

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 10, 2012

Advice Letter 4418

Rasha Prince, Director
Regulatory Affairs
Southern California Gas
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

Subject: 1% Franchise Surcharge for Gas Customers within the City of Visalia

Dear Ms. Prince:

Advice Letter 4418 is effective November 30, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



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

October 31, 2012

Advice No. 4418
(U 904 G)

Public Utilities Commission of the State of California

Subject: 1% Franchise Surcharge for Gas Customers within the City of Visalia

Purpose

Southern California Gas Company (SoCalGas) hereby requests approval by the California Public Utilities Commission (Commission) to add a 1% surcharge on the bills of SoCalGas customers in the City of Visalia (Visalia or City), a charter city, pursuant to a new franchise agreement ("Franchise Agreement") that specifies the terms and conditions of the franchise approved by the City Council of Visalia on October 15, 2012 by Ordinance No. 2012-12 (Attachment B). Under the terms of the Franchise Agreement, in order for SoCalGas to bill and collect the franchise surcharge, SoCalGas must obtain the Commission's approval. SoCalGas believes that a surcharge on Visalia customers is the most objective way to cover the franchise fee differential imposed by the City without unduly burdening other ratepayers in the SoCalGas system.

A sample of the revised bill format for residential customers is attached as Attachment C to this advice letter.

Commission Decision (D.) 89-05-063, issued May 26, 1989,¹ established the procedure for filing an advice letter where the local governmental entity requires the public utility to collect franchise fees exceeding the average franchise fees within the utility's service territory. SoCalGas makes this filing pursuant to D.89-05-063.

Background

In 1937, the California State Legislature passed "The Franchise Act of 1937" (the Act). Among other subjects, the Act established a formula whereby a utility would pay a fee to a general law municipality for the right to use the public streets and rights-of-way in the municipality. The Act sets out that, for gas franchises, municipalities will be compensated through a formula whereby they will receive two percent (2%) of gross annual receipts derived from the use, operation or possession of the franchise (also known as the Broughton Act formula), or a minimum of one percent (1%) of gross annual receipts from the sale, transmission, or distribution of gas within the limits of the municipality (otherwise known as the "2%/1%" formula).

¹ Investigation 84-05-002, Guidelines for the Equitable Treatment of Revenue-Producing Mechanisms Imposed by Local Governmental Entities on Public Utilities.

The compensation options applicable to general law municipalities under state law (California Public Utilities Code Section 6231) are either the 2%/1% formula or the Broughton Act formula. Of the 237 cities and counties with which SoCalGas has franchise agreements, 175 are general law municipalities and, barring a change in state law, will be paid under the 2%/1% formula or Broughton Act formula. Charter cities such as Visalia are not limited to this formula by statute.

In its previous franchise agreement with SoCalGas, the City received the statutory 2%/1% formula described above. In negotiations for a new franchise, Visalia officials proposed that, because it is a charter city, it should get an increase to a 2%/2% formula.

In order to mitigate the rate impact on other customers, SoCalGas accepted a grant of franchise offered by Visalia that contained a franchise calculation whereby, if authorized by the Commission, SoCalGas would pay the higher franchise fees to Visalia but would collect the portion of the franchise fee greater than the statutory amount by placing a 1% line-item franchise fee surcharge on bills to customers located within Visalia.

In D.89-05-063, the Commission addressed the issue of costs imposed on public utilities by local government's revenue producing mechanisms and the appropriate ratemaking treatment for increases in franchise fees. The Commission recognized that where franchise fees attributable to one city were substantially above the average franchise fees within the service territory of the utility, requiring all customers to pay the city's higher-than-average costs in rates would mean that some customers would be subsidizing other customers, but not themselves receiving any benefits from increased taxes and fees. The Commission stated:

"It is not just or reasonable that the significantly higher levels derived from some entities only should be buried in basic rates applicable to all ratepayers of the utility. Averaging such costs among all ratepayers creates inequities between classes of ratepayers. It is appropriate and reasonable that these significantly higher costs should be identified and borne only by the ratepayers in the local governmental area that originated them." (D.89-05-063 at 24.)

