from ratebasing the system modification costs. The monthly SMF per MMcfd of contract Interconnect Capacity is added to G-CPS. The methodology for SMF calculation, shown below, is the same that was filed in AL 4177.

#### Calculation of Monthly System Modification Fee

	<u>Total</u>
Present Value of Revenue Requirement	\$ 1,165,603
Contract Term In Years	3
Annual Discount Rate	8.02%
Monthly Discount Rate	0.67%
Term in Months	36
Annual Payment	<u>\$ 438,438</u>
Monthly Payment	<u>\$ 36,537</u>
Total Contract Interconnect Capacity (MMcfd)	353
Monthly Payment MMcfd	\$ 103

#### Notes:

1. Capital Costs (2013 dollars) = \$1.3 million.
2. Present Value of Revenue Requirement = present value of annual revenue requirements for modification to information systems needed to implement CA Producer balancing requirements.
3. Annual Discount Rate = authorized rate of return percent.
4. Cost Recovery Term is the term over which the payments will be made.
5. Capital costs are fully loaded.
6. Total Contract Interconnect Capacity excludes ExxonMobil and Oxy at Gosford.

<sup>7</sup> To be consistent with D.13-09-002 and the revised Rule No. 30 filed in AL 4556 on November 4, 2013, SoCalGas removed the reference in Section 4(a) to Historical California Gas Supply Volume rather than modify the language as ordered in OP 5.

The initial amortization period shall begin the first of the month following the month that the system modifications are completed and placed in service. SoCalGas proposes to file a Tier 1 AL with the then current estimate of the SMF. As mentioned in AL 4177, SoCalGas proposes to keep the SMF fixed over the amortization period; however, if actual system modification costs exceed the estimated amount used to establish the SMF by more than 20%, SoCalGas will update the SMF fee in connection with its annual regulatory account balance update filing for rates effective January 1 of the following year. At the end of the initial amortization period, the SMF will be revised as necessary to true-up to actual costs.

These system modification capital costs have been included in authorized ratebase in connection with SoCalGas' 2012 General Rate Case (GRC). As such, SoCalGas proposes to record the SMF as a credit to its fixed cost balancing accounts to ensure these costs are not double recovered (i.e., from both CA Producers and other general ratepayers).

At this time, SoCalGas proposes to modify only its EBB to provide accurate and timely information on CA Producer nominations, deliveries and imbalance positions. If the number of imbalance trades and cash-outs arising from service under the new CPOBA cannot be reasonably managed manually, extensive modifications to SoCalGas' billing and contract systems may be needed to automate the administration of these activities. Prior to implementing these additional modifications, if needed, SoCalGas will file an advice letter to seek Commission approval to recover the associated costs from CA Producers.

#### **Additional Changes from AL 4177 Filing**

1. Preliminary Statement: SoCalGas submits changes to the Preliminary Statement for the balancing accounts associated with disposition of SMF. These were not, but should have been, included in AL 4177.
2. Operational Imbalance Cash-out Rate Table presentation: SoCalGas has modified the imbalance cash-out rate table in G-CPS, Special Condition 5. SoCalGas has replaced the two columns labeled "7-Day Average of High Daily Indices (\$/MMBtu)" and "7-Day Average of Low Daily Indices (\$/MMBtu)" with "150% of 7-Day Average of High Daily Indices (\$/therm)" and "50% of 7-Day Average of Low Daily Indices (\$/therm)", respectively. The latter two are exactly those specified earlier in G-CPS, Special Condition 5, as the gas prices to be used to cash-out CA Producer Operational Imbalances. The former prices are inadequate for use in billing CA Producer Operational Imbalance cash-outs, as a CA Producer and SoCalGas would not be able to directly reference the tariff to audit or render a bill, respectively. This change will have no material impact on a Producer's operational imbalance cash-out bill, but will support business controls, greatly improve transparency, and is expected to reduce all parties' administrative costs.

SoCalGas also added to Special Condition 5 a reference to provisions in the CPOBA for determining cash-out rates for Measurement Corrections and for Reconciliation upon termination of the CPOBA. This was done to avoid posting significantly more gas pricing data, which is already publicly available, for these rare cash-out situations.

3. Rule No. 30 Nomination From Point: SoCalGas no longer seeks to modify the first entry in the nominations FROM list in Section D.6, and proposes to retain the existing language "Pipeline/CA Producer". This should have no material impact on CA Producers.



4. Updates of G-CPS O&M Fees: SoCalGas has updated the Hourly Labor Rates, O&M Fees (For Individual Interconnection) and Gas Quality and Enforcement Fees (For Individual Interconnection) to account for changes since filing AL 4177.

For the convenience of the Energy Division Staff, red-lined versions of the revisions in the affected tariffs are submitted in Attachment C.

### **Protest**

Anyone may protest this AL 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 received within 20 days of the date this AL was filed with the Commission which is December 8, 2013. 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 the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). 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](mailto:snewsom@semprautilities.com)

### **Effective Date**

In compliance with OP 11 of Resolution G-3489, SoCalGas files this AL as Tier 2 (effective after staff approval) pursuant to GO 96-B. Therefore, SoCalGas respectfully requests that this AL be approved on December 18, 2013, which is 30 calendar days after the date filed.

The necessary EBB modifications will require approximately 12 to 14 months after the approval of this AL. Therefore, SoCalGas respectfully requests that:

- 1) G-CPS, Rule No. 1, Rule No. 30, Rule No. 39, CFCA, NFCA and EORA filed herein be adopted and become effective upon Commission approval of this AL.
- 2) The pro forma agreements (CPOBA, CPIA, CPICSUA, and CPATO) be approved in this AL and made effective no earlier than the first day of the month following the day when the EBB modifications are deemed complete by SoCalGas. SoCalGas will notify the Commission upon completion of the EBB modifications so that these pro forma agreements become effective then.
- 3) Form 6641, Form 6642, and Form 6643, which are currently on file with the Commission, be made inapplicable to the existing CA Producers who sign a CPIA and

a CPICSUA. However, these forms should continue to be applicable to CA Producers who have existing access agreements in effect, with Form 6643 modified to reference G-CPS as the source for all components of O&M fees and SMF.

- 4) Form 6640 be made null and void upon Commission approval of this AL.

**Notice**

A copy of this AL is being sent to the parties listed on Attachment A to this AL, which includes interested parties in A.04-08-018.

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Rasha Prince  
Director  
Regulatory Affairs

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 904G)**

Utility type:

ELC      GAS  
 PLC      HEAT      WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: SNewsom@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) #: 4177-A

Subject of AL: Establishment and Modification of Contracts and Tariffs to Implement D.07-08-029 and D.10-09-001 ("Producer Access Decisions") and Resolution G-3464

Keywords (choose from CPUC listing): Contracts; Forms

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

D.07-08-029; D.10-09-001, Res. G-3464

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL    No \_\_\_\_\_

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

Does AL request confidential treatment? If so, provide explanation:    No \_\_\_\_\_

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 12/18/13 and other various dates     No. of tariff sheets: 32

Estimated system annual revenue effect (%): \_\_\_\_\_

Estimated system average rate effect (%): \_\_\_\_\_

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: PS VI – CFCA, NFCA, EORA, Sch. G-CPS, Rules, Sample Forms, TOCs

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

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 Ave.,  
San Francisco, CA 94102  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Southern California Gas Company  
Attention: Sid Newsom  
555 West 5<sup>th</sup> Street, GT14D6  
Los Angeles, CA 90013-1011  
[SNewsom@semprautilities.com](mailto:SNewsom@semprautilities.com)  
[Tariffs@SoCalGas.com](mailto:Tariffs@SoCalGas.com)

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

**ATTACHMENT A**  
**Advice No. 4177-A**

**(See Attached Service Lists)**

ATTACHMENT B  
Advice No. 4177-A

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 49709-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 1	Revised 49305-G
Revised 49710-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 2	Revised 49306-G
Revised 49711-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE FIXED COST ACCOUNT (NFCA), Sheet 1	Revised 49307-G
Revised 49712-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, ENHANCED OIL RECOVERY ACCOUNT (EORA), Sheet 1	Revised 47160-G
Original 49713-G	Schedule No. G-CPS, CALIFORNIA PRODUCER SERVICE, Sheet 1	Original 46613-G
Original 49714-G	Schedule No. G-CPS, CALIFORNIA PRODUCER SERVICE, Sheet 2	Original 46614-G
Original 49715-G	Schedule No. G-CPS, CALIFORNIA PRODUCER SERVICE, Sheet 3	Original 46615-G
Original 49716-G	Schedule No. G-CPS, CALIFORNIA PRODUCER SERVICE, Sheet 4	Original 46616-G
Original 49717-G	Schedule No. G-CPS, CALIFORNIA PRODUCER SERVICE, Sheet 5	Original 46617-G
Original 49718-G	Schedule No. G-CPS, CALIFORNIA PRODUCER SERVICE, Sheet 6	Original 46618-G
Original 49719-G	Schedule No. G-CPS, CALIFORNIA PRODUCER SERVICE, Sheet 7	Original 46619-G
Original 49720-G	Schedule No. G-CPS, CALIFORNIA PRODUCER SERVICE, Sheet 8	
Original 49721-G	Schedule No. G-CPS, CALIFORNIA PRODUCER SERVICE, Sheet 9	
Revised 49722-G	Rule No. 01, DEFINITIONS, Sheet 2	Revised 46620-G Revised 45366-G
Revised 49723-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 11	Revised 47361-G* 46623-G,46263-G
Revised 49724-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 18	Revised 49676-G
Revised 49725-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 19	Revised 49677-G
Revised 49726-G	Rule No. 39, ACCESS TO THE SOCALGAS PIPELINE SYSTEM, Sheet 1	Revised 46633-G Revised 43395-G
Revised 49727-G	Rule No. 39, ACCESS TO THE SOCALGAS PIPELINE SYSTEM, Sheet 2	Revised 46634-G Revised 43396-G

ATTACHMENT B  
Advice No. 4177-A

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 49728-G	Rule No. 39, ACCESS TO THE SOCALGAS PIPELINE SYSTEM, Sheet 3	Revised 46635-G Revised 43396-G, 43397-G
Revised 49729-G	Rule No. 39, ACCESS TO THE SOCALGAS PIPELINE SYSTEM, Sheet 4	Revised 46636-G Revised 43397-G
Revised 49730-G	SAMPLE FORMS - Contracts, Appendix B Producer's Payment for Utility's Operation & Maintenance Fee, Form 6643 (11/2013), Sheet 1	Revised 46637-G Revised 36481-G
Original 49731-G	SAMPLE FORMS - CONTRACTS, California Producer Operational Balancing Agreement, Form No. 6452	Original 46638-G
Original 49732-G	SAMPLE FORMS - CONTRACTS, California Producer Interconnection Agreement, Form No. 6454	Original 46639-G
Original 49733-G	SAMPLE FORMS - CONTRACTS, California Producer Interconnect Collectible System, Upgrade Agreement - Form No. 6456	Original 46640-G
Original 49734-G	SAMPLE FORMS - CONTRACTS, California Producer Agreement for Transfer of Ownership of Interconnection, Point Systems - Form No. 6458	Original 46641-G
Revised 49735-G	TABLE OF CONTENTS	Revised 49424-G
Revised 49736-G Revised 49737-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 48640-G Revised 49634-G
Revised 49738-G Revised 49739-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 47377-G Revised 48990-G
Revised 49740-G	TABLE OF CONTENTS	Revised 49708-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
CORE FIXED COST ACCOUNT (CFCA)

Sheet 1

1. Purpose

The CFCA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin, (excluding the transmission revenue requirements and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below, including funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168, and storage costs associated with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current rates, allocated to the core market with revenues intended to recover these costs. Pursuant to Advice No. 3963, SoCalGas establishes a separate subaccount in the CFCA to track authorized funding by the CPUC and related funds actually used in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program.

In accordance with Advice No. 4177-A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the CFCA will be credited for the core's allocation of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.

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2. Applicability

The CFCA shall apply to all core gas customers.

3. Rates

The projected year-end CFCA balance will be applied to core gas transportation rates.

4. Accounting Procedures

SoCalGas shall maintain the CFCA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to one-twelfth of the authorized margin;
- b. A debit entry equal to the recorded cost of the core portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- c. A debit entry equal to the recorded cost for the core portion of unaccounted for gas;
- d. A debit entry equal to the recorded cost for the core portion of well incidents and surface leaks;
- e. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program;
- f. An adjustment to reflect storage costs consistent with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current transportation rates;

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4177-A  
 DECISION NO. 07-08-029,10-09-001

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**Lee Schavrien**  
 Senior Vice President

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
CORE FIXED COST ACCOUNT (CFCA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- g. A credit entry equal to the core portion of the following recorded revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program, and other revenues that the Commission has directed SoCalGas to allocate to the core market;
- h. An entry to amortize the previous year's balance;
- i. A credit entry equal to the core's allocation of the SMF charged to California Producers; and
- j. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

SoCalGas shall maintain the GAF subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to actual funds provided to customers for paying their gas bills;
- b. A credit entry equal to funds to be used in providing customers with assistance in paying their gas bills; and
- c. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end CFCA balance effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Cents Per Therm (ECPT) basis.

For the GAF subaccount, the disposition of any unspent funds will be addressed in SoCalGas' next annual regulatory account update filing or other appropriate filing.

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 Senior Vice President

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 1

1. Purpose

The NFCA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin (excluding the transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below associated with the noncore market, including funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168 with noncore revenues intended to recover these costs. The noncore market excludes the Unbundled Storage Program. Pursuant to the BCAP Decision 09-11-006, the Commission authorized the NFCA 100% balancing account treatment (i.e., balancing of 100% of noncore costs and revenues).

In accordance with Advice No. 4177-A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the NFCA will be credited for the noncore's allocation (excluding Enhanced Oil Recovery) of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.

The NFCA shall be divided into two subaccounts: a) authorized base margin and b) non-base margin costs and revenues.

2. Applicability

The NFCA shall apply to all noncore gas customers excluding EOR.

3. Rates

The projected year-end NFCA balance will be applied to noncore gas transportation rates.

4. Accounting Procedures – Authorized Base Margin Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the seasonalized monthly amount of the authorized margin;
- b. A credit entry equal to the noncore revenues to recover the authorized margin excluding revenues from (1) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding and (2) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues;
- c. An entry to amortize the previous year's balance;
- d. A credit entry equal to the noncore's allocation of the SMF charged to California Producers; and
- e. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(Continued)

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
ENHANCED OIL RECOVERY ACCOUNT (EORA)

Sheet 1

1. Purpose

The EORA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized revenue requirement (excluding the transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below allocated to the Enhanced Oil Recovery (EOR) market with revenue intended to recover these costs.

In accordance with Advice No. 4177-A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the EORA will be credited for the EOR's allocation of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.

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2. Applicability

The EORA shall apply to all EOR gas customers.

3. Rates

The projected year-end EORA balance will be applied to gas transportation rates.

4. Accounting Procedures

SoCalGas shall maintain the EORA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to one-twelfth of the authorized EOR revenue requirement;
- b. A debit entry equal to the recorded cost for the EOR portion of company-use fuel (excluding transmission company-use fuel);
- c. A debit entry equal to the recorded cost for the EOR portion of unaccounted for gas;
- d. A credit entry equal to the recorded EOR revenues;
- e. An entry to amortize the previous year's balance;
- f. A credit entry equal to the EOR's allocation of the SMF charged to California Producers; and
- g. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following. The projected year-end balance will be allocated on an Equal Percent of Authorized Margin (EPAM) basis excluding EOR.







Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 4

(Continued)

FEES (Continued)

Gas Quality Monitoring and Enforcement Fee Basis

1. One-Time Fee – A California Producer operating an Interconnection Point shall pay the one-time O&M fee, shown above, to develop SoCalGas’ automated data management system to collect gas quality data and to enforce gas quality pursuant to Rule Nos. 30 and 39.
2. New Data Collection System – A California Producer operating an Interconnection Point shall pay the monthly fee, shown above, to support the new data collection systems' operation and maintenance, and for routine review and auditing of collected gas quality information.
3. Programmable Logic Controller/Remote Terminal Unit (PLC/RTU) Modification – Where a California Producer’s interconnection with SoCalGas is equipped with a PLC/RTU control and communication device, which can be modified or reprogrammed to support data collection required for Rule Nos. 30 and 39 gas quality management, the California Producer operating the Interconnection Point shall pay the one-time O&M fee, shown above, for the upgrade, programming, testing and commissioning of this device pursuant to Rule Nos. 30 and 39.
4. New PLC/RTU Installation – For any California Producer’s interconnection which does not have a PLC/RTU that can be modified to fully support control, monitoring, communication and data storage functions required to manage gas quality pursuant to Rule Nos. 30 and 39, a new PLC/RTU will be installed. The California Producer operating the Interconnection Point shall be responsible for all the actual costs associated with the installation and commissioning of such device by SoCalGas. The scope of the work shall include integration of this device with communication systems and gas quality management devices, sensors and systems. California Producers paying for a new PLC/RTU installation shall not be subject to the PLC/RTU Modification fee described above.

System Modification Fee Basis

1. System Modification Fee (SMF) – A California Producer shall pay the fee, shown above, for recovering the actual costs of the modification of SoCalGas’ Electronic Bulletin Board (EBB) to facilitate operational balancing requirements under the California Producer Operational Balancing Agreements (CPOBA), Form 6452. These system modification costs shall be allocated among all California Producers based on each interconnection agreement’s Maximum Daily Volume (MDV), which is also defined as Interconnect Capacity, as it may be adjusted from time to time. For Split Meters, the System Modification fees shall be apportioned by SoCalGas among California Producers using the Split Meter in accordance with each California

(Continued)

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Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

(Continued)

SPECIAL CONDITIONS (Continued)

5. California Producer Imbalance Cash-out Rates – These rates apply only to California Producers who have executed a CPOBA. From time to time a California Producer may incur a cumulative Operational Imbalance that is outside its Tolerance Band as defined in Section 2.2 of the CPOBA. The California Producer will be given a 14-day Payback Period to bring its cumulative Operational Imbalance inside its Tolerance Band in accordance with Section 2.2 of the CPOBA. If at the end of the Payback Period any positive Operational Imbalance (over-deliveries) outside of the Tolerance Band still remains, then it will be subject to a cash-out paid by SoCalGas to the California Producer at the rate of 50% of the average of the Low California/Arizona border price index for delivery into SoCalGas (“Daily Index – SoCal Border”) as reported by the Intercontinental Exchange (“ICE”) (or its legal successor) for each day of the relevant seven (7)-day imbalance period (i.e., the day when the cumulative Operational Imbalance falls outside the Tolerance Band plus the immediately preceding six (6) calendar days). If at the end of the Payback Period any negative Operational Imbalance (under-deliveries) outside of the Tolerance Band still remains, then it will be subject to a cash-out paid by the California Producer to SoCalGas at the rate of 150% of the average of the High Daily Index – SoCal Border as reported by ICE (or its legal successor) for each day of the relevant seven (7)-day imbalance period as defined herein above. If, for any reason, ICE (or its legal successor) ceases to be available for a particular Payback Period, the cash-out rate will be based on another generally accepted available publication mutually agreed to in writing by SoCalGas and the California Producer.

The cash-out rate for monthly True-ups of Operational Imbalances, pursuant to Section 2.4 of the CPOBA, will be equal to the average of the Average Daily Index – SoCal Border as reported by ICE (or its legal successor) for each day of the True-up month. For a positive Operational Imbalance, the cash-out will be paid by SoCalGas to the California Producer. For a negative Operational Imbalance, the cash-out will be paid by the California Producer to SoCalGas. If, for any reason, ICE (or its legal successor) ceases to be available for a particular True-up period, the cash-out rate will be based on another generally accepted available publication mutually agreed to in writing by SoCalGas and the California Producer.

Cash-out rates for Measurement Corrections and for Reconciliation upon the termination of the CPOBA will be the rates set forth in Section 2.3, Measurement Correction, and Section 3.4, Reconciliation, of the CPOBA, respectively. The calculation of these rates will use the same underlying indices used to calculate the cash-out rates for Operational Imbalances and True-ups.

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Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 7

(Continued)

SPECIAL CONDITIONS (Continued)

5. (Continued)

Cash-out Rates Using Daily Index – SoCal Border as Reported by ICE:

<i>Previous Month, Year Flow Date</i>	150% of 7-Day Average of High Daily Index (\$/therm)	50% of 7-Day Average of Low Daily Indices (\$/therm)	Average Daily Index (\$/therm)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
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22			
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24			
25			
26			
27			
28			
29			
30			
31			
Average for the Month	N/A	N/A	

(Continued)

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Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 8

(Continued)

SPECIAL CONDITIONS (Continued)

5. (Continued)

Cash-out Rates Using Daily Index – SoCal Border as Reported by ICE:

<i>Current Month, Year</i> Flow Date	150% of 7-Day Average of High Daily Index (\$/therm)	50% of 7-Day Average of Low Daily Indices (\$/therm)	Average Daily Index (\$/therm)
1			
2			
3			
4			
5			
6			
7			
8			
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16			
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18			
19			
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25			
26			
27			
28			
29			
30			
31			
Average for the Month	N/A	N/A	

(Continued)

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Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 9

(Continued)

Exhibit A

List of Basic Equipment Required for SoCalGas Interconnect Gas Quality Management, Energy Measurement and Receipt

Typical  
 Quantity

Hardware

1	Orifice Meter
1	Flow Computer
1	Hydrocarbon GC
1	Oxygen Analyzer
1	Moisture and CO2 Analyzer
1	H <sub>2</sub> S Monitor
1	Sulfur GC
1	H <sub>2</sub> S and H <sub>2</sub> calibration gas & regulator
2	Sample conditioning probe/system
1	GC calibration and helium carrier regulation systems
1	PLC with cabinet and I/O and communication and power supply
1	Gas Sampler
1	Odorizer pump and tank
2	Level gauges, on filter separator
1	UPS/Battery system
5	Manual shutoff valves
1	Check valve
1	Pressure control valve
1	Over-pressure control valve
1	Gas filter-separator (0.3 micron) with level switches.
1	MSA Piping, Tap and misc. materials
1	Air conditioned shed for gas quality instruments
1	Air conditions shed for UPS, PLC/communication/power
1	Pressure transmitter
1	PLC/RTU
1	Communication module-site specific

Note: Approved manufacturer list with make/model alternatives provided upon execution of California Producer Interconnect Agreement.

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Rule No. 01  
DEFINITIONS

Sheet 2

(Continued)

Billing Cycle: The regular periodic interval for reading a Customer's meter for billing purposes. Usually meters are scheduled to be read monthly.

Branch Service: Service that is not connected to a natural gas main and has another service as its source of supply.

British Thermal Unit (Btu): The standard unit for measuring a quantity of thermal energy. One Btu equals the amount of thermal energy required to raise the temperature of one pound of water one degree Fahrenheit and is exactly defined as equal to 1,055.05585262 joule, rounded to 1,055.056 joule. (A joule is equal to one watt-second.)

Brokerage Fee: Fee charged to customers who procure supply directly from the Utility to cover gas purchasing expenses.

Burn: Natural gas usage as measured by electronic metering or an estimated quantity such as Minimum Daily Quantity (MinDQ) for purposes of compliance with winter delivery requirements as specified in Rule No. 30.

Buyback Rate: Rate applicable to excess imbalance volumes of gas as specified in the Utility's rate schedules. Rate shall generally be the lower of either 1) the Utility's lowest incremental cost of gas; or 2) 50% of the weighted average cost of gas of the applicable gas supply portfolio.

Bypass: Any situation where a customer of the Utility is already connected to, or becomes connected to, an alternate gas supply source or an Alternate Gas Transportation Service Provider. Customers whose only Bypass fuel is one or more of the following shall not be considered a Bypass customer: a) Gas received by Customer that does not meet typical interstate pipeline gas quality specifications or those set forth in the Utility's Rule No. 30, b) Gas that is a product of the oil refining process, c) Gas that is produced and consumed within the service territory of a wholesale customer, or d) digester/landfill gas.

California Alternate Rates for Energy (CARE) Program: CPUC program that offers reduced rates to qualified low-income customers. Household income of customers qualifying for CARE assistance shall not exceed 200% of the Federal poverty level as established by the CPUC and set forth in the applicable Utility rate schedules. CARE Program was previously known as the Low-Income Ratepayer Assistance (LIRA) Program.

California Producer: An entity which produces natural gas in association with crude oil (associated natural gas) or non-associated natural gas from oil and/or gas wells and is interconnected with the Utility's pipeline system.

Cogeneration: Sequential use of energy for the production of electrical and useful thermal energy. Sequence can be thermal use followed by power production or the reverse, subject to the following standards: (a) At least 5 percent of the facility's total annual energy output shall be in the form of useful thermal energy. (b) Where useful thermal energy follows power production, the useful annual power output plus one-half the useful annual thermal energy output equals not less than 42.5 percent of any natural gas and oil energy input.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

E. Interruption of Service

1. The customer's transportation service priority shall be established in accordance with the definitions of Core and Noncore service, as set forth in Rule No. 1, and the provisions of Rule No. 23, Continuity of Service and Interruption of Delivery. If the customer's gas use is classified in more than one service priority, it is the customer's responsibility to inform the Utility of such priorities applicable to the customer's service. Once established, such priorities cannot be changed during a curtailment period.
2. The Utility shall have the right, without liability (except for the express provisions of the Utility's Service Interruption Credit as set forth in Rule No. 23), to interrupt the acceptance or redelivery of gas whenever it becomes necessary to test, alter, modify, enlarge or repair any facility or property comprising the Utility's system or otherwise related to its operation. When doing so, the Utility will try to cause a minimum of inconvenience to the customer. Except in cases of unforeseen emergency, the Utility shall give a minimum of ten (10) days advance written notice of such activity.

F. Nominations in Excess of System Capacity

1. The Utility System Operator's protocol for declaring an Operational Flow Order (OFO) is described in Rule No. 41. Any OFO shall apply to all customers, including wholesale customers and the Utility Gas Procurement Department.
2. The OFO period shall begin on the flow date(s) indicated by the Utility Gas Control Department. Customers shall be allowed to reduce their nominations or adjust their supply ranking in response to the OFO.
3. In the event customers fail to adequately reduce their transportation nominations, the Utility shall reduce the confirmed receipt point access nominations as defined in Section D.
4. In accordance with the provisions of Schedule No. G-IMB, Buy-Back service shall be applied separately to each OFO day. Customer meters subject to maximum daily quantity limitations will use the maximum daily quantity as a proxy for daily usage. For the Utility Gas Procurement Department, the Daily Forecast Quantity will be used as a proxy for daily usage. For core aggregators, their Daily Contract Quantity will be used as a proxy for daily usage.
5. A California Producer, with an effective California Producer Operational Balancing Agreement, Form 6452, will be subject to Schedule No. G-IMB Buy-Back service during excess nominations days (i.e., OFO days). For each OFO day, the Utility shall cash out, at the Retail Buy-Back Rate as described in Schedule No. G-IMB, all of an individual California Producer's actual deliveries that are in excess of 110% of that particular California Producer's scheduled quantities for that OFO day. The OFO day imbalance of a California Producer with an existing access agreement will be treated consistent with the terms of that access agreement.

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TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

J. Termination or Modification

1. If the customer breaches any terms and conditions of service of the customer's service agreement or the applicable tariff schedules and does not correct the situation within thirty (30) days of notice, the Utility shall have the right to cease service and immediately terminate the customer's applicable service agreement.
2. If the contract is terminated, either party has the right to collect any quantities of gas or money due them for transportation service provided prior to the termination.

K. Regulatory Requirements

1. Any gas transported by the Utility for the customer which was first transported outside the State of California shall have first been authorized under Federal Energy Regulatory Commission (FERC) regulations, as amended. Both parties recognize that such regulations only apply to pipelines subject to FERC jurisdiction, and do not apply to the Utility. The customer shall not take any action which would subject the Utility to the jurisdiction of the FERC, the Economic Regulatory Administration or any succeeding agency. Any such action shall be cause for immediate termination of the service arrangement between the customer and the Utility.
2. Transportation service shall not begin until both parties have received and accepted any and all regulatory authorizations necessary for such service.

L. Warranty and Indemnification

1. The customer warrants to the Utility that the customer has the right to deliver gas hereunder and that such gas is free from all liens and adverse claims of every kind. Customer will indemnify, defend and save the Utility harmless against all loss, damage, injury, liability and expense of any character where such loss, damage, injury, liability or expense arises directly or indirectly out of any demand, claim, action, cause of action or suit brought by any person, association or entity asserting ownership of or any interest in the gas tendered for transportation hereunder, or on account of royalties, payments or other charges applicable before or upon delivery of gas hereunder.
2. The customer shall indemnify, defend and save harmless the Utility, its officers, agents, and employees from and against any and all loss, costs (including reasonable attorneys' fees), damage, injury, liability, and claims for injury or death of persons (including any employee of the customer or the Utility), or for loss or damage to property (including the property of the customer or the Utility), which occurs or is based upon an act or acts which occur while the gas is deemed to be in the customer's control and possession or which results directly or indirectly from the customer's performance of its obligations arising pursuant to the provisions of its service agreement and the Utility's applicable tariff schedules, or occurs based on the customer-owned gas not meeting the specifications of Section I of this rule.

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RESOLUTION NO. G-3489

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 Form No. 6450, Interconnection Agreement (IA) and Form No. 6435, Operational Balancing Agreement (OBA). If the Interconnector is a California Producer without an effective agreement providing for access to the Utility's system, then that Interconnector and the Utility must execute Form No. 6454, California Producer Interconnection Agreement (CPIA) and Form No. 6452, California Producer Operational Balancing Agreement (CPOBA).
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 the Utility must execute Form No. 6430, Exhibit D, Interconnect Collectible System Upgrade Agreement or Form 6456, Exhibit C, California Producer Interconnect Collectible System Upgrade Agreement (CPICSUA).
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 the Utility of takeaway capacity. The Utility separately provides takeaway services, including the option to expand system capacity to increase takeaway services, through its otherwise applicable tariffs.
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.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4177-A  
 DECISION NO. 07-08-029,10-09-001

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Nov 18, 2013  
 EFFECTIVE Dec 18, 2013  
 RESOLUTION NO. G-3489

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ACCESS TO THE SOCALGAS PIPELINE SYSTEM

(Continued)

A. Terms of Access (Continued)

7. The Utility will expand specific receipt point capacity and/or takeaway capacity at the request and expense of a supply source, third party storage providers, CPUC-regulated intrastate pipelines, interconnecting interstate pipelines, or other parties. The Interconnector and the Utility must execute a Collectible System Upgrade Agreement (Form 6420) prior to any work being completed.
8. As defined in an IA, the Interconnector shall pay all costs associated with the odorant of the delivered natural gas less the historical costs, on a per unit basis; the Utility has paid for odorant required for existing interstate supplies being delivered as of the date of D.06-09-039. The historical cost is \$0.0003 per Dth. As defined in a CPIA (Form 6454), the Interconnector shall pay all costs associated with the odorization of the delivered natural gas.
9. An Interconnector that is a California Producer that currently has, or will be requesting, access to the Utility's transportation system or is presently interconnected to the Utility without a gas chromatograph and all related equipment, communications facilities and software shall fund Utility installation of a gas chromatograph and all related equipment, communications facilities and software for the purpose of gathering data and monitoring and enforcing gas quality, as specified in Rule No. 30. Refusal on the part of a California Producer to accept these conditions will result in the denial of access to the Utility's transportation system.

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B. Interconnection Capacity Studies

1. Any party, including an interconnecting pipeline or a supply source, may request an Interconnection Capacity Study to determine the Utility's downstream capability to take natural gas away from the interconnection point and the associated Utility facility enhancement costs. Upon the request of an entity to establish or increase takeaway capacity from a receipt point, the Utility will make a timely determination of the facilities (and facility modifications) and associated costs that are required to add the requested takeaway capacity on both a Displacement Receipt Point Capacity basis and Expansion Receipt Point Capacity basis. The Utility shall make this determination on a nondiscriminatory and transparent basis, without favoring any region of its territory and without favoring any entity.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4177-A  
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ACCESS TO THE SOCALGAS PIPELINE SYSTEM

(Continued)

B. Interconnection Capacity Studies (Continued)

2. All analyses shall take into consideration new supplies and facilities that have been or will be installed pursuant to a previously executed Collectible System Upgrade Agreements (CSUA) in effect. Priority for purposes of determining facility costs will be established on the basis of the date a party executes a CSUA. The CSUA shall include the activities from initial study through construction under terms mutually agreeable to the Utility and the party in Appendix "B" to the CSUA. In order to keep its place in the priority established by D.06-12-031 for determining facilities costs, an Appendix "B" must be completed within 90 days of the Commission Resolution approving Advice Letter 3706-A. The Utility shall maintain a queue of executed CSUAs with completed Appendix "B", including project milestones and completion dates. Any CSUA party will be subject to replacement in the queue if any date for performance within its CSUA has expired. The Utility will be provided a 30-day notice of cancellation and allow for a subsequent 60-day period to cure any non-performance. The Utility will file an Advice Letter for Commission approval to re-order the queue due to the non-performance of a CSUA holder.
3. 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. For California Producers, the Utility will provide a  $\pm 20\%$  cost estimate for the capacity study, but in any event Interconnector is responsible to pay for the entire actual cost of the capacity study.
4. The party and the Utility must execute a Consulting Services Agreement (Form 6440) 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.
5. 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.

(Continued)

(TO BE INSERTED BY UTILITY)  
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SAMPLE FORMS - Contracts  
Appendix B Producer's Payment for Utility's Operation & Maintenance Fee  
Form 6643 (11/2013)

Sheet 1

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(See Attached Form)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4177-A  
DECISION NO. 07-08-029,10-09-001

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
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EFFECTIVE Dec 18, 2013  
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## APPENDIX B

### PRODUCER'S PAYMENT FOR UTILITY'S OPERATION AND MAINTENANCE FEE

Pursuant to Article V of the Agreement, Utility's "Operation and Maintenance Fee", as used herein, shall be calculated based on Utility's good faith estimate of Utility's ongoing expenses to operate, maintain and modify Utility's Facilities necessary to accept Producer's Gas in accordance with good industry practice, Utility's normal procedures and governmental regulations. Upon approval of Advice Letter 4177-A by the CPUC, the methodology for calculating such Operation and Maintenance Fee, which is a combination of fixed and variable components, is henceforth described in Utility's tariff Schedule No. G-CPS, California Producer Service, or its successor, and is based on the principles discussed therein.

SAMPLE FORMS - CONTRACTS  
California Producer Operational Balancing Agreement  
Form No. 6452

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(See Attached Form)

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(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4177-A  
DECISION NO. 07-08-029,10-09-001

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Nov 18, 2013  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. G-3489

CALIFORNIA PRODUCER OPERATIONAL BALANCING AGREEMENT  
between

\_\_\_\_\_ and  
SOUTHERN CALIFORNIA GAS COMPANY

THIS CALIFORNIA PRODUCER OPERATIONAL BALANCING AGREEMENT (“Agreement”) is made and entered into by and between \_\_\_\_\_, a \_\_\_\_\_, hereinafter referred to as “Interconnector,” and SOUTHERN CALIFORNIA GAS COMPANY, a California corporation, hereinafter referred to as “SoCalGas,” this \_\_\_ day of \_\_\_\_ 20\_\_\_. Interconnector and SoCalGas shall also be hereinafter referred to individually as “Party” and jointly as the Parties.”

**RECITALS**

WHEREAS, SoCalGas is a “gas utility” as defined in the Public Utilities Code of the State of California and is subject to the jurisdiction of the California Public Utilities Commission (“CPUC”), is a “Hinshaw” pipeline exempt from the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under section 1 (c) of the Natural Gas Act and is a “local distribution company” served by interstate pipelines within the meaning of Sections 2(17) and 311 of the Natural Gas Policy Act of 1978 and the Regulations of the FERC thereunder; and

WHEREAS, Interconnector owns and controls natural gas which is capable of being physically delivered into SoCalGas’ pipeline system within the State of California; and

WHEREAS, the Parties desire to provide for the delivery to, and receipt of, natural gas by the SoCalGas system as set forth in this Agreement and the California Producer Interconnection Agreement; and

WHEREAS, Interconnector and/or SoCalGas have entered, or may enter, into one or more agreements with third party Service Requesters (hereinafter referred to as “Service Requester(s)”) for the transportation of Gas to the delivery point Interconnection Point(s) or from the receipt point Interconnection Point(s) on their respective systems as shown in Exhibit 1 (said agreements hereinafter referred to as “Service Requester Agreements”); and

WHEREAS, from time to time, the quantities of Gas confirmed and scheduled by the Parties to be delivered to, or received at, the Interconnection Point (said quantities hereinafter referred to as the “Scheduled Quantities”) may be greater or less than the quantities of Gas which are actually delivered at the Interconnection Point, resulting in over- or under-deliveries relative to Scheduled Quantities; and

WHEREAS, the Parties desire to implement this Agreement in order to facilitate more efficient operations, accounting, and systems management at the Interconnection Point and on

the SoCalGas system, and to provide for certain terms and conditions under which Gas will be delivered by Interconnector and accepted by SoCalGas, for the account of Service Requester(s) and/or their designees at the Interconnection Point.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties agree as follows:

## **SECTION I** **SCOPE OF AGREEMENT**

1.1 Scope – This Agreement sets forth the terms and conditions governing the treatment of Operational Imbalances at the Interconnection Point between the pipeline facilities that have been constructed or will be constructed at such Interconnection Point by SoCalGas and Interconnector for all Gas delivered by Interconnector to SoCalGas for the account of itself or its affiliates or third parties at the Interconnection Point as set forth below and incorporating herein the provisions of the Recitals above. The Parties have or will have executed the California Producer Interconnection Agreement, and its execution and performance is a condition precedent to the obligations herein. No action or inaction of SoCalGas will or shall relieve Interconnector of this obligation.

1.2 Term and Termination – This Agreement, unless terminated earlier as provided in this Agreement and/or in the California Producer Interconnection Agreement, is effective as of the date first written above and shall remain in effect for a primary term of fifteen (15) years from the date Gas first flows through the Interconnection Point (the “Commencement Date”), and year to year thereafter.

1.2.1 Interconnector may terminate this Agreement for any reason upon sixty (60) calendar days prior written notice to SoCalGas, provided that Interconnector has met all financial obligations to SoCalGas under this Agreement.

1.2.2 SoCalGas may terminate this Agreement at the end of the primary term of this Agreement or thereafter by providing sixty (60) calendar days prior written notice to Interconnector, or in the event of a material default by Interconnector, upon sixty (60) calendar days following Interconnector’s receipt of a written detailed notice from SoCalGas of such default that has not been cured. If Interconnector requires installing new equipment and/or modifying existing equipment (other than that for meeting Gas quality) in order to cure the default, then SoCalGas, at its sole discretion, will grant Interconnector an additional period of opportunity to cure such default.



1.2.3 In the event the California Producer Interconnection Agreement has not been fully executed by \_\_\_\_\_, or any pipeline system construction that is necessary to begin Gas deliveries or receipts at the Interconnection Point is not completed on or before \_\_\_\_\_, or Gas flows substantially equal to the design volumes have not commenced within \_\_\_\_ days of completion of the interconnection, either Party may terminate this Agreement with sixty (60) calendar days prior written notice.

1.3 Definitions - For purposes of this Agreement the following words when used herein shall have the meaning set forth below:

1.3.1 “Interconnector’s Facilities” shall mean those Gas pipeline facilities as defined in the California Producer Interconnection Agreement.

1.3.2 “California Producer Interconnection Agreement” shall mean an agreement executed between the Parties that provides the terms and conditions governing the operations at the Interconnection Point between Interconnector’s Facilities and SoCalGas’ Facilities.

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

1.3.4 “Interconnect Capacity” shall be as defined in the California Producer Interconnection Agreement.

1.3.5 “Interconnection Point” shall mean that point where SoCalGas’ Facilities and Interconnector’s Facilities physically interconnect for delivery of Gas by Interconnector to, and receipt thereof by, SoCalGas as described in the California Producer Interconnection Agreement. The location of the Interconnection Point is described in Exhibit 3.

1.3.6 “SoCalGas’ Facilities” shall mean the Gas pipelines, appurtenant facilities, meters, regulators, quality measurement, other equipment and related system upgrades at and from the Interconnection Point as defined in the California Producer Interconnection Agreement, for receipt into SoCalGas’ system in the State of California pursuant to this Agreement. SoCalGas’ Facilities shall be owned and operated by SoCalGas and are generally set forth in Exhibit 2.

- 1.3.7 “Operational Imbalance” shall mean actual physical deliveries of Gas less Gas quantities that are scheduled to be delivered. Therefore, Operational Imbalance shall be positive for over-deliveries, i.e., deliveries greater than scheduled deliveries. Operational Imbalance shall be negative for under-deliveries, i.e., deliveries less than Scheduled Quantities.
- 1.3.8 “OFO Day” shall mean any Gas flow day for which SoCalGas calls an OFO as described in Section F of Rule 30.
- 1.3.9 “Split Meter” shall mean a single meter through which Gas produced by two or more California Producers flows into the SoCalGas system under separate California Producer Interconnection Agreements and separate California Producer Operational Balancing Agreements or another agreement governing access to SoCalGas' system.

1.4 Regulatory Jurisdiction

- 1.4.1 Hinshaw Exemption - SoCalGas is exempt from jurisdiction of the 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 Interconnector'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 Interconnector 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 Interconnector an opportunity to take such actions as necessary to assist SoCalGas in eliminating the concern.
- 1.4.2 FERC Jurisdiction - This Agreement is entered into by the Parties with the understanding that the balancing activities provided for hereunder will not subject any non-jurisdictional entity to regulation by the FERC as a “natural gas company” under the provisions of the Natural Gas Act. If, at any time, it is determined by FERC that such balancing activities do result in such regulation, then either Party may immediately terminate this Agreement by providing written notice to the other Party, except that it shall survive in those particulars required to resolve any remaining Operational Imbalance which shall be resolved by the

Parties within thirty (30) calendar days after termination of this Agreement, pursuant to this Agreement.

- 1.4.3 CPUC Jurisdiction – If the CPUC or any other regulatory body, at any time, shall assert that Interconnector as a result of delivery of Gas hereunder, is a public utility or subject to regulation as such or that such regulatory body may prevent SoCalGas from complying with this Agreement in any respect, then within thirty (30) calendar days of such assertion either Party may, upon written notice to the other Party, terminate this Agreement effective thirty (30) calendar days after such written notice, except that it shall survive in those particulars required to resolve any remaining Operational Imbalance which shall be resolved by the Parties within thirty (30) calendar days after termination of this Agreement, pursuant to this Agreement.

## **SECTION II** **SCHEDULING**

2.1 Nominations, Confirmations and Scheduling - Prior to the date and time of flow at the Interconnection Point, the Parties shall nominate, confirm and schedule volumes of Gas which will be delivered or received at the Interconnection Point. Such nominations and confirmations between the Parties shall be made electronically or in writing, unless otherwise mutually agreed to by the Parties. Such nominations, confirmations and scheduling by the Interconnector will be in compliance with the North American Energy Standards Board (“NAESB”) standards and SoCalGas protocols. If Interconnectors’ Gas is delivered through a Split Meter, then one of the California Producers delivering Gas through that Split Meter shall be designated as the Interconnection Point operator who shall provide SoCalGas, in writing, with the Split-Meter allocation for that particular Split Meter within seven (7) calendar days after each non-OFO Day and within one (1) business day after each OFO Day. If the Split-Meter allocation is not provided by the Interconnection Point operator by the close of business (5:00 P.M. Pacific Clock Time) on the applicable day, then the last Split-Meter allocation provided by the Interconnection Point operator shall be used.

2.2 Operational Imbalance and Cash-Out – Interconnector shall to the extent feasible make deliveries of Gas at the Interconnection Point at substantially uniform rates of flow during a particular flow day. Any Operational Imbalance outside of the Tolerance Band (as defined in Subsection 2.2.1) created will be the responsibility of the Interconnector to eliminate pursuant to this Agreement. For Gas accounting purposes, all daily Scheduled Quantities as scheduled for flow day shall be deemed to be delivered regardless of the actual volume of Gas delivered. Any Operational Imbalance outside of the Tolerance Band shall be eliminated as soon as practicable, using the same Interconnection Point, by mutually agreeable arrangements between Interconnector and SoCalGas.

2.2.1 Non-OFO Days - If, at any Interconnection Point, the cumulative Operational Imbalance is outside the tolerance band of plus or minus ten percent ( $\pm 10\%$ ) of seven (7) days of Interconnect Capacity expressed in decatherms (\_\_\_\_\_ Dth) (“Tolerance Band”), the following flow day shall begin an Operational Imbalance payback period (hereinafter “Payback Period”) not to exceed fourteen (14) calendar days. The 14-day Payback Period for an Operational Imbalance resulting from a Split Meter shall begin on the flow day after the date the Operational Imbalance allocation is finalized by SoCalGas. An Operational Imbalance shall be deemed to be finalized when the Operational Imbalance is posted by SoCalGas on its Electronic Bulletin Board (“EBB”) and designated as such. The Payback Period will be used to bring the cumulative Operational Imbalance that occurred before and during the Payback Period within the Tolerance Band. During the 14-day Payback Period, the Interconnector may also trade any Operational Imbalances, accruing to or caused by Interconnector, with other Interconnector(s) with an effective California Producer Operational Balancing Agreement (“Trading Partner”). A trade will not be confirmed by SoCalGas if the trade would cause the Trading Partner’s Operational Imbalance to go outside its Tolerance Band. The Interconnector may trade Operational Imbalance quantities up to a maximum of its cumulative Operational Imbalance including quantities outside of its own Tolerance Band and those quantities within its own Tolerance Band. SoCalGas will verify each such trade on the next business day and make appropriate quantity adjustments to the associated accounts on that day. When the cumulative Operational Imbalance is no longer outside the Tolerance Band, the Payback Period will cease. If at the end of the Payback Period any positive Operational Imbalance (over-deliveries) outside of the Tolerance Band still remains, then it will be subject to a cash-out paid by SoCalGas to Interconnector at the rate set forth in Schedule No. G-CPS. If at the end of the Payback Period any negative Operational Imbalance (under-deliveries) outside of the Tolerance Band still remains, then it will be subject to a cash-out paid by Interconnector to SoCalGas at the rate set forth in Schedule No. G-CPS. The Parties may mutually agree to waive the balancing provisions of this Agreement and to permit an Operational Imbalance to arise, in which case such imbalance shall be reduced to, or below, a specified Dth level as soon as practicable according to a mutually agreed upon schedule.