The Commission has recently approved, pursuant to D.89-05-063, gas and electric franchise fee surcharges for other utilities. See PG&E's AL 3110-G/3651-E filed April 5, 2010, effective May 5, 2010, authorizing PG&E to bill and collect a 0.3% gas and electric franchise fee surcharge on customers in the City of San Jose; and PG&E's AL 2980-G/3380-E filed December 18, 2008, effective January 21, 2009, authorizing PG&E to bill and collect a 1% gas and electric franchise fee surcharge on customers within the City of Bakersfield. Also, please see Southern California Edison's AL 1881-E filed March 30, 2005, effective May 9, 2005, authorizing SCE to bill and collect a 1% electric franchise fee surcharge on electric customers in the City of Santa Barbara. In D.07-10-024, the Commission granted SoCalGas authorization to bill and collect a 1% gas franchise surcharge on gas customers in the City of Ventura. More recently, the Commission granted a similar authorization requested in Advice No. 4134 for the City of Huntington Beach.

In accordance with D.89-05-063 and Section 5(b) of the Franchise Agreement with the City of Visalia, which provides for the surcharge, SoCalGas shall collect, with the Commission's approval, an additional one percent (1%) as a surcharge on customers in Visalia. Such franchise fee surcharge shall be so indicated and added as a separate line item to bills

rendered to Visalia customers. The percentage will be the same for all classes of gas customers located within the City.

The average monthly bill estimates are based on current gas transportation and public purpose program surcharge rates; commodity rates are based on the billing period March 12, 2012 – April 10, 2012; and, volumes based on 2011 actuals for SoCalGas customers located in the City. The proposed fee would result in an average increase of \$0.32 per month for residential customers and an average of \$0.45 per month across all customer classes. This will result in an estimated \$230,000 being collected during the full year of application. Column C, in the table below, shows the monthly bill impact, by customer class, resulting from this Advice Letter (see Attachment C for an example of a residential bill).

Upon approval of this Advice Letter, the G-MSUR rate for Non-Core customers in the City of Visalia shall be updated in a separate advice letter to be filed.

Customer Class (A)	# Customers (B)	Class Average Bill Impact \$/month (C)
Core Service:		
Residential	39,641	\$0.32
Core Commercial & Industrial - Small	2,002	\$0.31
Core Commercial & Industrial - Large	1,000	\$4.51
Gas Engine	29	\$2.46
Natural Gas Vehicle - Small	2	\$24.10
Natural Gas Vehicle - Large	1	\$266.42
NonCore Service:*		
NonCore C&I - Distribution Level Service - Small	5	\$96.64
NonCore C&I - Distribution Level Service - Large	1	\$307.18
Electric Generation - Distribution Level Service - Small	1	\$8.77
Electric Generation - Distribution Level Service - Large	1	\$137.20
	42,683	\$0.45

Notes:

Bill Impact based on actual monthly average volumes in 2011 by class, for customers located in the City of Visalia. Transportation and Public Purpose Program Surcharge rates based on those in effect January, 2012. Commodity based on billing period, March 12, 2012 - April 10, 2012.

*Noncore Service does not include impact of FFU Surcharge on Gas Commodity, which may double the impact to noncore customers when GMSUR is updated.

SoCalGas shall implement the gas franchise surcharge on the first day of the calendar year after Commission approval. The City of Visalia supports this advice filing.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date of this Advice Letter which is November 20, 2012. 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). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

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

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this filing be approved on November 30, 2012, which is 30 calendar days from the date filed.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A.