2.2.2 Split Metering – Financial responsibilities for any resulting imbalance cash-out payments, including any cash-out payments for imbalances on OFO Days, and credit requirements shall belong

individually to each California Producer (as described in its own California Producer Operational Balancing Agreement or another agreement governing access to SoCalGas' system) using the Split Metering arrangement.

2.2.3 OFO Days – During OFO Days, the Interconnector shall be required to balance in accordance with SoCalGas' Rule 30 and be subject to the charges specified therein. The requirement to balance on the OFO Day shall be applied at all times, including any defined Payback Period. Operational Imbalance quantities during an OFO Day that are below the appropriate OFO Day tolerance level will be considered in the calculation of the cumulative Operational Imbalance for non-OFO Days. Operational Imbalances cashed out pursuant to Rule 30 will be removed from the Interconnector's Operational Imbalance and the information will be promptly communicated to the Interconnector. For Split Meters, the allocation of Gas deliveries on OFO Days shall be in accordance with Section 2.1. The financial responsibility for any Split Meter cash-outs for OFO Days shall be in accordance with Section 2.2.2.

2.3 Measurement Correction - Operational Imbalances that may arise from time to time as the result of a measurement correction for a prior period shall be resolved as follows: (i) by adding or subtracting the measurement correction to the Interconnector's then existing cumulative Operational Imbalance, or (ii) on a "cash-out" basis, or (iii) by some other mutually agreed to method. In the event the Parties cannot agree within thirty (30) calendar days after the occurrence of such Operational Imbalance as to the method to be used for the resolution of the Operational Imbalance, the "cash-out" basis shall be utilized. The cash-out rate will be equal to the average of the Average California/Arizona border price index for delivery into SoCalGas ("Daily Index – SoCal Border") as reported by Intercontinental Exchange ("ICE") (or its legal successor) for each day of that particular prior period. For a positive Operational Imbalance, the cash-out will be paid by SoCalGas to Interconnector. For a negative Operational Imbalance, the cash-out will be paid by Interconnector to SoCalGas. If, for any reason, ICE (or its legal successor) ceases to be available for a particular imbalance period, the cash-out rate will be based on another generally accepted available publication mutually agreed to in writing by the Parties.

#### 2.4. Balancing

2.4.1 Estimated operating quantities flowing at the Interconnection Point shall be used during any current period to determine the estimated Operational Imbalance at such Interconnection Point, with physical flow and/or scheduling adjustments to be made during that current period to keep the Operational Imbalance within the Tolerance Band. Interconnector and SoCalGas shall cooperate in order to minimize the daily over- and under-deliveries. In this regard,

Interconnector's and SoCalGas' Gas control and/or scheduling personnel shall be in contact, to the extent necessary, each day in order to balance daily delivered quantities of Gas with Scheduled Quantities of Gas. For the purpose of this Agreement, delivery or receipt of any Gas to resolve an Operational Imbalance is not subject to transportation charges by either Party.

2.4.2 The actual measured quantity of Gas at the Interconnection Point each day shall be determined and communicated by SoCalGas on its EBB. The actual measured quantity shall be determined pursuant to the applicable provisions of SoCalGas' measurement procedures and standard methodologies consistent with standard industry practices. To the extent that the actual measured quantity of Gas differs from the estimated operating quantity of Gas at the Interconnection Point, at the beginning of each month SoCalGas will calculate the difference (actual minus estimated) between the two quantities for the previous month ("True-up"). SoCalGas will add the True-up to the cumulative Operational Imbalance up to the Tolerance Band. Any True-up quantities falling outside the Tolerance Band will be subject to the cash-out rate set forth in Schedule No. G-CPS. For a positive Operational Imbalance, the cash-out will be paid by SoCalGas to Interconnector. For a negative Operational Imbalance, the cash-out will be paid by Interconnector to SoCalGas.

2.4.3 On, or about, the 9<sup>th</sup> business day of each calendar month, information showing the quantity of Gas scheduled and delivered at the Interconnection Point during the previous month, including any quantity of Gas traded pursuant to Section 2.2.1, shall be available in SoCalGas' EBB. The information on the ending cumulative imbalance quantity shall also be provided. The Operational Imbalances shall be deemed to be agreed to unless either Party notifies the other Party within seven (7) calendar days that it believes there is an error. At a later date during the month an invoice shall be rendered showing any cash-out charges or other charges and credits, along with supporting price and volume data and detailed cash-out price calculations to enable Interconnector or third-party verification. Billing and payment shall be consistent with SoCalGas' Tariff Rule 12.

2.4.4 All imbalances shall be recorded on a Decatherm basis for accounting purposes.

2.4.5 If over a period of any consecutive twelve (12) months it is found that the Interconnector is deviating by more than 10% from uniform daily deliveries more often than it is complying with that

requirement, then SoCalGas reserves the right to suspend service until such time appropriate actions have been taken to ensure compliance with this provision.

2.5 Disputed Calculations - All reasonable efforts shall be made by the Parties to resolve any disputed computations. Either Party may pursue resolution of a dispute as to computations or imbalances owed hereunder in accordance with the provisions of this Agreement; however, unless the Parties mutually agree otherwise, delivery of the entire imbalance due, including any disputed imbalance, shall be made to the respective Party notwithstanding such dispute resolution. Delivery of the disputed imbalance(s) shall not be deemed a waiver of any rights to recoup any imbalance amount in dispute.

### **SECTION III** **DEFAULT**

3.1 Waiver - A waiver by either Party of any one or more defaults by the other Party hereunder shall not operate as a waiver of any future default or defaults, whether of like or different character. Furthermore, no consent or waiver, expressed or implied, by any Party of any breach or default by the other Party in the performance of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance of any other obligation of the other Party. Failure on the part of any Party to complain of any act or failure to act by the other Party or to declare the other Party in default, regardless of how long such failure continues, shall not constitute a waiver by such Party of any of its rights hereunder.

3.2 Regulatory Impairment – This Agreement shall at all times be subject to such changes or modifications by the CPUC as said Commission may from time to time direct in the exercise of its jurisdiction. Notwithstanding the other provisions of this Agreement, if at any time during the term hereof, any governmental authority having jurisdiction: (a) requires changes or modifications to the terms of this Agreement that are unacceptable to either Party; or (b) takes any action whereby either Party's delivery, receipt, and/or use of Gas hereunder shall be proscribed or subjected to terms, conditions, regulations, restraints, or limits that in the reasonable judgment of a Party prevents that Party from acting in a commercially reasonable manner to fulfill the terms of this Agreement, then such Party shall have the unilateral right to terminate this Agreement at any time upon thirty (30) calendar days written notice to the other Party, without further performance due or liability hereunder, except as to redelivery of any outstanding Gas imbalances. Nothing herein shall prevent the Parties through mutual agreement from modifying this Agreement in lieu of termination.

3.3 Sole Remedy - Each Party agrees that its sole remedy for nonperformance by the other Party or other default by the other Party in the performance of its obligations under this Agreement shall be as specified in this Agreement. Both Parties agree to use commercially reasonable efforts and actions to correct nonperformance on their respective systems in a timely manner.

3.4 Reconciliation - Upon the termination of this Agreement, the Parties agree to reconcile and eliminate any remaining Operational Imbalance pursuant to the terms and conditions of this Agreement within thirty (30) calendar days of termination. If the negative imbalance (i.e., under-deliveries) is not resolved within such thirty (30) calendar days, any remaining imbalance shall be reduced to zero (0) by cashing out at the highest High Daily Index – SoCal Border as reported by ICE (or its legal successor) during this 30-day Operational Imbalance Payback Period. If the positive imbalance (i.e., over-deliveries) is not resolved within such thirty (30) calendar days, any remaining imbalance shall be reduced to zero (0) by cashing out at the lowest Low Daily Index – SoCal Border as reported by ICE (or its legal successor) during this 30-day Operational Imbalance Payback Period. For a negative Operational Imbalance, the cash-out will be paid by Interconnector to SoCalGas. For a positive Operational Imbalance, the cash-out will be paid by SoCalGas to Interconnector. If, for any reason, ICE (or its legal successor) ceases to be available for this particular Payback Period, the cash-out rate will be based on another generally accepted available publication mutually agreed in writing by the Parties.

**SECTION IV**  
**NOTICES**

Any notice, request, or statement provided pursuant to this Agreement shall be in writing and shall be considered as having been given, if delivered personally, when delivered, or, if either electronically communicated, mailed, sent by express mail, or overnight delivery, or if telecopied to the other Party, then, when received, at the following:

**AGREEMENT NOTICES AND OTHER CORRESPONDENCE**

Interconnector	Southern California Gas Company
	555 W. Fifth Street
	Los Angeles, California 90013-1011
Telephone:	Telephone: (213) 244-
Telefax:	Telefax: (213) 244-
Attn:	Attn:
	M.L.



DISPATCHING AND NOMINATIONS

Interconnector	Southern California Gas Company 555 W. Fifth Street Los Angeles, California 90013-1011
Dispatch Telephone:	Gas Control: (323) 266-5888
Telefax:	Scheduling Fax: (213) 244-8281
Nominations:	Nominations: (213) 244-3900
Attn:	Attn: Gas Scheduling M.L. 22E1

ALLOCATION STATEMENTS

Interconnector	Southern California Gas Company 555 W. Fifth Street Los Angeles, California 90013-1011
Telephone:	Telephone: (213) 244-3812
Telefax:	Telefax: (213) 244-8281
Attn:	Attn: Scheduling Manager, M.L. GT22E1

Changes to the designated contacts, addresses and telefax and telephone numbers specified herein may be changed from time to time by the Party affected after two (2) calendar days written notice.

**SECTION V**  
**INDEMNITY**

5.1 Indemnity - Each Party shall be solely responsible for and shall indemnify, defend and hold harmless the other Party, its parent and affiliates including its officers, Board of Directors, agents, contractors, and employees thereof against losses, costs and expenses (including in-house and outside attorneys' fees), claims, enforcement actions, judgments or other obligations or liabilities, resulting from physical injury to property or person, or a violation of a local, state or federal common law; statute or representation, arising from the indemnifying Party's performance or nonperformance of its obligations under this Agreement; provided, however, that neither Party shall be obligated to indemnify the other Party against any losses, however caused, which arise in whole or in part from the sole negligence, or willful or criminal misconduct of that Party.

5.2 Risk of Loss - Risk of loss of all Gas shall pass at the Interconnection Point. SoCalGas shall not be responsible to Interconnector or Interconnector's Service Requester(s) for any Gas losses or delays (due to operating conditions or constraints, force majeure or otherwise) or damages or injuries occurring on Interconnector's side of the Interconnection Point and Interconnector shall not be responsible to SoCalGas or SoCalGas'

Service Requester(s) for Gas losses or delays (due to operating conditions or constraints, force majeure or otherwise) or damages or injuries occurring on SoCalGas' side of the Interconnection Point; provided that if the damages or injuries are caused by or attributable to excessive pressure or the quality of Gas that Interconnector or Interconnector's Service Requester(s) delivers at the Interconnection Point, then Interconnector or Interconnector's Service Requester(s) agrees to be responsible and shall be responsible for all such damages or injuries.

5.3 Limitation of Liability - Notwithstanding any other provision hereof, neither Party shall be liable to the other Party for or assessed pursuant to Section VI or otherwise any special, punitive, consequential, incidental, or indirect damages or for lost business or lost profits, whether under tort, breach of contract, strict liability or any other theory, even if the Party has been advised of the possibility of such damages. SoCalGas is not committing to provide any capacity on its system or access rights to its system to Interconnector as a result or benefit of this Agreement.

## **SECTION VI** **DISPUTE RESOLUTION**

6.1 Disputes - The Parties shall use their best efforts to resolve any disputes arising out of or pertaining to the provisions of this Agreement informally by good faith negotiations. Any such dispute that cannot be resolved shall be submitted to the CPUC for resolution under whatever process is then currently available.

## **SECTION VII** **ASSIGNMENT**

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

7.1.1 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 Interconnector or SoCalGas, as the case may be and when the assignment is to a parent, affiliate or subsidiary of a Party hereto; or

7.1.2 When either 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 Party shall be provided prior written notice thereof; or

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

## **SECTION VIII** **MISCELLANEOUS**

8.1 No Dedication - Nothing herein shall be construed as a dedication by any Party of its respective facilities to the other Party or to or for the benefit of any third party. Both Parties may each construct such facilities on their respective systems, as they may deem necessary or appropriate in their sole discretion. Nothing herein obligates either Party to construct any additional facilities (including measuring facilities) over and above those included within the California Producer Interconnection Agreement or to modify any future facilities not described herein or existing facilities to provide for the receipt or delivery of Gas contemplated hereunder.

8.2 Information - Each Party shall have the right to request, and upon such request, the other Party shall provide, information that is sufficient to meet its obligations and to enforce its rights under this Agreement including the verification of the accuracy of any computation contemplated under this Agreement. If the information is considered confidential, then the disclosing Party shall identify it as such and the receiving Party shall treat it as such. Notwithstanding the above, no Party shall be required to provide the other Party with information that is confidential, proprietary, or in violation of the rules and regulations of either the FERC or CPUC.

8.3 Force Majeure - In the event a Party is rendered unable, wholly or in part, by an event of force majeure (as defined in SoCalGas' tariff) to carry out its respective obligations under this Agreement, it is agreed that upon such Party giving notice and reasonably full particulars of such event of force majeure in writing, electronic mail or by telecopy or by telephone (and confirmed in writing within seventy-two (72) hours thereafter), to the other Party within a reasonable time after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as they are affected by such event of force majeure, shall be suspended during the continuance of the effects of the cause, but for no longer and the Party subject to such cause shall remedy it so far as possible with all reasonable dispatch. No event of force majeure shall affect any Party's ability to suspend performance as set forth in Section 4(i) of the California Producer Interconnection Agreement.

8.4 Choice of Law - As to all matters of construction and interpretation, this Agreement shall be interpreted in accordance with the laws of California, excluding any choice of law or rules, which direct the application of laws of another jurisdiction.

8.5 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 (specifically excepting the California Producer Interconnection Agreement, which is not affected by this Agreement) 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.

8.6 Context - Whenever the context may require, the singular form of nouns, pronouns and verbs shall include the plural and vice versa. Unless otherwise stated, a reference to a paragraph shall include all sub-paragraphs, e.g., a reference to section 2 shall, unless otherwise indicated, include paragraph 2.1, 2.2, 2.3, and so on.

8.7 Survivability - Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of that prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of that provision in any other jurisdiction. Notwithstanding any termination of this Agreement for any reason, Sections 3, 5 and 8 shall survive.

#### 8.8 Credit

8.8.1 Any Interconnector which is delivering Gas into the SoCalGas system under an existing access agreement, as of August 23, 2007 -the effective date of D.07-08-029, shall be deemed creditworthy unless the Interconnector shows a pattern of material past due payments or the Interconnector's financial condition has materially degraded.

8.8.2 SoCalGas shall have the right, but not the obligation, to reevaluate the creditworthiness of any Interconnector whenever such Interconnector fails to fulfill its financial obligations under this Agreement or whenever the financial condition of the Interconnector has materially changed, including but not limited to a change or transition in ownership, a request for a substantial increase in the amount of Gas to be delivered to SoCalGas has been made, or significant under-deliveries have occurred.

8.8.3 In the event a reevaluation of credit of an existing Interconnector is deemed necessary by SoCalGas, or if Interconnector is a new Interconnector, such Interconnector shall provide SoCalGas with such Interconnector's most recent annual report and the Interconnector's most recent SEC Form 10-K or a copy of the Interconnector's audited financial statement.

8.8.4 The creditworthiness evaluation may be performed by an outside credit analysis agency selected by SoCalGas, with final credit approval granted by SoCalGas. The creditworthiness evaluation shall consider the credit facilities that are already in place between

SoCalGas and the Interconnector and the Interconnector's affiliate(s) so that the credit coverage is not duplicative. Also, a third party (the "Guarantor") shall be allowed to assume creditworthiness on behalf of the Interconnector in accordance with the following provisions:

SoCalGas may accept a guaranty in an amount, from an issuer, and in a form acceptable to SoCalGas in its sole discretion (the "Guaranty") from the Guarantor.

The Guarantor shall deliver and maintain the Guaranty until such time when the Interconnector is able to demonstrate the Interconnector's creditworthiness to SoCalGas, as determined by SoCalGas in its sole discretion. The Interconnector shall be in default of this Agreement if a replacement guaranty (in a form, from an issuer and in an amount acceptable to SoCalGas in its sole discretion) or a cash deposit or letter of credit in an amount determined by SoCalGas in accordance with Section 8.8.5 is not received within fifteen (15) calendar days of SoCalGas' notice to the Interconnector of a determination that the Guarantor is no longer creditworthy (or SoCalGas is unable to determine the creditworthiness of the Guarantor), as determined by SoCalGas in its sole discretion.

- 8.8.5 In the event SoCalGas denies the Interconnector or its Guarantor an unsecured line of credit, SoCalGas shall provide the Interconnector, within seven (7) calendar days of the denial of credit, with an explanation as to why the Interconnector or its Guarantor was denied credit. If the Interconnector or its Guarantor is denied an unsecured line of credit, SoCalGas shall accept as a security deposit, for a secured line of credit, a cash deposit, or letter of credit or other instrument acceptable to SoCalGas that meets the following criteria: the Interconnector's Interconnect Capacity multiplied by 40 days, and then multiplied by the average of the Average Daily Index – SoCal Border as reported by ICE (or its legal successor) for each day of the immediately preceding calendar month. If, for any reason, ICE (or its legal successor) ceases to be available, the price index will be based on another generally accepted available publication selected by SoCalGas in its sole discretion.

8.9 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 Party, which approval shall not be unreasonably withheld.

8.10 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.

8.11 Compliance with Law - This Agreement and the terms and conditions herein are subject to all present and future valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. SoCalGas shall provide notice to the Interconnector prior to filing any request for a change to its tariffs that would affect this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed duplicate originals of this Agreement on the date set forth hereinabove.

INTERCONNECTOR

SOUTHERN CALIFORNIA GAS  
COMPANY

\_\_\_\_\_

\_\_\_\_\_

By:

By:

\_\_\_\_\_

\_\_\_\_\_

Printed Name:

Printed Name:

\_\_\_\_\_

\_\_\_\_\_

Title:

Title:

\_\_\_\_\_

\_\_\_\_\_

Date:

Date:

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT 1: SYSTEM MAP**

**TO THE CALIFORNIA PRODUCER OPERATIONAL BALANCING AGREEMENT**

between

\_\_\_\_\_ and  
Southern California Gas Company  
Dated: \_\_\_\_\_, 20\_\_



**EXHIBIT 2: SOCALGAS' FACILITIES**

**TO THE CALIFORNIA PRODUCER OPERATIONAL BALANCING AGREEMENT**

between

\_\_\_\_\_ and  
Southern California Gas Company  
Dated: \_\_\_\_\_, 20\_\_

**EXHIBIT 3: LOCATION**

**TO THE CALIFORNIA PRODUCER OPERATIONAL BALANCING AGREEMENT**

between

\_\_\_\_\_ and  
Southern California Gas Company  
Dated: \_\_\_\_\_, 20\_\_

<u>D-U-N-S® NUMBER</u>	<u>RECEIPT/DELIVERY DESIGNATION</u>	<u>PROPRIETARY GAS TRANSACTION POINT CODE</u>	<u>DRN NO.</u>	<u>DESCRIPTION</u>
				Interconnection between the facilities of _____ and Southern California Gas Company located at County: _____ Section ____ Township: ____; Range ____.

SAMPLE FORMS - CONTRACTS  
California Producer Interconnection Agreement  
Form No. 6454

N  
N  
N

(See Attached Form)

N

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4177-A  
DECISION NO. 07-08-029,10-09-001

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Nov 18, 2013  
EFFECTIVE Feb 1, 2015  
RESOLUTION NO. G-3489

CALIFORNIA PRODUCER INTERCONNECTION AGREEMENT  
between

\_\_\_\_\_ and  
SOUTHERN CALIFORNIA GAS COMPANY

This CALIFORNIA PRODUCER INTERCONNECTION AGREEMENT (“Agreement”) is made and entered into by and between \_\_\_\_\_, a \_\_\_\_\_, hereinafter referred to as “Interconnector,” and SOUTHERN CALIFORNIA GAS COMPANY, a California corporation, hereinafter referred to as “SoCalGas,” this \_\_\_ day of \_\_\_\_\_ 20\_\_\_. Interconnector and SoCalGas shall also be hereinafter referred to individually as “Party” and jointly as the “Parties.”

**RECITALS**

WHEREAS, SoCalGas is a “gas utility” as defined in the Public Utilities Code of the State of California and is subject to the jurisdiction of the California Public Utilities Commission (“CPUC”), is a “Hinshaw” pipeline exempt from the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under Section 1(c) of the Natural Gas Act and is a “local distribution company” served by interstate pipelines within the meaning of Sections 2(17) and 311 of the Natural Gas Policy Act of 1978 and the Regulations of the FERC thereunder; and

WHEREAS, Interconnector owns and controls natural gas which is capable of being physically delivered into SoCalGas’ pipeline system within the State of California; and

WHEREAS, Interconnector has constructed or intends to construct and will operate its pipeline facilities to an Interconnection Point specified in Exhibits A and B attached hereto and incorporated herein by this reference (hereinafter referred to as “Interconnection Point”); and

WHEREAS, SoCalGas may construct facilities at the Interconnection Point subject to and conditioned upon the execution of a California Producer Interconnect Collectible System Upgrade Agreement with Interconnector concerning such facilities, terms of construction and cost responsibility for such facilities consistent with CPUC rules and regulations and attached as Exhibit C; and

WHEREAS, the Parties desire to provide such facilities for the delivery to and receipt of natural gas by the SoCalGas system as set forth in this Agreement.

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

**SECTION 1**  
**SCOPE OF AGREEMENT**

(a) Scope - This Agreement sets forth the terms and conditions under which SoCalGas agrees to provide facilities for the Interconnect Capacity from Interconnector's pipeline facilities near \_\_\_\_\_ in \_\_\_\_\_, California to SoCalGas' existing utility system. Such facilities, which include all facilities and equipment necessary for receipt of Interconnector's Gas, shall permit Gas to be delivered by Interconnector to SoCalGas pursuant to this Agreement and a California Producer Operational Balancing Agreement ("CPOBA") between the Parties, for the account of Interconnector or Interconnector's affiliate or third parties for transport on SoCalGas' pipeline system in California. This Agreement does not provide for or address in any way any right of Interconnector to receive transportation services on SoCalGas' system from the Interconnection Point. Attached hereto as Exhibit A, and incorporated by reference herein, is a map on which the Interconnector's Facilities are indicated generally. The Interconnection Point and SoCalGas' Facilities (see definition for each below) are indicated generally on the map attached hereto as Exhibit B, and incorporated by reference herein.

(b) Term and Termination - This Agreement, unless terminated earlier as provided in this Agreement and/or in CPOBA, is effective as of the date first written above and shall remain in effect for a primary term of fifteen (15) years from the date Gas first flows through the Interconnection Point (the "Commencement Date") and year to year thereafter.

(i) Interconnector may terminate this Agreement for any reason upon sixty (60) calendar days prior written notice to SoCalGas, provided that Interconnector has met all financial obligations to SoCalGas under this Agreement including all costs for removal of SoCalGas' Facilities at the Interconnection Point and restoration of the site to its condition prior to the construction of the Interconnection Point.

(ii) SoCalGas may terminate this Agreement at the end of the primary term of this Agreement or thereafter by providing sixty (60) calendar days prior written notice to Interconnector or in the event of a material default by Interconnector upon sixty (60) calendar days following Interconnector's receipt of a written detailed notice from SoCalGas of such default that has not been cured. If Interconnector requires installing new equipment and/or modifying existing equipment (other than that for meeting Gas quality) in order to cure the default, then SoCalGas, at its sole discretion, will grant Interconnector an additional period of opportunity to cure such default.

(iii) Either Party may terminate this Agreement on sixty (60) calendar days prior written notice in the event any pipeline system construction necessary to complete Interconnector's Facilities or SoCalGas' Facilities is not completed on or before \_\_\_\_\_.

(c) Definitions - For purposes of this Agreement the following words when used herein shall have the meaning set forth below:

(i) “SoCalGas’ Facilities” shall mean the Gas pipelines, appurtenant facilities, meters, regulators, quality measurement, other equipment and related system upgrades at and from the Interconnection Point, for receipt into SoCalGas’ system in the State of California pursuant to this Agreement. SoCalGas’ Facilities shall be owned and operated by SoCalGas.

(ii) “CPUC” shall mean the Public Utilities Commission of the State of California.

(iii) “Gas” shall mean any mixture of hydrocarbons or of hydrocarbons and non-combustible gases, in a gaseous state, consisting essentially of methane, that is of general merchantable quality and meeting the quality specifications of SoCalGas’ tariffs, rules and other applicable regulations.

(iv) “In-Service Date” is that date when SoCalGas’ Facilities from the Interconnection Point are operationally capable of utilizing the Interconnect Capacity on a continuous basis for Gas deliveries from Interconnector, and receipt thereof by SoCalGas at the Interconnection Point. This does not address whether the Interconnector has established the physical capability for the Interconnect Capacity at the Interconnection Point nor does it address whether SoCalGas has established the physical takeaway capability for the Interconnect Capacity downstream of the outlet of SoCalGas’ Facilities at the Interconnection Point.

(v) “Interconnect Capacity” shall be the metering and odorization daily capacity of SoCalGas’ Facilities but is not necessarily the capacity of SoCalGas’ pipeline facilities to transport Gas away from the Interconnection Point and is not, nor is it intended to be, any commitment by SoCalGas of takeaway capacity. The Interconnect Capacity shall be \_\_\_\_\_ MMcf/d unless changed by the written mutual agreement of the parties.

(vi) “Interconnection Point” shall mean that point where SoCalGas’ Facilities and Interconnector’s Facilities physically interconnect for delivery of Gas by Interconnector to, and receipt thereof by, SoCalGas as set forth on Exhibit B.

(vii) “Interconnector’s Facilities” shall mean those Gas pipeline facilities, as shown generally on Exhibit A, to be constructed and operated by an Interconnector up to the Interconnection Point.

(viii) “Split Meter” shall mean a single meter through which Gas produced by two or more California Producers flows into the SoCalGas system under separate California Producer Interconnection Agreements and separate CPOBAs or another separate agreement governing access to SoCalGas’ system.

(d) Hinshaw Exemption - SoCalGas is exempt from jurisdiction of the 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 Interconnector’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 Interconnector 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 Interconnector an opportunity to take such actions as necessary to assist SoCalGas in eliminating the concern.

## **SECTION 2** **CONDITIONS PRECEDENT**

(a) Intent - This Agreement establishes the intent of the Parties that they shall attempt diligently, and cooperate with each other in good faith, to discharge promptly all conditions set forth in Subsection 2(b) prior to the dates specified below. In the event such conditions are not satisfied or waived by the date applicable thereto, this Agreement may be terminated as specified in Subsection 2(d).

(b) Governmental Authorizations:

(i) Interconnector: On or before \_\_\_\_\_ [date], Interconnector shall have received and accepted from any and all applicable governmental entities all material authorizations necessary for the construction, if any, and operation of Interconnector's Facilities.

(ii) SoCalGas: On or before commencement of flows through the Interconnection Point, SoCalGas shall have received and accepted: (1) from the CPUC, if necessary, authorizations approving this Agreement, and provided that such authorizations are, in the sole discretion of SoCalGas, acceptable to SoCalGas; and (2) the proper approvals required for SoCalGas to dispense its duties under this Agreement from any other governmental or local agency, if necessary in SoCalGas' sole judgment.

(c) Notification - Each Party shall notify the other in writing whenever in its sole opinion the foregoing conditions in Subsection 2(b) have been satisfied. Interconnector shall retain the right to waive in writing conditions 2(b)(ii), and SoCalGas shall retain the right to waive in writing conditions 2(b)(i).

(d) Termination Conditions - In the event that any of the conditions in subsection 2(b) have not been satisfied or waived by all Parties by the date specified therein, the Parties shall meet within fifteen (15) calendar days following such date to discuss in good faith whether or not 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) calendar days after the first meeting on such matter, this Agreement may either (i) be extended up to an additional ninety (90) calendar days thereafter by mutual consent obtained on or before such forty-fifth (45th) day, or (ii) be terminated if any Party, within fifteen (15) calendar days thereafter, gives ten (10) calendar days prior written notice; provided, however,

such termination shall not become effective if such condition under Subsection 2(b) has been satisfied or waived prior to the effective date of such termination.

(e) Cooperation - Each Party shall cooperate with the other Party as is reasonable under the circumstances, and keep the other Party advised of all significant developments in connection with applying for or obtaining satisfaction of the conditions specified in Subsection 2(b).

### **SECTION 3** **OPERATION AND MAINTENANCE FEES**

(a) Fees – Interconnector shall pay to SoCalGas each month an Operation and Maintenance Fee (“O&M Fee”), as determined from time to time by SoCalGas, associated with the operation and maintenance of the metering equipment and other related facilities at the Interconnection Point that are owned and operated by SoCalGas necessary to accept Gas from Interconnector in accordance with good industry practice, SoCalGas’ normal procedures and governmental regulations. The methodology for calculating, and process for billing, the O&M Fee is set forth in Rate Schedule No. G-CPS.

(b) Maintenance of Physical Facilities – At the Interconnection Point where SoCalGas owns and operates the metering equipment and other related facilities, SoCalGas (i) shall have the right to replace or upgrade from time to time such equipment as is necessary to measure, regulate, odorize, monitor, control or otherwise effectuate deliveries of Gas volumes up to the Interconnect Capacity (or such other volume as mutually agreed), including equipment necessary to transmit electronic measurement data on a current basis; (ii) shall install, at Interconnector’s sole cost and expense and after giving notice to Interconnector, such additional equipment either new or upgraded from time to time, as it deems necessary in its sole judgment to have the capability to receive at the Interconnection Point Gas volumes in an amount up to the Interconnect Capacity (or such other volume as mutually agreed), including equipment to receive electronic measurement data and equipment to odorize the Gas received at the Interconnection Point. The Interconnector shall have the right to review and to propose reasonable changes to any SoCalGas proposal or request to upgrade, replace, or enhance existing equipment so long as the Interconnector’s proposed changes meet industry and SoCalGas’ standards and applicable codes and do not delay implementation nor jeopardize timely safety and code compliance. SoCalGas is, however, under no obligation, expressed or implied, to accept such proposed changes. Disputes will be brought before the CPUC’s Energy Division, which will resolve the issue in consultation with the CPUC’s Consumer Protection and Safety Division.

(c) Statements - Statements and/or invoices shall be sent to Interconnector as set forth in Rate Schedule No. G-CPS.



**SECTION 4**  
**GAS DELIVERIES**

(a) Quality

(i) Right of Refusal: SoCalGas shall have the continuing right at any time in its sole discretion to monitor the quality of Gas tendered by Interconnector and, subject to the limitations stated in D.07-08-029 and D.10-09-001, to refuse to accept delivery of any Gas that does not meet SoCalGas' Gas quality specifications, including its current Tariff Rule 30 Gas quality specifications or other applicable regulation or Tariff Rule specifying Gas quality requirements or CPUC-approved specific deviation for the Interconnector. SoCalGas shall provide notice to Interconnector as soon as commercially practicable after any decision is made not to accept deliveries.

(ii) Gas Quality Monitoring and Enforcement: SoCalGas shall install, operate and maintain Facilities at California Producer's sole cost and expense, including necessary meters and equipment, identified in Exhibit A of Schedule No. G-CPS, for the purpose of measuring the volume and quality of all Gas delivered to SoCalGas.

(iii) Change in Specifications: Nothing in this Agreement shall be deemed to prohibit Interconnector from challenging or seeking to modify any Gas quality specifications. If both Parties mutually agree to a deviation from the Gas quality tariff specifications or requirements for purposes of this Agreement, SoCalGas shall seek and obtain CPUC approval of such deviation by Advice Letter prior to incorporating and implementing such deviation as part of this Agreement.

(b) Uniform Flow - Interconnector shall to the extent feasible make deliveries of Gas at each of the Interconnection Point(s) at substantially uniform rates of flow during a particular flow day. If over a period of any consecutive twelve (12) months it is found that the Interconnector is deviating by more than 10% from uniform daily deliveries more often than it is complying with that requirement, then SoCalGas reserves the right to suspend service until such time appropriate actions have been taken to ensure compliance with this provision.

(c) Pressure - Interconnector shall deliver Gas to SoCalGas at the Interconnection Point at a delivery pressure sufficient to enter the SoCalGas system, but not more than the then current Maximum Allowable Operating Pressure ("MAOP") of SoCalGas' Facilities. SoCalGas shall provide the Interconnector with as much advance notice as is reasonably possible, but not less than ninety (90) calendar days' notice for an increase in Interconnector's maximum delivery pressure requirement, and shall provide as much advance notice as is reasonably possible, but not less than forty-five (45) calendar days' notice for a decrease in minimum delivery pressure requirement. Changes in Interconnector's delivery pressure requirements resulting from force majeure events, emergency situations, or as a result of pipeline integrity inspections shall be exempt from these notification requirements. In the event the Interconnector cannot comply with the changes to maximum or minimum delivery pressure requirements within the above notice periods, the Interconnector shall inform SoCalGas of the

reason for the delay ahead of time. If the reason for the delay in complying with the change in maximum or minimum delivery pressure requirement is reasonable, SoCalGas may, in its sole discretion, extend the date for complying with such change in delivery pressure requirements. If the reason for the delay is unreasonable, SoCalGas may proceed with the pressure change. Any dispute concerning SoCalGas' action concerning the notice period may be brought to the CPUC's attention pursuant to this Agreement.

(d) Metering – SoCalGas shall install equipment necessary to measure deliveries from Interconnector at the Interconnect Point. Interconnector may install or cause to be installed and operate check meters at its sole option and expense to check SoCalGas' meters, but measurement of Gas for all purposes of and at all times under this Agreement shall be by SoCalGas' meters. Any such check meters and equipment shall be installed so as not to interfere with the operation of the meters, measuring and any other equipment now existing or later installed by SoCalGas.

(e) Meter Maintenance – SoCalGas will perform scheduled meter accuracy testing and calibration of its metering facilities pursuant to SoCalGas' standard practices, procedures and methods associated with the installed measurement equipment. The meter maintenance, testing and correction shall comply with the American Gas Association (AGA) Report 4A, Sample Contract Measurement Clause, Meter Facilities and applicable CPUC requirements. SoCalGas will also inspect/calibrate Gas meters to ensure conformance with manufacturer's stated accuracy in a field application, where such conformance does not conflict with applicable local code ordinances or regulatory requirements. SoCalGas shall preserve the meter maintenance records for a period of at least three years. Interconnector or its duly authorized representative(s) shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with SoCalGas' measuring equipment used in measuring deliveries from Interconnector to SoCalGas. SoCalGas shall give written, fax, or electronic mail notice to Interconnector prior to calibrating and testing. Except in the event of an emergency or operational necessity, such notice shall be given to Interconnector at least three (3) business days prior to any such activity. The records from such measuring equipment shall remain the property of SoCalGas, but upon request SoCalGas shall make available to Interconnector (and its representatives) copies of any such records and charts, together with calculations therefrom, for inspection and verification during normal business hours. SoCalGas will perform unscheduled and episodic tests of its measuring equipment upon Interconnector's request, where such tests can be operationally executed, to verify metering integrity/accuracy. SoCalGas will perform such testing in a reasonable timeframe. If, as a result of any testing, it is determined that there has been a combined (meter and transmitters) error in measurement greater than one percent (1%) from National Institute of Standards and Technology (NIST) traceable secondary field standard(s), the Parties will adjust all prior periods back to the period where it can be mutually determined and agreed upon that the errors commenced. If such an agreement cannot be reached, then SoCalGas shall estimate the Gas deliveries and correct the reading to a zero (0) error for the period during which the meter was in use. In all cases of meter error, period adjustments for meter error may not exceed three years prior to the date on which the discovering party provides notice to the other party. When a Gas meter is calibrated/inspected, SoCalGas shall confirm, where applicable, that the meter accuracy/condition is within the meter

manufacturer's specifications for a field application and meets CPUC accuracy verification requirements. SoCalGas shall conduct such calibration and confirmation by using its NIST-traceable equipment, also known as its secondary field standards. If any Interconnector's request for special calibration shows that the combined measurement error does not exceed one percent (1%), then the cost of such requested special calibration shall be borne by Interconnector. In the event that any test of the metering equipment yields a combined measurement error greater than one percent (1%), then the cost of such requested special test and subsequent calibration shall be borne by SoCalGas.

(f) Measurement Accuracy - The accuracy of all measuring equipment shall be verified and/or calibrated by SoCalGas according to SoCalGas' recommended equipment maintenance schedules and using NIST traceable secondary standard equipment and transfer proving devices. Where meter manufacturer's accuracy specifications and methods meet or exceed SoCalGas procedures and CPUC requirements for accuracy, SoCalGas will endeavor to provide calibration accuracy methodology and frequency conformance to such specifications. Electronic transmitters shall be calibrated if any verification/calibration point is found to be out of calibration in excess of plus or minus one-tenth of one percent ( $\pm 0.10\%$ ) of NIST traceable field calibration standards. Additionally, transmitters shall be calibrated if a bias occurs in a single direction (either positive or negative) for a consecutive period of three (3) months (transmitters shall be calibrated, to remove this bias, in the third (3<sup>rd</sup>) month of this period). All electronic transmitter verifications and calibrations shall meet or exceed the requirements defined in applicable API and AGA standards and publications. SoCalGas reserves the right to adopt and migrate to revisions of such standards in a manner which is logistically practical and economically cost-effective for its operations, and which affords Interconnector the same consideration. SoCalGas will provide Interconnector six (6) months notice where such changes may impact operations, equipment energy calculations and/or costs. Conversely, SoCalGas will not contemporaneously adopt the latest revision to such standards at Interconnector's request or as any statutory interpretation of this Agreement without careful consideration of the foregoing. Where migration to standards revisions requested by Interconnector results in incremental SoCalGas equipment, processes, data systems, employee training or other resource allocations, Interconnector shall provide SoCalGas funding for any and all migration and implementation costs. SoCalGas shall make available to Interconnector on as current basis as reasonably feasible any electronic measurement data if compatible with Interconnector's electronic files (not "hard copy") that SoCalGas obtains related to Gas delivered at the Interconnection Point. The Parties recognize the value of implementing utilization of electronic measurement devices (to the extent they are recognized in the Gas industry as dependable, accurate and cost effective) and shall jointly cooperate to implement the installation of such devices, and sharing the data therefrom, to provide as current measurement information to each other as reasonable under the circumstances; however, no particular electronic measurement device or method of sharing of electronic data therefrom (on a real time basis or otherwise) shall be required unless mutually agreed. Each Party shall be responsible for the cost, compatibility and operation of its own measurement-related electronic systems.

(g) Measurement Calculation - The Mcf and Btu values determined by SoCalGas shall be utilized for the calculation of deliveries of Gas to SoCalGas, subject to any subsequent adjustments as provided above. Calculation of metered Gas volumes shall be performed in

accordance with the most recent version of the applicable AGA standards and SoCalGas' measurement and billing procedures. The determination of Gas components shall be completed utilizing a Gas chromatograph approved by the CPUC and SoCalGas that will be linked to the flow-measuring device (completing real-time volume and energy calculations).

(h) Odorant - In the event that Gas delivered by Interconnector at the Interconnection Point is required by SoCalGas to be odorized, the odorant shall be a commercially available odorant blend agreed to by SoCalGas and the odorant concentration shall conform to DOT 192.625 and as otherwise required by SoCalGas. Interconnector shall provide SoCalGas a minimum of thirty (30) calendar days written notice prior to making any changes in the quality or quantity of odorant in the Gas stream.

(i) Suspension of Deliveries/Receipts –

(i) Either Party may suspend deliveries or receipts immediately, and at any time, in the event that:

- 1) there is any system or pipeline operations or other action or inaction, that could impair the safety or reliability of either Party's facilities or systems, or could impair the deliverability of the Gas to be delivered through the Interconnection Point, or would constitute a material default of this Agreement,
- 2) there is no CPOBA in effect governing the resolution of imbalances between the quantities of Gas confirmed and scheduled, and the quantities of Gas delivered, to the Interconnection Point, or
- 3) the CPUC, or any other administrative agency with jurisdiction over the subject matter hereof, materially changes, alters or modifies this Agreement, such that a Party is deprived of its benefits anticipated herein.

(ii) The Party suspending deliveries or receipts will provide notice to the other Party of such suspension and the cause, to the extent identifiable, as soon as commercially reasonable. In the event such suspension continues for a period of six (6) months without either resolution of the underlying situation, or a mutually agreed upon written plan of resolution, either Party may terminate this Agreement at any time thereafter upon providing an additional thirty (30) calendar days written notice.

**SECTION 5**  
**ASSIGNMENT**

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

(i) 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 Interconnector or SoCalGas, as the case may be and when the assignment is to a parent, affiliate or subsidiary of a Party hereto; or

(ii) When either 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 Party shall be provided prior written notice thereof; or

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

**SECTION 6**  
**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 6 are as follows:

Interconnector:  
Mailing Address:

Telefax Number:

SoCalGas:

Mailing Address: Southern California Gas Company  
Box 3249, M.L. \_\_\_\_\_  
Los Angeles, California 90051-1249

Telefax Number: (213) 244-\_\_\_\_\_

(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:

Interconnector:

Confirmation Telephone:

Contact:

SoCalGas:

Confirmation Telephone: (213) 244-\_\_\_\_\_

Contact:

(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) calendar days written notice.

## **SECTION 7**

### **LIMITED WARRANTY**

(a) SoCalGas Services - SoCalGas warrants to Interconnector that any work performed by SoCalGas hereunder 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) Interconnector Services - Interconnector warrants to SoCalGas that any work performed by Interconnector hereunder will meet or exceed all generally accepted industry standards for this type of work. Interconnector disclaims any other warranty, express or implied, and disclaims all implied warranties of fitness for intended purpose.

(c) 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 Interconnector 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 8**

### **INDEMNITY**

(a) Indemnity - Each Party shall be solely responsible for and shall indemnify, defend and hold harmless the other Party, its parent and affiliates including its officers, Board of Directors, agents, contractors, and employees thereof against losses, costs and expenses (including in-house and outside attorneys' fees), claims, enforcement actions, judgments or other obligations or liabilities, resulting from physical injury to property or person, or a violation of a local, state or federal common law; statute or representation, arising from the indemnifying Party's performance or nonperformance of its obligations under this Agreement; provided, however, that neither Party shall be obligated to indemnify the other Party against any losses, however caused, which arise in whole or in part from the sole negligence, or willful or criminal misconduct of that Party.

(b) Risk of Loss - Risk of loss of all Gas shall pass at the Interconnection Point. SoCalGas shall not be responsible to Interconnector or Interconnector's Service Requester(s) for any Gas losses or delays (due to operating conditions or constraints, force majeure or otherwise) or damages or injuries occurring on Interconnector's side of the Interconnection Point and Interconnector shall not be responsible to SoCalGas or SoCalGas' Service Requester(s) for Gas losses or delays (due to operating conditions or constraints, force majeure or otherwise) or

damages or injuries occurring on SoCalGas' side of the Interconnection Point; provided that if the damages or injuries are caused by or attributable to excessive pressure or the quality of Gas that Interconnector or Interconnector's Service Requester(s) delivers at the Interconnection Point, then Interconnector or Interconnector's Service Requester(s) agrees to be responsible and shall be responsible for all such damages or injuries.

## **SECTION 9** **DISPUTE RESOLUTION**

(a) **Disputes** - The Parties shall use their best efforts to resolve any disputes arising out of or pertaining to the provisions of this Agreement informally by good faith negotiations. Any such dispute that cannot be resolved shall be submitted to the CPUC for resolution under whatever process is then currently available.

## **SECTION 10** **MISCELLANEOUS**

(a) **Choice of Law** - 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) **Compliance with Law** - This Agreement and the terms and conditions herein are subject to all present and future valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. SoCalGas shall provide notice to the Interconnector prior to filing any request for a change to its tariffs that would affect this Agreement.

(c) **Force Majeure** - In the event a Party is rendered unable, wholly or in part, by an event of force majeure (as defined in SoCalGas' tariff) to carry out its respective obligations under this Agreement, it is agreed that upon such Party giving notice and reasonably full particulars of such event of force majeure in writing, electronic mail or by telecopy or by telephone (and confirmed in writing within seventy-two (72) hours thereafter), to the other Party within a reasonable time after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as they are affected by such event of force majeure, shall be suspended during the continuance of the effects of the cause, but for no longer period and the Party subject to such cause shall remedy it so far as possible with all reasonable dispatch. No event of force majeure shall affect any Party's ability to suspend performance as set forth in Section 4(i) herein.

(d) **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.



(e) 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.

(f) 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 Party, which approval shall not be unreasonably withheld.

(g) Credit –

(i) Any Interconnector which is delivering Gas into the SoCalGas system under an existing access agreement, as of August 23, 2007 - the effective date of D.07-08-029, shall be deemed creditworthy unless the Interconnector shows a pattern of material past due payments or the Interconnector's financial condition has materially degraded.

(ii) SoCalGas shall have the right, but not the obligation, to reevaluate the creditworthiness of any Interconnector whenever such Interconnector fails to fulfill its financial obligations under this Agreement or whenever the financial condition of the Interconnector has materially changed, including but not limited to a change or transition in ownership, a request for a substantial increase in the amount of Gas to be delivered to SoCalGas has been made, or significant under-deliveries have occurred.

(iii) In the event a reevaluation of credit of an existing Interconnector is deemed necessary by SoCalGas, or if Interconnector is a new Interconnector, such Interconnector shall provide SoCalGas with such Interconnector's most recent annual report and the Interconnector's most recent SEC Form 10-K or a copy of the Interconnector's audited financial statement.