Rasha Prince
Director, Regulatory Affairs

Attachments:

Attachment A – Service List
Attachment B – City of Visalia Gas Franchise Agreement
Attachment C – SoCalGas Sample Bill Format

cc: Steve Salomon, City of Visalia Manager
Chris Young, City of Visalia Community Development Director
Eric Frost, City of Visalia Finance Director

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) #: 4418

Subject of AL: 1% Franchise Surcharge for Gas Customers within the City of Visalia

Keywords (choose from CPUC listing): Franchise Fee/User Tax

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.89-05-063

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 AL¹: N/A

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 11/30/12

No. of tariff sheets: 0

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

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

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed¹: 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**

**Southern California Gas Company
Attention: Sid Newsom
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
SNewsom@semprautilities.com
Tariffs@socalgas.com**

¹ Discuss in AL if more space is needed.

ATTACHMENT A

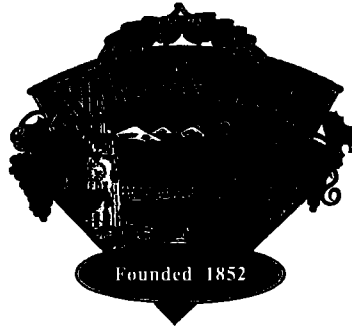
Advice No. 4418

(See Attached Service List)

ATTACHMENT B

Advice No. 4418

**City of Visalia Franchise Agreement
Approved on October 15, 2012
Ordinance No. 2012-12**



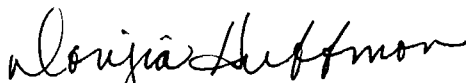
October 26, 2012

I, Donjia Huffmon, Chief Deputy City Clerk of the City of Visalia, do hereby certify that the attached is a true and accurate copy of:

ORDINANCE 2012-12

AN ORDINANCE GRANTING TO SOUTHERN CALIFORNIA GAS COMPANY, ITS SUCCESSORS AND ASSIGNS, THE FRANCHISE TO CONSTRUCT, MAINTAIN AND USE PIPES AND APPURTENANCES FOR TRANSMITTING AND DISTRIBUTING GAS FOR ANY AND ALL PURPOSES IN, ALONG, ACROSS, UPON, AND UNDER THE PUBLIC STREETS AND PLACES WITHIN THE CITY OF VISALIA

Passed and adopted at a regular meeting on October 15, 2012. The original is/are on file with the City of Visalia City Clerk's office.


Donjia Huffmon, CMC
Chief Deputy City Clerk

ORDINANCE NO. 2012-12

AN ORDINANCE GRANTING TO SOUTHERN CALIFORNIA GAS COMPANY, ITS SUCCESSORS AND ASSIGNS, THE FRANCHISE TO CONSTRUCT, MAINTAIN AND USE PIPES AND APPURTENANCES FOR TRANSMITTING AND DISTRIBUTING GAS FOR ANY AND ALL PURPOSES IN, ALONG, ACROSS, UPON, AND UNDER THE PUBLIC STREETS AND PLACES WITHIN THE CITY OF VISALIA.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF VISALIA

SECTION 1. CITY AUTHORITY

Consistent with its control over municipal affairs, city-owned property, and the powers vested in the City of Visalia through the California Constitution, and the Charter of the City of Visalia, the City of Visalia is authorized to grant the franchise described in this ordinance permitting the use of pipes and appurtenances for transmitting and distributing gas for any and all purposes, under, along, across, or upon the streets of City. The parties acknowledge that this franchise agreement replaces the prior franchise agreement and is the result of negotiation and mutual agreement.

SECTION 2. DEFINITIONS.

Whenever in this ordinance the words or phrases hereinafter in this section defined are used, they shall have the respective meaning assigned to them in the following definitions (unless, in the given instance, the context wherein they are used shall clearly import a different meaning).