(iv) The creditworthiness evaluation may be performed by an outside credit analysis agency selected by SoCalGas, with final credit approval granted by SoCalGas. The creditworthiness evaluation shall consider the credit facilities that are already in place between SoCalGas and the Interconnector and the Interconnector's affiliate(s) so that the credit coverage is not duplicative. Also, a third party (the "Guarantor") shall be allowed to assume creditworthiness on behalf of the Interconnector in accordance with the following provisions:

- 1) SoCalGas may accept a guaranty in an amount, from an issuer, and in a form acceptable to SoCalGas in its sole discretion (the "Guaranty") from the Guarantor.
- 2) The Guarantor shall deliver and maintain the Guaranty until such time when the Interconnector is able to demonstrate the Interconnector's creditworthiness to SoCalGas, as determined by SoCalGas in its sole discretion. The Interconnector shall be in default of this Agreement if a replacement guaranty (in a form, from an issuer and in an amount acceptable to SoCalGas

in its sole discretion) or a cash deposit or letter of credit in an amount determined by SoCalGas in accordance with Section 10(g)(v) is not received within fifteen (15) calendar days of SoCalGas' notice to the Interconnector of a determination that the Guarantor is no longer creditworthy (or SoCalGas is unable to determine the creditworthiness of the Guarantor), as determined by SoCalGas in its sole discretion.

(v) In the event SoCalGas denies the Interconnector or its Guarantor an unsecured line of credit, SoCalGas shall provide the Interconnector, within seven (7) calendar days of the denial of credit, with an explanation as to why the Interconnector or its Guarantor was denied credit. If the Interconnector or its Guarantor is denied an unsecured line of credit, SoCalGas shall accept as a security deposit, for a secured line of credit, a cash deposit, or letter of credit or other instrument acceptable to SoCalGas that meets the following criteria: the Interconnector's Interconnect Capacity multiplied by 40 days, and then multiplied by the average of the Average California/Arizona border price index for delivery into SoCalGas ("Daily Index – SoCal Border") as reported by the Intercontinental Exchange ("ICE") (or its legal successor) for each day of the immediately preceding calendar month. If, for any reason, ICE (or its legal successor) ceases to be available, the price index will be based on another generally accepted available publication selected by SoCalGas in its sole discretion.

(h) No Dedication - Nothing herein shall be construed as a dedication by any Party of its respective facilities to the other Party or to or for the benefit of any third party. Both Parties may each construct such facilities on their respective systems, as they may deem necessary or appropriate in their sole discretion. Nothing herein obligates either Party to construct any additional facilities (including measuring facilities) or to modify any future facilities not described herein or existing facilities to provide for the receipt or delivery of Gas contemplated hereunder.

(i) Information - Each Party shall have the right to request, and upon such request, the other Party shall provide, information that is sufficient to meet its obligations and to enforce its rights under this Agreement including the verification of the accuracy of any computation contemplated under this Agreement. If the information is considered confidential, then the disclosing Party shall identify it as such and the receiving Party shall treat it as such. Notwithstanding the above, no Party shall be required to provide the other Party with information that is confidential, proprietary, or in violation of the rules and regulations of either the FERC or CPUC.

(j) 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.

(k) Regulation - This contract shall at all times be subject to such changes or modifications by the CPUC as said Commission may from time to time direct in the exercise of its jurisdiction.

(l) Context - Whenever the context may require, the singular form of nouns, pronouns and verbs shall include the plural and vice versa. Unless otherwise stated, a reference to a paragraph shall include all sub-paragraphs, e.g., a reference to section 2 shall, unless otherwise indicated, include paragraph 2(a), 2(b), 2(c), and so on.

(m) Survivability - Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of that prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of that provision in any other jurisdiction. Notwithstanding any termination of this Agreement for any reason, Sections 7, 8 and 10 shall survive.

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.

INTERCONNECTOR

\_\_\_\_\_

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

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

SOUTHERN CALIFORNIA GAS COMPANY

\_\_\_\_\_

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

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

**EXHIBIT A: INTERCONNECTOR'S FACILITIES**

**TO THE CALIFORNIA PRODUCER INTERCONNECTION AGREEMENT**

between

\_\_\_\_\_ and  
Southern California Gas Company  
Dated: \_\_\_\_\_, 20\_\_

**EXHIBIT B: INTERCONNECTION POINT AND SOCALGAS' FACILITIES**

**TO THE CALIFORNIA PRODUCER INTERCONNECTION AGREEMENT**

between

\_\_\_\_\_ and  
Southern California Gas Company  
Dated: \_\_\_\_\_, 20\_\_

SAMPLE FORMS - CONTRACTS  
California Producer Interconnect Collectible System  
Upgrade Agreement - Form No. 6456

N  
N  
N

(See Attached Form)

N

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4177-A  
DECISION NO. 07-08-029,10-09-001

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Nov 18, 2013  
EFFECTIVE Feb 1, 2015  
RESOLUTION NO. G-3489

## EXHIBIT C

### CALIFORNIA PRODUCER INTERCONNECT COLLECTIBLE SYSTEM UPGRADE AGREEMENT

This Agreement (“Agreement”) is entered into as of \_\_\_\_\_[date] (“Effective Date”) by and between Southern California Gas Company (“SoCalGas”) and \_\_\_\_\_[company name], a \_\_\_\_\_[type] company (“Interconnector”). SoCalGas and Interconnector 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 is involved in the receipt and redelivery of natural gas to its customers; and

WHEREAS, Interconnector owns and controls natural gas which is capable of being physically delivered into SoCalGas’ pipeline system within the State of California; and

WHEREAS, Interconnector is a \_\_\_\_\_[company type] and would benefit from SoCalGas being capable of receiving Gas at the Interconnection Point for redelivery to customers; and

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

#### **SECTION 1** **SCOPE OF AGREEMENT**

(a) Scope - This Agreement sets forth the terms and conditions under which SoCalGas or Interconnector agrees to design, engineer and construct Gas facilities including pipelines, meters, regulators and appurtenant facilities and related system upgrades in order to provide the Interconnect Capacity from Interconnector’s pipeline facilities near \_\_\_\_\_ in \_\_\_\_\_, California to SoCalGas’ existing utility system. Such facilities, which include all facilities and equipment necessary for receipt of Interconnector’s Gas, shall permit Gas to be delivered by Interconnector to SoCalGas pursuant to the California Producer Interconnection Agreement (“CPIA”) and California Producer Operational Balancing Agreement (“CPOBA”) between the Parties dated \_\_\_\_\_[date], for the account of itself or its affiliates or third parties for transport on SoCalGas’ pipeline system in California. Interconnector agrees to pay the actual costs for SoCalGas’ Facilities if constructed by SoCalGas hereunder. Payment by Interconnector does not imply that Interconnector is entitled to receive transportation services from the Interconnection Point under this Agreement. Attached hereto as Exhibit A and incorporated by reference herein is a map on which the Interconnector’s Facilities are indicated generally. The Interconnection Point and SoCalGas’ Facilities (see definition for each below) are indicated generally on the map attached hereto as Exhibit B, and incorporated by reference herein.



(b) Definitions - For purposes of this Agreement the following words when used herein shall have the meaning set forth below:

(i) “SoCalGas’ Facilities” shall mean the Gas pipelines, appurtenant facilities, meters, regulators, quality measurement, other equipment and related system upgrades at and from the Interconnection Point, for receipt into SoCalGas’ system in the state of California pursuant to this Agreement. SoCalGas’ Facilities shall be owned and operated by SoCalGas.

(ii) “CPUC” shall mean the Public Utilities Commission of the State of California.

(iii) “Gas” shall mean any mixture of hydrocarbons or of hydrocarbons and non-combustible gases, in a gaseous state, consisting essentially of methane, that is of general merchantable quality and meeting the quality specifications of SoCalGas’ tariffs, rules and other applicable regulations.

(iv) “In-Service Date” is that date when SoCalGas’ Facilities from the Interconnection Point are operationally capable of utilizing the Interconnect Capacity on a continuous basis for Gas deliveries from Interconnector, and receipt thereof by SoCalGas at the Interconnection Point. This does not address whether the Interconnector has established the physical capability for the Interconnect Capacity at the Interconnection Point nor does it address whether SoCalGas has established the physical takeaway capability for the Interconnect Capacity downstream of the outlet of SoCalGas’ Facilities at the Interconnection Point.

(v) “Interconnect Capacity” shall be as defined in the CPIA. Interconnect Capacity does not reflect SoCalGas’ ability to provide takeaway capacity from the outlet of SoCalGas’ Facilities at the Interconnection Point.

(vi) “Interconnection Point” shall mean that point where SoCalGas’ Facilities and Interconnector’s Facilities physically interconnect for delivery of Gas by Interconnector to, and receipt thereof by, SoCalGas as set forth on Exhibit B.

(vii) “Interconnector’s Facilities” shall mean those Gas pipeline facilities, as shown generally on Exhibit A, to be constructed and operated by Interconnector up to the Interconnection Point.

(c) 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 Interconnector’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 Interconnector 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 Interconnector an opportunity to take such actions as necessary to assist SoCalGas in eliminating the concern.

## **SECTION 2** **CONDITIONS PRECEDENT**

(a) Intent - This Agreement establishes the intent of the Parties that they shall attempt diligently, and cooperate with each other in good faith, to discharge promptly all conditions set forth in Subsection 2(b) prior to the dates specified below. In the event such conditions are not satisfied or waived by the date applicable thereto, this Agreement may be terminated as specified in Subsection 2(d).

(b) Conditions:

(i) Governmental Authorizations:

1. Interconnector: On or before \_\_\_\_\_[date], Interconnector shall have received and accepted from any and all applicable governmental entities all material authorizations necessary for the construction and operation of Interconnector's Facilities.

2. SoCalGas: On or before commencement of construction, SoCalGas shall have received and accepted: (1) from the CPUC, if necessary, authorizations approving this Agreement, and provided that such authorizations are, in the sole discretion of SoCalGas, acceptable to SoCalGas; and (2) from any other governmental or local agency, if necessary in SoCalGas' sole judgment, the proper approvals required for SoCalGas to dispense its duties under this Agreement.

(ii) Interconnector Commitments: If Interconnector elects to have SoCalGas construct any of SoCalGas' Facilities, on or before commencement of construction, Interconnector shall have paid SoCalGas for SoCalGas' total estimated expenditures/investments related to the interconnection of Interconnector's Facilities to SoCalGas' Facilities as set forth in Section 3 (c) herein. If Interconnector elects to construct any of SoCalGas' Facilities ("Self-Build Alternative"), on or before commencement of construction, Interconnector shall have paid SoCalGas' total estimated costs for SoCalGas' activities in support of the Self-Build Alternative as set forth in Exhibits C and D.

(iii) SoCalGas Commitments: On or before commencement of construction, SoCalGas shall have accepted payment by Interconnector of the total estimated expenditures/investments related to the interconnection of Interconnector's Facilities to SoCalGas' Facilities as set forth in Section 3 (c) and/or Exhibit D herein.

(c) Notification - Each Party shall notify the others in writing whenever in its sole opinion any of the foregoing conditions in Subsection 2(b) have been satisfied. Interconnector shall retain the right to waive conditions 2(b)(i)(2) and SoCalGas shall retain the right to waive conditions 2(b)(i)(1) and 2(b)(ii) (but no such condition may be waived except in writing).

(d) Termination Conditions - In the event that any of the conditions in subsection 2(b) have not been satisfied or waived by all Parties by the date specified therein, the Parties shall meet within fifteen (15) calendar days following such date to discuss in good faith whether or not 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) calendar days after the first meeting on such matter, this Agreement may either (i) be extended up to an additional ninety (90) calendar days thereafter by mutual consent obtained on or before such 45th day, or (ii) be terminated if any Party, within fifteen (15) calendar days thereafter, gives ten (10) calendar days prior written notice; provided, however, such termination shall not become effective if such condition under Subsection 2(b) 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 applying for or obtaining satisfaction of the conditions specified in Subsection 2(b).

(f) Termination Charges - In the event that this Agreement is terminated under Subsection 2(d), Interconnector shall pay SoCalGas the actual costs of that portion of SoCalGas' Facilities constructed to date plus any other costs already incurred and other unavoidable costs incurred or to be incurred by SoCalGas arising out of SoCalGas' performance pursuant to this Agreement.

### **SECTION 3**

#### **CONSTRUCTION, PAYMENT, AND OPERATIONS**

(a) Description of Interconnection Facilities - Interconnector's Facilities shall interconnect with the SoCalGas' Facilities at the Interconnection Point. All deliveries of Gas by Interconnector to SoCalGas for transport shall occur at the Interconnection Point. All Interconnector's and SoCalGas' Facilities shall meet SoCalGas' minimum specifications for materials, installation, testing and acceptance.

(b) Installation of Facilities

(i) At the Interconnection Point, Interconnector shall install such piping, regulators, valves, separators, quality measurement, odorant or other equipment as the Parties mutually agree are necessary on the Interconnector's system to deliver at the Interconnection Point Gas volumes in an amount up to the Interconnect Capacity (or such other volume as

mutually agreed) at a delivery pressure sufficient to enter the SoCalGas system at the Interconnection Point, but not to exceed the Maximum Allowable Operating Pressure (MAOP), as solely determined by SoCalGas.

(ii) SoCalGas shall design, engineer, acquire permits and rights-of-way for, if necessary, construct, and install such piping, regulators, valves, meters, separators, quality measurement, odorant or other equipment, as it deems necessary to have the capability to measure, regulate, and receive from the Interconnection Point Gas volumes in an amount up to the Interconnect Capacity (or such other volume as mutually agreed).

(iii) In the event Interconnector elects to design, permit, and/or construct any of SoCalGas' Facilities at its own costs per the Self-Build Alternative, the terms and conditions contained in Exhibits C and D shall apply.

(iv) No SoCalGas Facilities which are to be paid for by Interconnector shall be designed, engineered or constructed by SoCalGas without Interconnector's prior written approval of the total estimated cost, as set forth in Exhibit C. Interconnector acknowledges that the total estimated cost is an estimate only and that Interconnector will be responsible for SoCalGas' actual costs including, but not limited to, its labor, procurement, permits and associated fees, indirect costs and internal overheads, of designing, engineering, installing and constructing any facilities described in Exhibit C, including any related income tax liability thereon, whether or not such costs are above or below advance payments made or detailed cost estimates provided to Interconnector by SoCalGas.

(v) SoCalGas shall submit to Interconnector, as available from time to time, any proposal regarding the scope of services to be performed, and schedules for construction (including ordering materials) and estimated costs related to implementing such Interconnection Capacity as set forth in Exhibit C, based on the mutually agreed date projected as the In-Service Date (as determined in good faith from time to time).

(vi) Interconnector shall, within a reasonable period of time given the nature of any such proposal, accept or reject any such proposal in writing.

(vii) Interconnector shall be solely responsible hereunder for any failure by SoCalGas to timely complete SoCalGas' Facilities at the Interconnection Point delaying the In-Service Date including all costs resulting therefrom, which failure is solely attributable to Interconnector's delay or refusal in approving any reasonable proposal by SoCalGas.

(viii) Prior to SoCalGas making any financial commitment hereunder, SoCalGas, in its sole discretion, shall be satisfied that Interconnector has the financial capability of performing fully any payment obligations to SoCalGas that may arise in connection therewith.

(ix) If the Interconnection Point or any related facilities are deemed noncompliant with any order, rule or regulation of any governmental agency as interpreted by SoCalGas, SoCalGas shall send Interconnector a notice of the noncompliance along with a cost estimate and scope of additional work for correction that would be done pursuant to the terms

herein. The Interconnector shall have thirty (30) calendar days to respond to SoCalGas with payment of estimated costs for the specified remediation project. If the correction work qualifies to be done as part of Interconnector's Self-Build Alternative, Interconnector may respond within such thirty days and elect to self-build pursuant to the terms of Exhibit D. At such time Interconnector must pay SoCalGas' estimated costs to be incurred for the Self-Build Alternative and guarantee that the completion date for the work will be the earlier of 1) such completion date as prescribed by a governmental agency, or 2) within six (6) months. Failure by Interconnector to provide an acceptable response to SoCalGas shall result in a suspension of access at the Interconnection Point until such time as the identified issue is corrected to SoCalGas' satisfaction.

(c) Payment by Interconnector - Interconnector shall advance SoCalGas' total estimated costs set forth within the scope of an approved Exhibit C and Exhibit D, if applicable. After a final accounting has been made by SoCalGas but in no event later than \_\_\_\_\_[date], Interconnector shall reimburse SoCalGas for its actual costs above the prepaid estimated costs, including indirect costs and overheads, carrying costs, designing, engineering, installing, permitting and constructing SoCalGas' Facilities set forth in an approved Exhibit C and Exhibit D, and including any related income, CIAC, or other tax liability thereon, even if such costs are above cost estimates provided to Interconnector by SoCalGas within thirty (30) calendar days of invoice from 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 Interconnector.

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

(d) Interconnector Guaranty - In the event that on or before, \_\_\_\_\_, the In-Service Date has not occurred, SoCalGas shall invoice Interconnector and Interconnector shall within ninety (90) calendar days following receipt of the invoice, reimburse SoCalGas for the actual costs unpaid to date (including indirects, overheads, and carrying costs if applicable) of all SoCalGas' Facilities constructed and services provided pursuant to this Agreement.

(e) Coordination - The Parties shall cooperate together and establish such procedures as may be deemed appropriate by the Parties to coordinate the design, planning, construction and completion by the In-Service Date of Interconnector's and SoCalGas' Facilities at the Interconnection Point.

(f) General Indemnity - As between SoCalGas on the one hand, and Interconnector on the other hand, each Party shall be solely responsible for, and shall indemnify, defend and hold the other Party and its officers, shareholders, employees, agents, representatives, successors and assigns harmless from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, costs or expenses including without limitation, reasonable attorneys fees (including fees and disbursements of in-house and outside counsel) of

any kind whatsoever to the extent resulting from the indemnifying Party's negligent performance of its obligations pursuant to this Agreement.

(g) Specific Indemnity - As to the actual "tying-in" of the respective facilities constructed by the Parties under this agreement, SoCalGas shall be solely responsible for performing the "tie-in".

#### **SECTION 4** **ASSIGNMENT**

Assignment - Assignment or transfer of the entire rights and obligations of either 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 Interconnector 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 either 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 Party 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 shall not be unreasonably withheld.

#### **SECTION 5** **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 5 are as follows:

Interconnector:

Mailing Address:

Telefax Number:

SoCalGas:

Mailing Address: Southern California Gas Company  
Box 3249, M.L. \_\_\_\_\_  
Los Angeles, California 90051-1249

Telefax Number: (213) 244-

(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:

Interconnector:

Confirmation Telephone:

Contact:

SoCalGas:

Confirmation Telephone: (213) 244-

Contact:

(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) calendar days written notice.

**SECTION 6**  
**LIMITED WARRANTY**

(a) Services - SoCalGas warrants to Interconnector that the work 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) Interconnector Services - Interconnector warrants to SoCalGas that any work performed by Interconnector hereunder will meet or exceed all generally accepted industry standards for this type of work. Interconnector disclaims any other warranty, express or implied, and disclaims all implied warranties of fitness for intended purpose except to the extent described in Exhibit D, and hereby waives any and all claims against SoCalGas that arise from any work performed by Interconnector.

(c) 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 Interconnector 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 7**  
**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 the event a Party is rendered unable, wholly or in part, by an event of force majeure (as defined in SoCalGas' tariff) to carry out its respective obligations under this Agreement, it is agreed that upon such Party giving notice and reasonably full particulars of such event of force majeure in writing, electronic mail or by telecopy or by telephone (and confirmed in writing within seventy-two (72) hours thereafter), to the other Party within a reasonable time after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as they are affected by such event of force majeure, shall be suspended during the continuance of the effects of the cause, but for no longer period and the Party subject to such cause shall remedy it so far as possible with all reasonable dispatch. In the event of a delay caused by a force majeure event, the time for completion shall be extended by a period of time reasonably necessary to overcome the effect of such delay.



(c) 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.

(d) 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.

(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 negotiation, will be submitted to the CPUC for resolution.

(g) Term - This Agreement shall become effective on the Effective Date provided at the beginning of this Agreement and, unless terminated earlier, continue until the “In Service Date” for Interconnector’s Facilities.

(h) 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.

(i) 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 calendar days notice or immediately if necessary to comply. In such event Interconnector remains liable for payment of those costs incurred by SoCalGas pursuant to any approved Exhibit B up to such date.

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.

INTERCONNECTOR

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

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

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

SOUTHERN CALIFORNIA GAS COMPANY

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

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

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

**EXHIBIT A: INTERCONNECTOR'S FACILITIES**

**TO THE CALIFORNIA PRODUCER INTERCONNECT COLLECTIBLE SYSTEM  
UPGRADE AGREEMENT**

between

\_\_\_\_\_ and  
Southern California Gas Company  
Dated: \_\_\_\_\_, 20\_\_

**EXHIBIT B: INTERCONNECTION POINT AND SOCALGAS' FACILITIES**  
**TO THE CALIFORNIA PRODUCER INTERCONNECT COLLECTIBLE SYSTEM**  
**UPGRADE AGREEMENT**

between

\_\_\_\_\_ and  
Southern California Gas Company  
Dated: \_\_\_\_\_, 20\_\_

**EXHIBIT C: SCOPE OF SERVICES**

**TO THE CALIFORNIA PRODUCER INTERCONNECT COLLECTIBLE SYSTEM  
UPGRADE AGREEMENT**

between

\_\_\_\_\_ and  
Southern California Gas Company  
Dated: \_\_\_\_\_, 20\_\_

**EXHIBIT D: SELF-BUILD ALTERNATIVE**

**TO THE CALIFORNIA PRODUCER INTERCONNECT COLLECTIBLE SYSTEM  
UPGRADE AGREEMENT**

between

\_\_\_\_\_ and

Southern California Gas Company

Dated: \_\_\_\_\_, 20\_\_

**1. Design**

Where Interconnector chooses to design, permit, and install certain SoCalGas' Facilities ("Self-Build Facilities"), all work must be performed in accordance with (a) SoCalGas' planning and design criteria, specifications for equipment and material, construction standards and methods, and operational and maintenance requirements, (all of which SoCalGas shall make reasonably available to Interconnector for Interconnector's inspection and subsequent use) and (b) all applicable jurisdictional permit requirements. SoCalGas reserves the right to provide to Interconnector and Interconnector shall accept and use if provided, certain elements of the design of SoCalGas' choosing, including, but not limited to, the measurement elements of the design such as the meter and the Gas chromatograph. Interconnector shall be responsible for and will pay any and all of SoCalGas' costs associated with SoCalGas' oversight, coordination, inspection, review and acceptance of Interconnector's design, permitting, and construction work for the Self-Build Facilities, including applicable overheads and third party costs.

**2. Contractors**

All design, jurisdictional permitting, and construction work must be performed using qualified employees, agents and/or contractors. At a minimum, Interconnector, its agent(s), designer(s) and/or contractor(s) shall (a) be licensed in California for the appropriate type of work, (b) employ workers properly qualified and skilled, (c) comply with applicable laws, (d) carry statutorily required workers' compensation insurance, employers' liability insurance, and at least One Million Dollars (\$1,000,000.00) in general commercial liability insurance naming SoCalGas as an additional named insured, and (e) indemnify SoCalGas and hold it harmless from all liability in connection with Interconnector's or its contractor's, designer's or agent's work.

**3. Self-Build Facilities Installation**

Interconnector shall be responsible for all construction, equipment and facility requirements related to the Self-Build Facilities at Interconnector's expense, including, but not limited to, all trenching/excavation, backfilling compaction, surface repair, including furnishing any imported backfill material required, and furnishing and installing all pipes, valves, fittings, regulators, meters and substructures, all in accordance with SoCalGas' specifications.

#### **4. Acceptance of Self-Build Facilities**

SoCalGas shall have, at its sole discretion, the right to approve that the design, permit and/or construction of Self-Build Facilities comply with SoCalGas' standards, specifications and requirements. SoCalGas shall have the right to (a) inspect all construction work, (b) review all final control and measurement system(s) programming and configuration, (c) perform acceptance testing, and (d) commission Self-Build Facilities, all of which shall be performed by SoCalGas' personnel and/or agents and shall be paid for by Interconnector. Where Self-Build Facilities are at a new location, Interconnector shall allow SoCalGas thirty (30) calendar days following the completion of construction for programming, testing and commissioning activities prior to commencement of deliveries at the Interconnection Point.

#### **5. Ownership of Self-Build Facilities**

Upon formal acceptance of the Interconnector-designed and constructed Self-Build Facilities by SoCalGas, ownership of such Self-Build Facilities shall transfer to (and vest in) SoCalGas by executing a California Producer Agreement for Transfer of Ownership of Interconnection Point Systems (Form 6458). All Self-Build Facilities installed pursuant to this Agreement or otherwise shall be and remain at all times, the sole property of SoCalGas. If the Self-Build Facilities are no longer used to accept and receive Interconnector's Gas into SoCalGas' system, the Parties may mutually agree for Interconnector to repurchase such Self-Build Facilities, excluding any equipment which contained, or may have contained, odorant (including, but not limited to, odorant tanks), following Interconnector's payment for Self-Build Facilities removal and restoration of the site to its condition prior to the construction of the Interconnection Point pursuant to this Agreement.

#### **6. Maintenance of Self-Build Facilities**

Only SoCalGas' employees or agents shall be allowed to connect to, disconnect from, operate, maintain, or perform any work on SoCalGas' system. Interconnector, for the life of the Agreement or Self-Build Facilities, whichever is longer, shall remain obligated to reimburse SoCalGas for any and all reasonable costs incurred by SoCalGas associated with the maintenance, operation, capital enhancement and decommissioning of Self-Build Facilities, as deemed necessary or appropriate by SoCalGas. Interconnector hereby grants to SoCalGas, its successor and assigns, the right of ingress to and egress from Interconnector's premises at all reasonable hours for any purposes reasonably connected with the operation and maintenance of the Self-Build Facilities.

#### **7. Warranty**

Prior to the acceptance of the Self-Build Facilities by SoCalGas, Interconnector shall be responsible for (a) the continued maintenance of the Self-Build Facilities to preserve its integrity, (b) the safe and reliable operation of the Self-Build Facilities in accordance with applicable laws, rules, regulations, ordinances and the like, and (c) all injury and damage resulting from operation of the Self-Build Facilities. After transfer, SoCalGas shall assume

responsibility for operation of the Self-Build Facilities and provision of service and shall, per the CPIA and/or the California Producer Interconnect Collectible System Upgrade Agreement (“CPICSUA”), assume liability for operation of the Self-Build Facilities except with respect to defects known to Interconnector and not disclosed to SoCalGas during the transfer of ownership process or breach of Interconnector’s representations. Interconnector warrants that all work and/or equipment furnished or installed by Interconnector or its contractor shall be free of defects in workmanship and material. If Interconnector elects to have any part of the Self-Build Facilities installed by a third party, Interconnector shall require at least a three (3)-year warranty on installation and parts from the contractor and/or supplier of materials and shall assign such warranty to SoCalGas. The warranty period shall begin from the date of final acceptance by SoCalGas and extend for three (3) years. Should the Self-Build Facilities develop defects during that period, SoCalGas, at its election, shall either (a) repair or replace the defective work and/or equipment per the CPIA and/or CPICSUA, or (b) demand that Interconnector repair or replace the defective work and/or equipment. In either event, Interconnector shall be liable for all costs, claims or other liabilities associated with such repair and/or replacement. Interconnector upon demand by SoCalGas shall promptly correct, to SoCalGas' satisfaction and that of any governmental agency having jurisdiction, any breach of any warranty.

## **8. Environmental Terms and Conditions**

8.1 For purposes of this Agreement, the following terms shall have the following meanings:

8.1.1 The term “Hazardous Material” or “Hazardous Materials” means any chemical, substance, material, controlled substance, object, product, by-product, residual, condition, solid or hazardous waste or any combination thereof, which is hazardous to human health or safety or the environment due to its ignitability, corrosivity, reactivity, toxicity, or other harmful or potentially harmful properties or effects. Hazardous Materials include, without limitation, any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related material, and substances defined as “hazardous substances,” “hazardous material,” “hazardous wastes,” or toxic substances” in, under or pursuant to any EH&S Law (as that term is defined below). “Hazardous Materials” shall also include oil or petroleum and petroleum products, asbestos and any asbestos containing materials, radon, polychlorinated biphenyls (PCBs), urea formaldehyde insulation, lead paints and coatings, and all of those chemicals, substances, materials, products, controlled substances, objects, conditions and waste or combinations thereof which now are, or become in the future, listed, defined or regulated in any manner by any EH&S Law (as that term is defined below).



8.1.2 "EH&S Law" means applicable federal, state, regional, county, municipal or local law, regulation, decision of the courts, ordinance, rule, code, order, directive, guideline, authorization or approval, permit, or permit conditions which, now or in the future, relate in any way to worker or workplace safety, EH&S conditions, EH&S quality or policy, or health and safety issues or concerns (including product safety). EH&S Law includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 USC, Section 9601 et seq.), the Resource Conservation and Recovery Act (42 USC, Section 6901 et seq.), the Federal Water Pollution Control Act (33 USC, Section 1251 et seq.), the Safe Drinking Water Act (42 USC, Section 300 et seq.), the California Safe Drinking Water and Toxic Enforcement Act of 1986 (aka Proposition 65), the Hazardous Materials Transportation Act (49 USC, Section 1801 et seq.), the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code, Section 25300 et seq.), the Toxic Substance Control Act (15 USC, Section 2601 et seq.) the California Hazardous Waste Control Law (California Health & Safety Code, Section 25100 et seq.), the Occupational Safety and Health Act (29 USC, Section 651 et seq.), the California Occupational Safety and Health Act (California Labor Code, Section 6300 et seq.), the Porter-Cologne Water Quality Control Act (California Water Code, Section 13000 et seq.), and applicable regulations or rules promulgated thereunder.

8.1.3 "Governmental Agency" shall mean any federal, state, regional, county, municipal or local government agency or other public or political body having the jurisdiction, mandate, authority or power to regulate, implement, coordinate, administer or enforce any EH&S Law.

8.2 Interconnector agrees to use, and agrees that it shall require each of its subcontractors, if any, to use only personnel who are qualified and properly trained and who possess every license, permit, registration, certificate or other approval required by any applicable EH&S Law or Governmental Agency to enable such personnel to perform their work involving any part of Interconnector's obligations under this Agreement.

- 8.3 Interconnector agrees that all materials and equipment to be supplied or used by Interconnector or its subcontractors, if any, in the performance of its obligations under this Agreement, including, but not limited to, vehicles, loading equipment, and containers, shall be in good condition and fit for the use(s) for which they are employed by Interconnector or its subcontractor, if any. Interconnector further agrees that none of the materials to be supplied or used by Interconnector and its subcontractors, if any, in the performance of its obligations under this Agreement shall contain asbestos or asbestos-containing materials, unless feasible alternatives or commercially reasonable replacements do not exist or are not available. Such materials and equipment shall at all times be maintained, inspected and operated as required by applicable EH&S Law. Interconnector further agrees that all licenses, permits, registrations and certificates or other approvals required by any EH&S Law or Governmental Agency shall be procured and maintained for such materials and equipment at all times during the use of the same by Interconnector or its subcontractors, if any, in the performance of any of Interconnector's obligations under this Agreement.
- 8.4 Interconnector specifically agrees that in the performance of its obligations under this Agreement, Interconnector shall at all times fully comply with and cause each of its subcontractors, if any, to fully comply with all applicable EH&S Laws. Interconnector shall immediately inform SoCalGas of any conflict between any EH&S Law and any SoCalGas standard practice or description of any of Interconnector's obligations under this Agreement, but such duty to inform shall not relieve Interconnector of any liability or indemnity requirement for failure to comply with all applicable EH&S Laws. Interconnector further agrees that Interconnector shall obtain and maintain in effect at all times, and cause its subcontractors, if any, to obtain and maintain in effect at all times, at its sole cost and expense, all licenses, permits, registrations, certificates, and approvals required by any EH&S Law or by any Governmental Agency for the work undertaken by Interconnector or its subcontractors, if any, and in the performance of Interconnector's obligations under this Agreement.
- 8.5 All Hazardous Materials used in connection with the obligations required under this Agreement shall be promptly and properly managed, containerized, stored, removed, transported and disposed of by Interconnector in accordance with all applicable EH&S Law.
- 8.5.1 Without in any way limiting the foregoing, Interconnector shall not, under any circumstances, cause or permit the

spillage, discharge, emissions, or release of any Hazardous Materials in the performance of Interconnector's obligations under this Agreement. If spillage, discharge, emission, or release should accidentally occur through Interconnector's actions or the actions of its employees, officers, representatives, contractors or subcontractors, then Interconnector shall immediately notify SoCalGas and take such actions in accordance with Section 8.8 below. Furthermore, Interconnector is absolutely prohibited from creating, disposing, recycling, treating, releasing or handling any kind of Hazardous Materials at, on or within any SoCalGas-owned or operated facility or property.

- 8.6 In connection with its performance under this Agreement, Interconnector shall not store any Hazardous Materials for periods in excess of applicable site storage limitations imposed by EH&S Law, other laws or SoCalGas' standard practices, whichever shall be more restrictive. Interconnector shall take, at its expense, all actions necessary to protect third parties, including, without limitation, SoCalGas' tenants, employees, and agents, from any exposure to, or hazards of, Hazardous Materials which are associated in any manner with any of Interconnector's obligations under this Agreement, including, but not limited to, site soils and/or groundwater contamination while they are, or should be, under Interconnector's control, as well as any discharges, releases, and spills of such Hazardous Materials. Furthermore, Interconnector may not store any kind of Hazardous Materials, at, on or within any SoCalGas-owned or operated facility or property, without prior written authorization from SoCalGas, which authorization shall be limited solely to specific Hazardous Materials and quantities thereof identified in a list prepared by Interconnector, and solely to certain, specific SoCalGas facilities and properties identified in a list also prepared by Interconnector of where these Hazardous Materials will be stored.
- 8.7 Interconnector shall comply with all applicable EH&S Laws and the requirements of Governmental Agencies; however, Interconnector shall exert all efforts to reach and consult with SoCalGas' representative prior to making any report to Governmental Agencies pursuant thereto and shall follow SoCalGas' representative's instructions so long as they are consistent with Interconnector's legal obligations.
- 8.8 In the event of any unauthorized release of a Hazardous Material by Interconnector, Interconnector shall perform the following actions:

- (a) Take all reasonable steps necessary to stop and contain said release;
- (b) Make any report of such release as required under EH&S Law;
- (c) Clean up such release as required by the applicable Governmental Agency.

8.9 Interconnector shall immediately notify SoCalGas' representative of the following upon the occurrence of any unauthorized release of Hazardous Material in connection with Interconnector's obligations under this Agreement:

- (a) A description of the release;
- (b) The identification of the Hazardous Material and the volume released;
- (c) Death of any person;
- (d) Property damage;
- (e) Any communication from any Governmental Agency that alleges that Interconnector is not acting in compliance with EH&S Law;
- (f) Any communication from any Governmental Agency that affects any permits or licenses necessary to perform Interconnector's obligations under this Agreement.

8.10 Within 36 hours of the release covered by this Agreement, Interconnector shall submit to SoCalGas' representative a written report, in a format required by SoCalGas, describing in detail any event of any release of a Hazardous Material. Such report shall include the following information:

- (a) Name and address of Interconnector and any subcontractor(s) involved;
- (b) Name and address of Interconnector's commercial and environmental liability insurance carrier;
- (c) Name and address of any injured or deceased persons, if applicable;
- (d) Name and address of any property damage, if applicable;
- (e) A detailed description of the release including the identification of the Hazardous Material, the date and time of the release, the volume released, and the nature of any environmental contamination;
- (f) A determination of whether any of SoCalGas' personnel, equipment, tools or materials were involved;
- (g) A detailed description of all reports made to any Governmental Agency, and a description of the actions taken to respond to the release.

- 8.11 Interconnector shall NOT:
- (a) Transport any Hazardous Material that SoCalGas generated for purposes of treatment, storage, recycling and/or disposal or
  - (b) Conduct any treatment, storage, recycling and/or disposal of any SoCalGas generated Hazardous Material unless specifically authorized by SoCalGas in writing to perform such activities. If Interconnector is authorized by SoCalGas to perform such activities then the following terms and conditions shall apply.
- 8.11.1 Interconnector shall not transport any SoCalGas generated Hazardous Material to any treatment, storage, recycling and/or disposal facility (hereinafter called "TSDF") not authorized by SoCalGas in writing. Prior to transporting SoCalGas generated Hazardous Material in each case, Interconnector shall confirm that the TSDF has procured and maintained in effect all licenses, permits, registrations, certificates or other authorizations required by any EH&S Law or Governmental Agency to lawfully receive, handle, transport, store, treat, recycle, incinerate, dispose of, or otherwise manage or use such Hazardous Material. Interconnector shall not transport any SoCalGas generated Hazardous Material to any TSDF which is unable or fails to provide such confirmation and Interconnector shall immediately notify SoCalGas. SoCalGas reserves the right at any time, in SoCalGas' sole discretion, to cancel its authorization of any TSDF by written notice to Interconnector.
- 8.11.2 SoCalGas shall, when required by EH&S Law, provide Interconnector with a complete and executed Hazardous Waste Manifest or other shipping documentation for SoCalGas generated Hazardous Material to be transported for treatment, storage, recycling and/or disposal. Interconnector's transportation, recycling, treatment, storage, and/or disposal of any such Hazardous Material in accordance with this Agreement shall be documented by Interconnector utilizing, among other things, the Hazardous Waste Manifest tracking system or other records as required by EH&S Law, copies of which shall be provided to SoCalGas within ten (10) calendar days of shipment.
- 8.12 Upon taking possession of and transporting Hazardous Material conforming to SoCalGas' Hazardous Waste Manifest from SoCalGas' facility, or from any other place of transfer, or upon

accepting delivery of SoCalGas' Hazardous Material at an authorized TSDf, whichever circumstances are applicable, the title, risk of loss, and all other incidents of ownership to such Hazardous Material shall be transferred from SoCalGas and vested in Interconnector.

- 8.13 SoCalGas warrants that the Hazardous Waste Manifest(s) or other shipping document required by this Agreement and/or any EH&S Law to be prepared by SoCalGas shall properly identify the Hazardous Material to be transferred to Interconnector.
- 8.14 Interconnector shall provide the following to SoCalGas for each material which Interconnector furnishes under this Agreement:
- (a) A completed Material Safety Data Sheet (MSDS) for each product or substance which contains a Hazardous Material as defined herein; and
  - (b) A written statement for each material that is a Mixture or Trade Name Product which contains a Toxic Chemical subject to the reporting requirements of Section 313 or EPCRA (40 CFR Section 372 et seq.) including:
    - i. The name and associated CAS (Chemical Abstract Services Registry) number of the Toxic Chemical;
    - ii. The specific concentration at which each such Toxic Chemical is present in each such Mixture or Trade Name Product; and
    - iii. The weight of each such Toxic Chemical in each such Mixture or Trade Name Product.

## **9. Indemnification**

- 9.1 Interconnector shall indemnify, defend and hold SoCalGas, its current and future, direct and indirect parent company(ies), subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns (hereinafter, collectively the "Indemnitees") harmless from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, demands, causes of action, costs and expenses including, but not limited to, all reasonable consulting, engineering, attorneys (in-house and outside counsel) or other professional fees including disbursements, which Indemnitees, or any of them, may incur or suffer by reason of:
- (a) Any Hazardous Material brought onto or generated at the site by Interconnector (or anyone under or performing work on behalf of Interconnector) during the Interconnector's performance of its obligations under this Agreement;

- (b) The use, storage, transportation, processing or disposal of Hazardous Materials by Interconnector (or anyone under or performing work on behalf of Interconnector) during the Interconnector's performance of its obligations under this Agreement;
- (c) Any unauthorized release of a Hazardous Material;
- (d) Any enforcement or compliance proceeding commenced by or in the name of any Governmental Agency because of an alleged, threatened or actual violation of any EH&S Law;
- (e) Any action reasonably necessary to abate, remediate or prevent a violation or threatened violation by Interconnector (or anyone under or performing work on behalf of Interconnector) during the Interconnector's performance of its obligations under this Agreement of any EH&S Law; and/or
- (f) Any other cause of whatsoever nature, arising out of or in any way connected with Interconnector's performance or nonperformance of its obligations under this Agreement, and/or Interconnector's willful or negligent acts or omissions in connection therewith; except to the extent the same were caused by the sole negligence or willful misconduct or omissions of the Indemnitees, or any of them.

9.2 Interconnector's obligation to indemnify Indemnitees under this Section shall not be limited in any way by any limitation on the amount or type of damages, compensation, penalty or benefits payable by or for Interconnector under any statutory scheme, including without limitation, any Workers Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts.

## **10. Miscellaneous**

- 10.1 The terms of the Agreement not superseded or changed by this Exhibit D shall be in full force and effect.
- 10.2 This Exhibit D shall become effective on the Effective Date provided at the beginning of the Agreement and, unless terminated earlier, continue until the "In Service Date" for Interconnector's Facilities.

IN WITNESS WHEREOF, the Parties hereto have caused this Exhibit D to the California Producer Interconnect Collectible System Upgrade Agreement to be duly executed in two (2) copies by their authorized representatives as of the Effective Day.

INTERCONNECTOR

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

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

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

SOUTHERN CALIFORNIA GAS COMPANY

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

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

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



SAMPLE FORMS - CONTRACTS  
California Producer Agreement for Transfer of Ownership of Interconnection  
Point Systems - Form No. 6458

N  
N  
N

(See Attached Form)

N

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4177-A  
DECISION NO. 07-08-029,10-09-001

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED Nov 18, 2013  
EFFECTIVE Feb 1, 2015  
RESOLUTION NO. G-3489

CALIFORNIA PRODUCER AGREEMENT FOR TRANSFER OF OWNERSHIP OF INTERCONNECTION POINT SYSTEMS

between

<Interconnector>

and

SOUTHERN CALIFORNIA GAS COMPANY

This California Producer Agreement for Transfer of Ownership of Interconnection Point Systems ("CPATO") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Southern California Gas Company ("SoCalGas") and <INTERCONNECTOR> ("Interconnector").

RECITALS

Reference is made to the California Producer Interconnection Agreement between <INTERCONNECTOR> and Southern California Gas Company, ("CPIA"), dated <CPIA DATE>, covering gas delivered through the Interconnection Point at Orifice Meter <#####> ("OM #####") into Pool ##### (P #####) and to the California Producer Interconnect Collectible System Upgrade Agreement ("CPICSUA") between Interconnector and SoCalGas prepared <CPICSUA prepared date> wherein the Interconnector has elected to exercise the Interconnector Self-Build Alternative, Exhibit D of the CPICSUA and/or to provide goods in-kind as specified in Appendix I of the CPATO ("Appendix I").

The facilities that make up Interconnector's Interconnection Point system include, but are not limited to: pipes, valves, fittings, regulators, meters, and other associated materials (the "Facilities"). Refer to Appendix I for a more detailed description of the original Facilities to be built or for a description of any additional Facilities that SoCalGas has required Interconnector to build or install. The original Facilities and any additional Facilities transferred under this CPATO are referred to collectively as the "System."

Interconnector desires to transfer ownership of the System to SoCalGas, and SoCalGas is willing to accept the transfer of ownership of the System subject to the terms and conditions set forth in this CPATO, including its appendices.

1. SYSTEM LOCATION

Interconnector desires to transfer ownership of the System located on the property more particularly described as follows:

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Legal Description:

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2. LIENS AND ENCUMBRANCES

Interconnector represents that Interconnector is the sole owner of the System and that no part of the System is subject to any lien or encumbrance of any nature whatsoever including without limitation, any governmental imposition(s) such as taxes or assessments.

3. RIGHTS-OF-WAY

Where new formal rights-of-way, easements, land leases, or permits are required by SoCalGas for the System on or over Interconnector's property, or the property of others, Interconnector understands and agrees that SoCalGas shall not be obligated to accept ownership of the System unless and until any necessary permanent rights-of-way, easements, land leases, and permits, satisfactory to SoCalGas, are granted to or obtained for SoCalGas without cost to or condemnation by SoCalGas.

4. TRANSFER OF OWNERSHIP OF SYSTEM

Upon completion of construction work and installation of any new Facilities, if any, receipt of inspection approval from SoCalGas and authorities having jurisdiction for the inspections, and Interconnector's transfer to SoCalGas of the value described in Appendix II, SoCalGas shall own, operate, and maintain the System pursuant to the CPIA and/or CPICSUA. At such time (the "Transfer Date"), title to the System and each and every component part thereof shall immediately pass from Interconnector to SoCalGas free and clear of all liens and encumbrances, and Interconnector's performance obligations under this CPATO shall be deemed fulfilled except to the extent of any surviving representations and warranties as further described in Section 21 herein.

5. CONTRIBUTIONS, ADVANCES, AND ALLOWANCES

5.1 VALUE OF SYSTEM. SoCalGas, in its sole judgment, shall determine the value of the System, including usable Facilities, and Interconnector

shall contribute such value to SoCalGas. Interconnector shall provide an estimate of its cost to purchase and install the System including any internal labor and overheads and all necessary invoices and records to document the value of the System. The value of the System is described in Appendix II.

- 5.2 INCOME TAX COMPONENT CONTRIBUTION (“ITCC”). The capital portion of all contributions and advances by Interconnector, to the extent they are taxable to SoCalGas, shall include ITCC at the rate provided in the Preliminary Statement of SoCalGas' California Public Utilities Commission (“Commission”) approved tariff schedules as adopted and implemented. If Interconnector desires to seek a private letter ruling from the IRS, Interconnector must first obtain consent from SoCalGas and the cost will be borne by Interconnector. If SoCalGas and Interconnector jointly agree that a private letter ruling is necessary or desirable, Interconnector and SoCalGas agree to cooperate on the content of the request.

## 6. EXCESS FACILITIES

- 6.1 If, at a later date, the System transferred by Interconnector includes any Facilities which are in excess of those needed to provide access for Interconnector’s gas, and SoCalGas, in its sole discretion, elects to reduce such excess Facilities, Interconnector shall pay to SoCalGas its estimated total cost to remove, abandon or replace its excess Facilities, less the estimated salvage value, solely determined by SoCalGas, of any removed Facilities.
- 6.2 Alternatively, SoCalGas may elect to transfer such excess Facilities back to Interconnector in their “as-is” condition, “with all faults” and without warranties of any kind or nature, whether express or implied. Such transfer shall be consistent with Commission decisions and state law.

## 7. PERMITS AND LICENSES

To the best of Interconnector's knowledge, all approvals, permits and licenses required for the efficient and intended operation of the System are in full force and effect.

## 8. AD VALOREM TAXES

Except as disclosed by Interconnector, all taxes or other assessments on or concerning the System for the current tax year and earlier, have been paid in full and there are no penalties or delinquency charges owing. The current ad valorem taxes for the tax year in which the System are conveyed shall be prorated as of the date of conveyance. Interconnector shall pay to SoCalGas on demand such part

thereof as is attributable to the portion of the tax year prior to conveyance of the System.

#### 9. THIRD PARTY CONSENTS

All requisite third party consents to sell, assign, and transfer the System and rights-of-way have been secured.

#### 10. CONDITION OF SYSTEM

As of the Transfer Date, to the best of Interconnector's knowledge, the System is in reasonably good operating condition, is capable of providing the end users a safe and reliable source of gas service, complies with the Commission's General Orders, is compatible, and, in the case of new construction, meets SoCalGas' then current design and construction standards.

#### 11. LITIGATION, PROCEEDINGS, AND CLAIMS

Interconnector warrants there are no investigations, charges, proceedings, actions, suits, proceedings pending, or overtly threatened, involving tax, environmental or land use matters, before any court or governmental agency, or any other public forum, that could affect, encumber, or burden the System or the ability of SoCalGas to operate the System, or could result in impairment to or loss of SoCalGas' title to the System.

#### 12. GOVERNMENTAL COMPLIANCE

Interconnector warrants that the System has been operated by or on behalf of Interconnector in full compliance with all applicable laws, rules, and regulations, including ordinances and codes, of all city, county, state, and federal governments, and including, but not limited to, laws, rules, and regulations relating to environmental matters; and further including all rulings and orders of the Commission, and no notice from any governmental body has been served upon Interconnector or its agents or upon the System, claiming violation of any law, ordinance, code, rule, or regulation calling attention to the need for any work, repairs, constructions, alterations, or installation on or in connection in any way with the operation of the System with which Interconnector has not complied.

### 13. ASSIGNMENT OF CPATO

Interconnector may assign this CPATO, in whole or in part, only if SoCalGas consents in writing and the party to whom the CPATO is assigned agrees in writing, to perform the obligations of Interconnector thereunder. Consent will not be unreasonably withheld. Assignment of the CPATO shall not release Interconnector from any of the obligations under this CPATO, the CPIA and CPICSUA unless otherwise provided therein. SoCalGas may assign this CPATO, in whole or in part, only if Interconnector consents in writing and the party to whom the CPATO is assigned agrees in writing, to perform the obligations of SoCalGas thereunder. Consent will not be unreasonably withheld. Assignment of the CPATO shall not release SoCalGas from any of the obligations under this CPATO, CPIA and CPICSUA unless otherwise provided therein.

### 14. CPATO TERMINATION

Interconnector has the right to terminate this CPATO at any time before the transfer is complete upon written notice to SoCalGas. Notwithstanding an event of termination, within 60 calendar days of receipt of SoCalGas' itemized invoice, Interconnector shall reimburse SoCalGas for its expenses covering any engineering, surveying, right-of-way acquisition, and other associated work incurred by SoCalGas. If such expenses are greater or less than any contribution or advance made to SoCalGas by Interconnector, Interconnector shall pay to SoCalGas or SoCalGas shall refund the balance to Interconnector, without interest, as the case may be. This Paragraph 14 shall survive any termination of the CPATO.

### 15. INDEMNIFICATION

Interconnector shall, at its own cost, defend, indemnify, and hold harmless SoCalGas, its direct and indirect parent company, affiliates, subsidiaries, and their respective officers, agents, employees, assigns, and successors in interest from and against any and all liability, damages, losses, claims, demands, actions, causes of action, costs including attorney fees and expenses, or any of them, resulting from the death or injury to any person or damages to any property caused by Interconnector or its contractor and employees, officers or agents of either Interconnector or its contractor, or any of them, and arising out of the performance or nonperformance of their obligations under this CPATO.

### 16. JOINT AND SEVERAL LIABILITY

Where two or more individuals or entities are jointly transferring the System under this CPATO, all such parties shall be jointly and severally liable to comply with all terms and conditions herein.

17. NOTICES

Any notice either Interconnector or SoCalGas may wish to provide the other regarding this CPATO must be in writing. Such notice must be either hand-delivered, sent by U.S. registered or certified mail with postage prepaid, sent by regular U.S. mail with postage prepaid, or sent by telecopy and telephonically confirmed the same day, to the person designated to receive notice for the other party below, or to such other address as either may designate by written notice. Notices delivered by hand shall be deemed effective when delivered, and notices sent by telecopy shall be deemed effective on the day sent (if confirmed as provided below). Notices delivered by registered or certified U.S. mail shall be deemed effective when received, as acknowledged by the receipt of the certified or registered mailing. Notices delivered by regular U.S. mail shall be deemed effective three (3) business days after mailing.

To SoCalGas:            Southern California Gas Company  
                                 <Address 1>  
                                 <City, State Zip code>

                                 Attention:    <Contact>  
                                 Telephone:   <Contact number>  
                                 Telecopy:    <Contact fax>

cc:            Attention:    Energy Markets Segment Manager  
                                 Email:            < email address>  
                                 Telecopy:       <Energy Markets Segment Manager fax >

To Interconnector: <Interconnector>  
<Address 1>  
<City, State Zip code>

Attention: <Interconnector contact>  
Title: <Interconnector contact title>  
Telephone: <Interconnector contact number>  
Telecopy: <Interconnector contact fax>

## 18. ADDITIONAL TERMS AND CONDITONS

Appendix III to this CPATO, if applicable, includes additional terms and conditions associated with SoCalGas' acceptance of the transfer of ownership of the System.

## 19. COMMISSION JURISDICTION

This CPATO is subject to the applicable provisions of SoCalGas' tariffs as filed and authorized by the Commission. This CPATO shall at all times be subject to such changes or modifications as said Commission may, from time to time, direct in the exercise of its jurisdiction.

## 20. INCORPORATION BY REFERENCE

All Appendices or other attachments are incorporated by reference.

## 21. SURVIVAL

All representations and warranties made by Interconnector are ratified and affirmed as of the Transfer Date. Where the context permits, the terms and conditions of this CPATO shall survive termination.



22. SIGNATURE CLAUSE

The signatories have been appropriately authorized to enter into this CPATO on behalf of the party for whom they sign.

Interconnector hereby agrees to the terms and conditions of this CPATO.

**INTERCONNECTOR**

Signature: \_\_\_\_\_

Name of Authorized Individual: \_\_\_\_\_

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

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

**SOCALGAS ACCEPTS THE SYSTEM THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, \_\_\_\_\_**

Signature: \_\_\_\_\_

Name of Authorized Individual: \_\_\_\_\_

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

DATE EXECUTED: \_\_\_\_\_

<p>For SoCalGas' Use only:</p> <p>DATE OWNERSHIP OF SYSTEM IS TRANSFERRED TO SOCALGAS - TRANSFER DATE: _____</p> <p>WORK ORDER NO.: _____</p> <p>ASSOCIATED WORK ORDER NOs.: _____</p>
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## APPENDIX I - DESCRIPTION OF SYSTEM

The System, identified as OM #####, is generally comprised of everything from and downstream of the Interconnection Point , including but not limited to: an orifice meter; flow computer; odorizing pump and storage equipment; gas quality monitoring equipment including a gas chromatograph, H<sub>2</sub>S monitor, moisture monitor and oxygen analyzer; data recording and communication equipment; uninterruptable power supply, inline scrubber and pressure control equipment, as generally depicted in the CPIA Exhibit B: Interconnection Point And SoCalGas' Facilities, the Facilities.

The Interconnection Point is an electrically isolated flange between the outlet piping of Interconnector's gas processing facilities and SoCalGas' facilities inlet piping and includes a lateral pipeline to SoCalGas' piping system.

Facilities' details are more fully described in the "Issued for Construction" Engineering design drawings as developed and issued by Southern California Gas Company, including but not limited to:

Job File # MR 12-078

Job File # MR #-###

#32613-1001-D.PIP Drawing List and Vicinity Map

#32613-2001-D.PID P&ID

#32613-2002-D.PID P&ID

#32613-3001-D.PIP Plot Plan

#32613-3002-D.PIP Plan and Section

#32613-3003-D.PIP Sections, Detail, General Notes & Legend

#32613-3004-D.PIP Material List

#32613-3005-D.PIP Details

#32613-3006-D.PIP V-100 ISD & Material List

#32613-3900-D.MST Strength Test Record Log

#32613-4001-D.STR Foundation Work Structural General Notes

#32613-4002-D.STR Foundation Location Plan

#32613-4003-D. STR Analyzer Shelter Foundations

#32613-4004-D.STR V-100 Foundation

#32613-4005-D.STR Odorizer Skid & Instrument Cabinet Foundation Details

#32613-5001-D.ELC Electrical Plan & Area Classification

#32613-5002-D.ELC Block Diagram

#32613-5003-D.ELC Wiring Diagram

#32613-5004-D.ELC Wiring Diagram

#32613-5005-D.ELC Panel Schematic Diagram

#32613-5006-D.ELC Panel Wiring Diagram

#32613-5007-D.ELC Panel Arrangement

#32613-5008-D.ELC 2KVA UPS Enclosure Layout Panel Wiring Diagram

#32613-5009-D.ELC Customer Interface Box Arrangement and Wiring Diagram

#32613-5010-D.ELC Instrument Shelter Layout Enlarged Plan

#32613-5011-D.ELC Analyzer Shelter Enlarged Plan

#32613-5012-D.ELC Electrical Details

#32613-5013-D.ELC Electrical Details

#32613-5014-D.ELC Electrical Details

#32613-5015-D.ELC Electrical Details

#32613-0626-D.INT Natural Gas Chromatograph Probe and Sample Line Details & Material List

#32613-0661-D.INT Natural Gas Chromatograph Shelter Floor Plan, Isometric & Material List

#32613-6001-D.INT Pilot Supply Regulation W/ Material List & Monitor Control Schematic

#32613-6002-D.INT Pilot Supply Regulation W/ Material List & Service Control Schematic

#32613-6003-D.INT Odorant Pump Supply Pressure Regulation Schematic & Material List

#32613-6004-D.INT Control System ISO & Material List

## APPENDIX II - COST ARRANGEMENTS

Pursuant to Section 5.1 of the CPATO, this Appendix II sets forth the value of the System as well as the procedure for revaluing the System and determining the ITCC amount.

SoCalGas has determined that the value of the System, including usable Facilities, equals Two Million One Hundred Forty Nine Thousand Six Hundred Eighty Seven Dollars and 00/100 (\$2,149,687.00), as further detailed in the table below, based on what SoCalGas estimated it would have cost SoCalGas, had Interconnector not elected THE Interconnector Self-Build Alternative, Exhibit D of the CPICSUA and/or to provide goods in-kind (such amount the "System Value").

On or before April 1, 2016, Interconnector shall prepare and submit to SoCalGas all invoices for the actual costs and expenses, including Interconnector indirects and overheads incurred by Interconnector with respect to the development of the System, as well as all supporting documentation related thereto.

SoCalGas, in its sole judgment, may elect to review such invoices and other documentation and, in such an instance, shall provide a cost reconciliation with respect to the System Value, which reconciliation shall account for the actual costs and expenses incurred by SoCalGas and Interconnector with respect to the development of the System (including engineering and quality assurance services).

The parties agree that the System Value is the final and determinative value of the System for purposes of determining the ITCC amount in the event that the System, or any portion thereof, is taxable to SoCalGas for any reason, including as a result of Interconnector not satisfying the requirements to be eligible for the ITCC safe harbor under applicable IRS rulings and regulations.

If such a taxable event occurs, SoCalGas shall submit an invoice to Interconnector for the then-currently applicable ITCC rate multiplied by the direct and indirect fully loaded costs of all contributions, goods and services made by Interconnector, and Interconnector shall pay such invoiced amount no later than the date set forth in such invoice.

Value of System breakdown

Equipment	\$ 544,618
Engineering	\$ 502,160
Project Management	\$ 134,637
Electrical	\$ 275,088
MSA offsite fabrication, testing, coating, delivery	\$ 330,829
Verification, commissioning, inspection	\$ 362,355
Income Tax Component of Contributions and Advances (“ITCCA”)	\$ 0
Total estimated value of the System	\$ 2,149,687

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4177-A  
 DECISION NO. 07-08-029,10-09-001

ISSUED BY

**Lee Schavrien**  
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)

DATE FILED Nov 18, 2013  
 EFFECTIVE Dec 18, 2013  
 RESOLUTION NO. G-3489

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(TO BE INSERTED BY UTILITY)  
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ISSUED BY  
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 Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
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 ADVICE LETTER NO. 4177-A  
 DECISION NO. 07-08-029,10-09-001

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**Lee Schavrien**  
 Senior Vice President

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 Senior Vice President

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**Lee Schavrien**  
 Senior Vice President

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 RESOLUTION NO. G-3489

**ATTACHMENT C**

**Advice No. 4177-A**

**Redlined Version of Affected Tariffs**

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
CORE FIXED COST ACCOUNT (CFCA)

Sheet 1

1. Purpose

The CFCA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin, (excluding the transmission revenue requirements and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below, including funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168, and storage costs associated with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current rates, allocated to the core market with revenues intended to recover these costs. Pursuant to Advice No. 3963, SoCalGas establishes a separate subaccount in the CFCA to track authorized funding by the CPUC and related funds actually used in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program.

In accordance with Advice No. 4177-A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the CFCA will be credited for the core's allocation of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.

2. Applicability

The CFCA shall apply to all core gas customers.

3. Rates

The projected year-end CFCA balance will be applied to core gas transportation rates.

4. Accounting Procedures

SoCalGas shall maintain the CFCA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to one-twelfth of the authorized margin;
- b. A debit entry equal to the recorded cost of the core portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- c. A debit entry equal to the recorded cost for the core portion of unaccounted for gas;
- d. A debit entry equal to the recorded cost for the core portion of well incidents and surface leaks;
- e. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program;
- f. An adjustment to reflect storage costs consistent with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current transportation rates;

(Continued)

(TO BE INSERTED BY UTILITY)  
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ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Jun 21, 2013  
EFFECTIVE Jul 21, 2013  
RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
CORE FIXED COST ACCOUNT (CFCA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- g. A credit entry equal to the core portion of the following recorded revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program, and other revenues that the Commission has directed SoCalGas to allocate to the core market;
- h. An entry to amortize the previous year's balance; ~~and~~
- i. A credit entry equal to the core's allocation of the SMF charged to California Producers; and
- j. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

SoCalGas shall maintain the GAF subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to actual funds provided to customers for paying their gas bills;
- b. A credit entry equal to funds to be used in providing customers with assistance in paying their gas bills; and
- c. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end CFCA balance effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Cents Per Therm (ECPT) basis.

For the GAF subaccount, the disposition of any unspent funds will be addressed in SoCalGas' next annual regulatory account update filing or other appropriate filing.

(TO BE INSERTED BY UTILITY)  
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DECISION NO. 13-05-010

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Jun 21, 2013  
EFFECTIVE Jul 21, 2013  
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 1

1. Purpose

The NFCA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin (excluding the transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below associated with the noncore market, including funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168 with noncore revenues intended to recover these costs. The noncore market excludes the Unbundled Storage Program. Pursuant to the BCAP Decision 09-11-006, the Commission authorized the NFCA 100% balancing account treatment (i.e., balancing of 100% of noncore costs and revenues).

The NFCA shall be divided into two subaccounts: a) authorized base margin and b) non-base margin costs and revenues.

In accordance with Advice No. 4177-A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the NFCA will be credited for the noncore's allocation (excluding Enhanced Oil Recovery) of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.

2. Applicability

The NFCA shall apply to all noncore gas customers excluding EOR.

3. Rates

The projected year-end NFCA balance will be applied to noncore gas transportation rates.

4. Accounting Procedures – Authorized Base Margin Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the seasonalized monthly amount of the authorized margin;
- b. A credit entry equal to the noncore revenues to recover the authorized margin excluding revenues from (1) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding and (2) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues;
- ~~c.~~ An entry to amortize the previous year's balance; and
- ~~e-d.~~ A credit entry equal to the noncore's allocation of the SMF charged to California Producers; and
- ~~d-e.~~ An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(Continued)

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**Lee Schavrien**  
Senior Vice President

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DATE FILED Jun 21, 2013  
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS  
ENHANCED OIL RECOVERY ACCOUNT (EORA)

Sheet 1

1. Purpose

The EORA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized revenue requirement (excluding the transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below allocated to the Enhanced Oil Recovery (EOR) market with revenue intended to recover these costs.

In accordance with Advice No. 4177-A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the EORA will be credited for the EOR's allocation of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.

2. Applicability

The EORA shall apply to all EOR gas customers.

3. Rates

The projected year-end EORA balance will be applied to gas transportation rates.

4. Accounting Procedures

SoCalGas shall maintain the EORA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to one-twelfth of the authorized EOR revenue requirement;
- b. A debit entry equal to the recorded cost for the EOR portion of company-use fuel (excluding transmission company-use fuel);
- c. A debit entry equal to the recorded cost for the EOR portion of unaccounted for gas;
- d. A credit entry equal to the recorded EOR revenues;
- ~~e.~~ f. A credit entry equal to the EOR's allocation of the SMF charged to California Producers; and
- ~~f.g.~~ e. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

1. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following. The projected year-end balance will be allocated on an Equal Percent of Authorized Margin (EPAM) basis excluding EOR.

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

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DATE FILED May 6, 2011  
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Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 1

APPLICABILITY

Applicable to every California Producer as defined in Rule No. 01 (such producer referenced hereinafter as "California Producer" or "Interconnector"), except where contractually exempted. **Exhibit A lists major equipment required of a California Producer.**

TERRITORY

Applicable throughout the service territory.

FEES

All fees shall be based on the then current actual costs.

Summary of Rates and Fees

Hourly Labor Rates (Fully Loaded)

1. Field Labor .....	\$ <del>89.93</del> 110.75
2. Overtime, Field Labor .....	\$ <del>134.89</del> 151.79
3. Lab Technician .....	\$ <del>115.00</del> 120.00
4. Engineer .....	\$ <del>160.00</del> 138.66

Operation and Maintenance (O&M) Fees (For Individual Interconnection)

1. Meter Set Assembly – Routine Maintenance, per month .....	\$ <del>1,127</del> 1,729
2A. T-50 Odorant, per MMcf of gas delivered (Large Truck) .....	\$ <del>1.32</del> 1.39
2B. T-50 Odorant, per MMcf of gas delivered (Small Truck) .....	\$ <del>2.12</del> 2.19
2C. THT Odorant, per MMcf of gas delivered (Large Truck) .....	\$ <del>3.85</del> 4.04
2D. THT Odorant, per MMcf of gas delivered (Small Truck) .....	\$ <del>5.35</del> 5.54
3. Interconnection-Specific .....	Actual Costs
4. H <sub>2</sub> S Monitoring, per month .....	\$ <del>224</del> 180
5. Moisture analyzer, per month .....	\$ <del>75</del> 83
6A. Conventional Gas Chromatograph, per month .....	\$ <del>1,163</del> 1,124
6B. Modular Gas Chromatograph, per month .....	\$836
6C. Oxygen Analyzer, per month .....	\$52
7. Temporary Gas Chromatograph, per day .....	\$100*
8. Replacement Parts .....	Actual Costs
9. Visits Outside Normal Business Hours (Four-Hr. Min. Charge) .....	Overtime Labor Rate
10. Non-Standard Work .....	Actual Costs
11. Capital Costs .....	Actual Costs

\* -Plus Lab Technician labor to install, set up, commission, and un-install.

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 Senior Vice President

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Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 2

(Continued)

FEES (Continued)

Summary of Rates and Fees (Continued)

Gas Quality Monitoring and Enforcement Fees (For Individual Interconnection)

- 1. One-Time Fee ..... \$1,860,146~~5~~
- 2. New Data Collection System, per month ..... \$246~~538~~
- 3. ~~SCADAPack 32PLC/RTU Upgrade Modification~~ ..... \$7,700~~8,937~~
- 4. New ~~SCADAPack-PLC/RTU~~ Installation ..... Actual Costs

System Modification Fees

- 1. System Modification Fee (SMF), ..... \$80~~0~~ per MMcf of Interconnect Capacity, per month

Operation and Maintenance Fee Basis

Contained within the cost component are the following:

- 1. Meter Set Assembly – Routine Maintenance – The charge shown above represents all labor associated with tasks necessary for maintaining the meter, including, but not limited to, routine calibrations, inspections, and gas sampling. The calculation utilizes the fully loaded current labor rates, shown above, and includes 40 hours of unscheduled visits per calendar year.
- 2. Odorant – The fee, shown above, shall be included on a volumetric basis, and shall be derived from the previous year’s receipts at the meter, unless special circumstances (e.g. new production) warrant otherwise. The fee is based upon the actual cost of odorant and then current design odorant usage rate. The current cost of Scintinel® T-50 Gas Odorant, shown above, is \$3.313.48/lb and \$5.315.48/lb for large and small truck deliveries, respectively. The current design T-50 odorant usage is 0.40 lb/MMcf of gas delivered. The current cost of Scintinel® THT Gas Odorant, shown above, is \$5.135.39/lb and \$7.137.39/lb for large and small truck deliveries, respectively. The current design THT odorant usage is 0.75 lb/MMcf of gas delivered.
- 3. Interconnection-Specific – The actual interconnection-specific costs shall be charged back to individual meters. Typical interconnection-specific costs include telephone and communication expenses, replacement parts for existing equipment, permits for certain air districts, special calibration requirements, costs associated with providing CARB waivers, etc.
- 4. H<sub>2</sub>S Monitoring – Interconnections with ~~lead acetate tape H<sub>2</sub>S, speciated Sulfur or Total Sulfur monitors~~ shall pay an additional monthly base fee, shown above, for each monitor.
- 5. Moisture Analyzer – Interconnections with a moisture analyzer shall pay an additional monthly base fee shown above.

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Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 3

(Continued)

FEES (Continued)

Operation and Maintenance Fee Basis (Continued)

6. Gas Chromatograph – Interconnections with a gas chromatograph shall pay an additional monthly base fee, shown above, for estimated consumables and routine operation and maintenance. **An oxygen analyzer fee will be included where applicable.**
7. Temporary Gas Chromatograph – Interconnections with a temporary trailer-mounted gas chromatograph shall pay an additional daily base fee, shown above, plus the labor (Lab Technician) rate, also shown above, to install, set-up, commission, and un-install the gas chromatograph.
8. Replacement Parts – Interconnectors shall pay for existing equipment parts replacements, which cost more than \$1,000 but no more than \$2,500, for each such replacement pursuant to Special Condition 3 herein. Replacement parts whose costs are outside of this range shall be paid by the Operator pursuant to the Capital Costs provision herein.
9. Visits Outside Normal Business Hours – Interconnection visits occurring outside normal business hours, shall be charged at the overtime labor rate, shown above, with a four (4)-hour minimum charge.
10. Non-Standard Work – The actual interconnection costs associated with non-standard work such as calibration, testing or inspection of specialized equipment, including specialized gas monitoring equipment, or calibrations required by an agency in excess of the frequency required by SoCalGas procedures, shall be charged directly to that meter. Any non-standard work which must be performed due to permit conditions shall also be charged at the appropriate labor rate shown above.
11. Capital Costs – To the extent interconnection facilities are replaced or changed as a result of malfunction, obsolescence, consistency with SoCalGas practices, or new technology, the actual cost of the new facilities shall be charged to the Interconnector. The parties may agree on a mutually acceptable payment period not to exceed three (3) months for capital expenses.

Gas Quality Monitoring and Enforcement Fee Basis

1. One-Time Fee – A California Producer operating an Interconnection Point shall pay the one-time O&M fee, shown above, to develop SoCalGas' automated data management system to collect gas quality data and to enforce **requirements gas quality** pursuant to Rule Nos. 30 and 39.

(Continued)

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ADVICE LETTER NO. 4177  
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**Lee Schavrien**  
Senior Vice President

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RESOLUTION NO. \_\_\_\_\_

Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 4

(Continued)

FEES (Continued)

Gas Quality Monitoring and Enforcement Fee Basis (Continued)

2. New Data Collection System – A California Producer operating an Interconnection Point shall pay the monthly fee, shown above, to support the new data collection systems' operation and maintenance, and for routine review and auditing of collected gas quality information.
3. Programmable Logic Controller/Remote Terminal Unit (PLC/RTU) Modification SCADAPack-32 Upgrade – Where a California Producer's interconnection with SoCalGas is equipped with a SCADAPack-32-PLC/RTU-control and communication device, **which can be modified or reprogrammed to support data collection required for Rule Nos. 30 and 39 gas quality management**, the California Producer operating the Interconnection Point shall pay the one-time O&M fee, shown above, for the upgrade, programming, testing and commissioning of this device pursuant to Rule Nos. 30 and 39.
4. ~~4. —~~ SCADAPack-New PLC/RTU Installation – For any California Producer's interconnection ~~that which~~ does not have a SCADAPackPLC/RTU ~~which that~~ **can be modified to fully support control, monitoring, communication and data storage functions required to manage gas quality pursuant to Rule Nos. 30 and 39, a new PLC/RTU will be installed.**, ~~€~~The California Producer operating the Interconnection Point shall be responsible for all the actual costs associated with the installation and commissioning of such device by SoCalGas. The scope of the work shall include integration of this device with communication systems and gas quality management devices, sensors and systems. California Producers paying for a new SCADAPackPLC/RTU installation shall not be subject to the SCADAPackPLC/RTU Modification fee-upgrade fee described above.

System Modification Fee Basis

1. System Modification Fee (SMF) – A California Producer shall pay the fee, shown above, for recovering the actual costs of the modification of SoCalGas' Electronic Bulletin Board (EBB) to facilitate operational balancing requirements under the California Producer Operational Balancing Agreements (CPOBA), Form 6452. These system modification costs shall be allocated among all California Producers based on each interconnection agreement's Maximum Daily Volume (MDV), which is also defined as Interconnect Capacity, as it may be adjusted from time to time. ~~Where the interconnection agreement specifies an aggregate MDV spread amongst more than one interconnection point, the Interconnect Capacity will be solely allocated to the California Producer who is responsible for funding SoCalGas' Facilities under an interconnection agreement at each interconnection point.~~ For Split Meters, the System Modification fees shall be apportioned by SoCalGas among California Producers using the Split Meter in accordance with each California Producer's then effective share of the Interconnect Capacity. Interconnectors shall initially pay their respective share of an estimate of system modification costs over a period of 36 months, which may require an additional 12-month true-

(Continued)

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**Lee Schavrien**  
Senior Vice President

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Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 6

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(Continued)

SPECIAL CONDITIONS (Continued)

N

5. (Continued)

The cash-out rate for monthly True-ups of Operational Imbalances, pursuant to Section 2.4 of the CPOBA, will be equal to the average of the Average Daily Index – SoCal Border as reported by ICE (or its legal successor) for each day of the True-up month. For a positive Operational Imbalance, the cash-out will be paid by SoCalGas to the California Producer. For a negative Operational Imbalance, the cash-out will be paid by the California Producer to SoCalGas. If, for any reason, ICE (or its legal successor) ceases to be available for a particular True-up period, the cash-out rate will be based on another generally accepted available publication mutually agreed to in writing by SoCalGas and the California Producer.

N

Cash-out rates for Measurement Corrections and for Reconciliation upon the termination of the CPOBA will be the rates set forth in Section 2.3, Measurement Correction and Section 3.4, Reconciliation, of the CPOBA, respectively. The calculation of these rates will use the same underlying indices used to calculate the cash-out rates for Operational Imbalances and True-ups.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4177  
DECISION NO. 07-08-029,10-09-001

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Nov 30, 2010  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 7

(Continued)

SPECIAL CONDITIONS (Continued)

5. (Continued)

Cash-out Rates Using Daily Index – SoCal Border as Reported by ICE:

<i>Previous Month, Year Flow Date</i>	<i>150% of 7-Day Average of High Daily Index (\$/therm)</i>	<i>50% of 7-Day Average of Low Daily Indices (\$/therm)</i>	<i>Average Daily Index (\$/therm)</i>
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
<b>Average for the Month</b>	<b>N/A</b>	<b>N/A</b>	

<i>Current Month, Year</i>	<i>150% of 7-Day</i>	<i>50% of 7-Day Average</i>	<i>Average Daily Index</i>
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(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4177  
 DECISION NO. 07-08-029,10-09-001

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Nov 30, 2010  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

N  
 N  
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Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 7

(Continued)

Flow Date	Average of High Daily Index (\$/thermMMBtu) <del>7-Day Average of High Daily Indices (\$/MMBtu)</del>	of Low Daily Indices (\$/thermMMBtu) <del>7-Day Average of Low Daily Indices (\$/MMBtu)</del>	(\$/therm <del>MMBtu</del> )
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
Average for the Month	N/A	N/A	

Schedule No. G-CPS - Exhibit A

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4177  
 DECISION NO. 07-08-029,10-09-001

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Nov 30, 2010  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_



Schedule No. G-CPS  
CALIFORNIA PRODUCER SERVICE

Sheet 9

(Continued)

Exhibit A

List of Basic Equipment Required for SoCalGas Interconnect Gas Quality Management, Energy Measurement and Receipt

Typical  
Quantity

Hardware

1	Orifice Meter
1	Flow Computer
1	Hydrocarbon GC
1	Oxygen Analyzer
1	Moisture and CO2 Analyzer
1	H <sub>2</sub> S Monitor
1	Sulfur GC
1	H <sub>2</sub> S and H <sub>2</sub> calibration gas & regulator
2	Sample conditioning probe/system
1	GC calibration and helium carrier regulation systems
1	PLC with cabinet and I/O and communication and power supply
1	Gas Sampler
1	Odorizer pump and tank
2	Level gauges, on filter separator
1	UPS/Battery system
5	Manual shutoff valves
1	Check valve
1	Pressure control valve
1	Over-pressure control valve
1	Gas filter-separator (0.3 micron) with level switches.
1	MSA Piping, Tap and misc. materials
1	Air conditioned shed for gas quality instruments
1	Air conditions shed for UPS, PLC/communication/power
1	Pressure transmitter
1	PLC/RTU
1	Communication module-site specific

Note: Approved manufacturer list with make/model alternatives provided upon execution of California Producer Interconnect Agreement.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4177-A  
DECISION NO. 07-08-029,10-09-001

ISSUED BY

**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)

DATE FILED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. G-3489

N  
N

Rule No. 30

Sheet 18

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

I. Gas Delivery Specifications (Continued)

4. The Utility, at its option, may refuse to accept any gas tendered for transportation by the customer or on his behalf if such gas does not meet the specifications at the time of delivery as set out in I. 2 and I. 3 above, as applicable.
5. The Utility will grant specific deviations to California production from the gas quality specifications defined in Paragraph I.3 above, if such gas will not have a negative impact on system operations. Any such deviation will be required to be filed through Advice Letter for approval prior to gas actually flowing in the Utility system.
6. The Utility will post on its EBB and/or general website information regarding the available real-time Wobbe Number of gas at identified operational locations on its system.

7. Gas monitoring and enforcement hardware and software including, but not limited to, a gas chromatograph and all related equipment, communications facilities and software, identified in Exhibit A to Schedule No. G-CPS, are required, and shall be installed at each interconnection meter site where a California Producer delivers natural gas into the Utility's gas transportation system. The gas chromatograph shall monitor non-hydrogen sulfide constituents in the gas delivered, and deny access to gas that does not comply with the gas specifications set forth in the Gas Delivery Specifications, Section I.1 or I.3 above. Compliance shall be assessed using the 4- to 8-minute monitoring interval adopted in D.07-08-029 and D.10-09-001.

8. The gas chromatograph and all related equipment and software, identified in Exhibit A to Schedule No. G-CPS, shall monitor and enforce the gas quality specifications, set forth in Section I.1 or I.3 above, based on the monitoring interval capability of the installed equipment, using the 4- to 8-minute monitoring interval adopted in D.07-08-029 and D.10-09-001. The monitoring interval of the gas chromatograph shall not be greater than eight (8) minutes, and access shall be denied by the Utility on a non-latching basis after a second consecutive monitoring interval results in an alarm for gas which exceeds the non-hydrogen sulfide specifications. Access shall be denied by the Utility on a non-latching basis after a second consecutive monitoring interval results in an alarm for gas which exceeds the non-hydrogen sulfide specifications. The gas chromatograph and all related equipment and software shall also enable the Utility to remotely gather and retain gas quality and alarm data. Where additional measures are necessary to promote or enhance safety, SoCalGas may request a deviation from the aforementioned monitoring interval requirements established by the CPUC.

9. For California Producers currently delivering gas into the Utility's transportation system without a gas chromatograph and all related equipment and software in place, as required in Rule No. 39, non-hydrogen sulfide constituents of gas will, on an interim basis, continue to be monitored and access denied under the methods currently in place, until such time as a gas chromatograph and all related equipment and software are installed and operational, subject to Rule No. 39 conditions.

J. Termination or Modification

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4556  
DECISION NO. 13-09-004

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Nov 4, 2013  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

Rule No. 30

Sheet 18

TRANSPORTATION OF CUSTOMER-OWNED GAS

(Continued)

1. If the customer breaches any terms and conditions of service of the customer's service agreement or the applicable tariff schedules and does not correct the situation within thirty (30) days of notice, the Utility shall have the right to cease service and immediately terminate the customer's applicable service agreement.
2. If the contract is terminated, either party has the right to collect any quantities of gas or money due them for transportation service provided prior to the termination.

K. Regulatory Requirements

1. Any gas transported by the Utility for the customer which was first transported outside the State of California shall have first been authorized under Federal Energy Regulatory Commission (FERC) regulations, as amended. Both parties recognize that such regulations only apply to pipelines subject to FERC jurisdiction, and do not apply to the Utility. The customer shall not take any action which would subject the Utility to the jurisdiction of the FERC, the Economic Regulatory Administration or any succeeding agency. Any such action shall be cause for immediate termination of the service arrangement between the customer and the Utility.
2. Transportation service shall not begin until both parties have received and accepted any and all regulatory authorizations necessary for such service.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4556  
DECISION NO. 13-09-004

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Nov 4, 2013  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

## APPENDIX B

### PRODUCER'S PAYMENT FOR UTILITY'S OPERATION AND MAINTENANCE FEE

Pursuant to Article V of the Agreement, Utility's "Operation and Maintenance Fee", as used herein, shall be calculated based on Utility's good faith estimate of Utility's ongoing expenses to operate, maintain and modify Utility's Facilities necessary to accept Producer's Gas in accordance with good industry practice, Utility's normal procedures and governmental regulations. Upon approval of Advice Letter 4177-A by the CPUC, the methodology for calculating such Operation and Maintenance Fee, which is a combination of fixed and variable components, is henceforth described in Utility's tariff Schedule No. G-CPS, California Producer Service, or its successor, and is based on the principles discussed therein.

SoCalGas and the Interconnector and the Interconnector's affiliate(s) so that the credit coverage is not duplicative. Also, a third party (the "Guarantor") shall be allowed to assume creditworthiness on behalf of the Interconnector in accordance with the following provisions:

SoCalGas may accept a guaranty in an amount, from an issuer, and in a form acceptable to SoCalGas in its sole discretion (the "Guaranty") from the Guarantor.

The Guarantor shall deliver and maintain the Guaranty until such time when the Interconnector is able to demonstrate the Interconnector's creditworthiness to SoCalGas, as determined by SoCalGas in its sole discretion. The Interconnector shall be in default of this Agreement if a replacement guaranty (in a form, from an issuer and in an amount acceptable to SoCalGas in its sole discretion) or a cash deposit or letter of credit in an amount determined by SoCalGas in accordance with Section 8.8.5 is not received within fifteen (15) calendar days of SoCalGas' notice to the Interconnector of a determination that the Guarantor is no longer creditworthy (or SoCalGas is unable to determine the creditworthiness of the Guarantor), as determined by SoCalGas in its sole discretion.

- 8.8.5 In the event SoCalGas denies the Interconnector or its Guarantor an unsecured line of credit, SoCalGas shall provide the Interconnector, within seven (7) calendar days of the denial of credit, with an explanation as to why the Interconnector or its Guarantor was denied credit. If the Interconnector or its Guarantor is denied an unsecured line of credit, SoCalGas shall accept as a security deposit, for a secured line of credit, a cash deposit, or letter of credit or other instrument acceptable to SoCalGas that meets the following criteria:~~in the following amount, which amount shall be increased or decreased from time to time at SoCalGas' determination:~~ the Interconnector's Interconnect Capacity multiplied by 40 days, and then multiplied by the average of the Average Daily Index – SoCal Border as reported by ICE (or its legal successor) for each day of the immediately preceding calendar month. If, for any reason, ICE (or its legal successor) ceases to be available, the price index will be based on another generally accepted available publication selected by SoCalGas in its sole discretion.

**SECTION 1**  
**SCOPE OF AGREEMENT**

(a) Scope - This Agreement sets forth the terms and conditions under which SoCalGas agrees to provide facilities for the Interconnect Capacity from Interconnector's pipeline facilities near \_\_\_\_\_ in \_\_\_\_\_, California to SoCalGas' existing utility system. Such facilities, which include all facilities and equipment necessary for receipt of Interconnector's Gas, shall permit Gas to be delivered by Interconnector to SoCalGas pursuant to this Agreement and a California Producer Operational Balancing Agreement ("CPOBA") between the Parties, for the account of Interconnector or Interconnector's affiliate or third parties for transport on SoCalGas' pipeline system in California. This Agreement does not provide for or address in any way any right of Interconnector to receive ~~firm access rights on transportation services on~~ SoCalGas' system ~~at from~~ the Interconnection Point. Attached hereto as Exhibit A, and incorporated by reference herein, is a map on which the Interconnector's Facilities are indicated generally. The Interconnection Point and SoCalGas' Facilities (see definition for each below) are indicated generally on the map attached hereto as Exhibit B, and incorporated by reference herein.

(b) Term and Termination – This Agreement, unless terminated earlier as provided in this Agreement and/or in CPOBA, is effective as of the date first written above and shall remain in effect for a primary term of fifteen (15) years from the date Gas first flows through the Interconnection Point (the "Commencement Date") and year to year thereafter.

(i) Interconnector may terminate this Agreement for any reason upon sixty (60) calendar days prior written notice to SoCalGas, provided that Interconnector has met all financial obligations to SoCalGas under this Agreement including all costs for removal of SoCalGas' Facilities at the Interconnection Point and restoration of the site to its condition prior to the construction of the Interconnection Point.

(ii) SoCalGas may terminate this Agreement at the end of the primary term of this Agreement or thereafter by providing sixty (60) calendar days prior written notice to Interconnector or in the event of a material default by Interconnector upon sixty (60) calendar days following Interconnector's receipt of a written detailed notice from SoCalGas of such default that has not been cured. If Interconnector requires installing new equipment and/or modifying existing equipment (other than that for meeting Gas quality) in order to cure the default, then SoCalGas, at its sole discretion, will grant Interconnector an additional period of opportunity to cure such default.

(iii) Either Party may terminate this Agreement on sixty (60) calendar days prior written notice in the event any pipeline system construction necessary to complete Interconnector's Facilities or SoCalGas' Facilities is not completed on or before \_\_\_\_\_.

(c) Definitions - For purposes of this Agreement the following words when used herein shall have the meaning set forth below:

## SECTION 4 GAS DELIVERIES

(a) Quality ~~For purposes of California Producer deviations granted in Decision (“D.”) 06-09-039, Historical California Production Interconnector’s Historical California Gas Supply Volume the deviation at the Interconnection Point shall be \_\_\_\_\_ Mcfd.~~ [HJ1] [HJ2]

(i) Right of Refusal: SoCalGas shall have the continuing right at any time in its sole discretion to monitor the quality of Gas tendered by Interconnector and, subject to the limitations stated in D.07-08-029 and D.10-09-001, to refuse to accept delivery of any Gas that does not meet SoCalGas’ Gas quality specifications, including its current Tariff Rule 30 Gas quality specifications or other applicable regulation or Tariff Rule specifying Gas quality requirements or CPUC-approved specific deviation for the Interconnector. SoCalGas shall provide notice to Interconnector as soon as commercially practicable after any decision is made not to accept deliveries.

(ii) Gas Quality Monitoring and Enforcement: SoCalGas shall install, operate and maintain Facilities at California Producer’s sole cost and expense, including necessary meters and equipment, identified in Exhibit A of Schedule G-CPS, for the purpose of measuring the volume and quality of all Gas delivered to SoCalGas.

(iii) Change in Specifications: Nothing in this Agreement shall be deemed to prohibit Interconnector from challenging or seeking to refine-modify any Gas quality specifications. If both Parties mutually agree to a deviation from the Gas quality tariff specifications or requirements for purposes of this Agreement, SoCalGas shall seek and obtain CPUC approval of such deviation by Advice Letter prior to incorporating and implementing such deviation as part of this Agreement.

(b) Uniform Flow - Interconnector shall to the extent feasible make deliveries of Gas at each of the Interconnection Point(s) at substantially uniform rates of flow during a particular flow day. If over a period of any consecutive twelve (12) months it is found that the Interconnector is deviating by more than 10% from uniform daily deliveries more often than it is complying with that requirement, then SoCalGas reserves the right to suspend service until such time appropriate actions have been taken to ensure compliance with this provision.

(c) Pressure - Interconnector shall deliver Gas to SoCalGas at the Interconnection Point at a delivery pressure sufficient to enter the SoCalGas system, but not more than the then current Maximum Allowable Operating Pressure (“MAOP”) of SoCalGas’ Facilities. SoCalGas shall provide the Interconnector with as much advance notice as is reasonably possible, but not less than ninety (90) calendar days’ notice for an increase in Interconnector’s maximum delivery pressure requirement, and shall provide as much advance notice as is reasonably possible, but not less than forty-five (45) calendar days’ notice for a decrease in minimum delivery pressure requirement. Changes in Interconnector’s delivery pressure requirements resulting from force majeure events, emergency situations, or as a result of pipeline integrity inspections shall be exempt from these notification requirements. In the event the Interconnector cannot comply

discretion) or a cash deposit or letter of credit in an amount determined by SoCalGas in accordance with Section 10(g)(v) is not received within fifteen (15) calendar days of SoCalGas' notice to the Interconnector of a determination that the Guarantor is no longer creditworthy (or SoCalGas is unable to determine the creditworthiness of the Guarantor), as determined by SoCalGas in its sole discretion.

(v) In the event SoCalGas denies the Interconnector or its Guarantor an unsecured line of credit, SoCalGas shall provide the Interconnector, within seven (7) calendar days of the denial of credit, with an explanation as to why the Interconnector or its Guarantor was denied credit. If the Interconnector or its Guarantor is denied an unsecured line of credit, SoCalGas shall accept as a security deposit, for a secured line of credit, a cash deposit, or letter of credit or other instrument acceptable to SoCalGas that meets the following criteria:~~in the following amount, which amount shall be increased or decreased from time to time at SoCalGas' determination:~~ the Interconnector's Interconnect Capacity multiplied by 40 days, and then multiplied by the average of the Average California/Arizona border price index for delivery into SoCalGas ("Daily Index – SoCal Border") as reported by the Intercontinental Exchange ("ICE") (or its legal successor) for each day of the immediately preceding calendar month. If, for any reason, ICE (or its legal successor) ceases to be available, the price index will be based on another generally accepted available publication selected by SoCalGas in its sole discretion.

(h) No Dedication - Nothing herein shall be construed as a dedication by any Party of its respective facilities to the other Party or to or for the benefit of any third party. Both Parties may each construct such facilities on their respective systems, as they may deem necessary or appropriate in their sole discretion. Nothing herein obligates either Party to construct any additional facilities (including measuring facilities) or to modify any future facilities not described herein or existing facilities to provide for the receipt or delivery of Gas contemplated hereunder.

(i) Information - Each Party shall have the right to request, and upon such request, the other Party shall provide, information that is sufficient to meet its obligations and to enforce its rights under this Agreement including the verification of the accuracy of any computation contemplated under this Agreement. If the information is considered confidential, then the disclosing Party shall identify it as such and the receiving Party shall treat it as such. Notwithstanding the above, no Party shall be required to provide the other Party with information that is confidential, proprietary, or in violation of the rules and regulations of either the FERC or CPUC.

(j) 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.



## EXHIBIT C

### CALIFORNIA PRODUCER INTERCONNECT COLLECTIBLE SYSTEM UPGRADE AGREEMENT

This Agreement (“Agreement”) is entered into as of \_\_\_\_\_[date] (“Effective Date”) by and between Southern California Gas Company (“SoCalGas”) and \_\_\_\_\_[company name], a \_\_\_\_\_[type] company (“Interconnector”). SoCalGas and Interconnector 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 is involved in the receipt and redelivery of natural gas to its customers; and

WHEREAS, Interconnector owns and controls natural gas which is capable of being physically delivered into SoCalGas’ pipeline system within the State of California; and

WHEREAS, Interconnector is a \_\_\_\_\_[company type] and would benefit from SoCalGas being capable of receiving Gas at the Interconnection Point for redelivery to customers; and

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

#### **SECTION 1** **SCOPE OF AGREEMENT**

(a) Scope - This Agreement sets forth the terms and conditions under which SoCalGas or Interconnector agrees to design, engineer and construct Gas facilities including pipelines, meters, regulators and appurtenant facilities and related system upgrades in order to provide the Interconnect Capacity from Interconnector’s pipeline facilities near \_\_\_\_\_ in \_\_\_\_\_, California to SoCalGas’ existing utility system. Such facilities, which include all facilities and equipment necessary for receipt of Interconnector’s Gas, shall permit Gas to be delivered by Interconnector to SoCalGas pursuant to the California Producer Interconnection Agreement (“CPIA”) and California Producer Operational Balancing Agreement (“CPOBA”) between the Parties dated \_\_\_\_\_[date], for the account of itself or its affiliates or third parties for transport on SoCalGas’ pipeline system in California. Interconnector agrees to pay the actual costs for SoCalGas’ Facilities if constructed by SoCalGas hereunder. Payment by Interconnector does not imply that Interconnector is entitled to receive transportation services from firm access rights at the Interconnection Point under this Agreement. Attached hereto as Exhibit A and incorporated by reference herein is a map on which the Interconnector’s Facilities are indicated generally. The Interconnection Point and SoCalGas’ Facilities (see definition for each below) are indicated generally on the map attached hereto as Exhibit B, and incorporated by reference herein.