(a) The word "Grantee" shall mean Southern California Gas Company, and its lawful successors or assigns;

(b) The word "City" shall mean the City of Visalia, a municipal corporation of the State of California, in its present incorporated form or in any later reorganized, consolidated, enlarged or reincorporated form;

(c) The word "streets" shall mean the public streets, ways, alleys and places as the same now or may hereafter exist within said city, now or hereafter established within said city,

(d) The word "franchise" shall mean and include any authorization granted hereunder in terms of a franchise, privilege, permit, license or otherwise to construct, maintain and use pipes and appurtenances for the business of transmitting and distributing gas for all purposes under, along, across or upon the public streets, ways, alleys and places in the City, and shall include and be in lieu of any existing or future City requirement to obtain a license for the privilege of transacting and carrying on a business within the City;

(e) The phrase "pipes and appurtenances" shall mean pipes, pipelines, mains, services, traps, vents, cables, conduits, vaults, manholes, meters, appliances, associated communications infrastructure, attachments, appurtenances, and any other property located or to be located in, upon, along, across, or under the streets of the city, and used or useful in the transmitting and/or distributing of gas;

(f) The word "gas" shall mean natural gas meeting the specifications required by the California Public Utilities Commission;

(g) The phrase "construct, maintain, and use" shall mean to construct, erect, install, lay, operate, maintain, use, repair, or replace; and

(h) The phrase "gross annual receipts" shall mean gross operating receipts received by Grantee from the sale of gas to Grantee's customers less uncollectible amounts and less any refunds or rebates made by Grantee to such customers pursuant to California Public Utilities Commission orders or decisions.

SECTION 3. PURPOSE.

That the right, privilege and franchise, subject to each and all of the terms and conditions contained in this ordinance, and pursuant to the Charter of the City of Visalia and provisions of Division 3, Chapter 2 of the Public Utilities Code of the State of California, known as the Franchise Act of 1937, be and the same is hereby granted to Grantee to construct, maintain and use pipes and appurtenances for transmitting and distributing gas for any and all purposes, under, along, across or upon the streets of the City.

SECTION 4. TERM.

Said franchise shall be for a term of thirty years from and after the effective date hereof; that is to say, said franchise shall endure in full force and effect until the same shall, with the consent of the Public Utilities Commission of the State of California, be voluntarily surrendered or abandoned by the Grantee, or until the state or some municipal or public corporation thereunto duly authorized by law shall purchase by voluntary agreement or shall condemn and take under the power of eminent domain, all property actually used and useful in the exercise of said franchise and situate in the territorial limits of the state, municipal, or public corporation purchasing or condemning such property, or until said franchise shall be forfeited for non-compliance with its terms by the Grantee, or until said franchise is cancelled by repeal of this Ordinance by the City after expiration of the initial thirty year term.

SECTION 5. CONSIDERATION.

(a) The Grantee of said franchise shall as consideration for the use of City property under the terms of this franchise by the Grantee during the term thereof, pay to the City at the times hereinafter specified, in lawful money of the United States, 1) a sum annually which shall be equivalent to two percent (2%) of the gross annual receipts of said Grantee arising from the use, operation or possession of said franchise; provided, however, that such payment shall in no event be less than one percent (1%) of the gross annual receipts of Grantee derived from the sale of gas within the limits of said City under this franchise and 2) all applicable surcharge payments due pursuant to the Municipal Public Lands Use Surcharge at California Public Utilities Code Section 6350 et seq.

(b) In addition to the amount described above City and Grantee have negotiated the following additional consideration contingent on CPUC approval. Grantee shall apply to the CPUC with the City's concurrence for authority to implement a franchise fee surcharge to be charged solely on the City's ratepayers to recover an amount equal to an additional one percent (1%) of gross annual receipts derived from the sale, transmission, or distribution of gas within the limits of the City if this is approved in a manner acceptable to Grantee and City, Grantee shall increase the total payment to the City based on two percent (2%) of gross annual receipts from the sale, transmission, or distribution of gas within the limits of the City as described in Section 5(a) above. After receipt of CPUC approval, acceptable to Grantee and City, and commencing on the first day of the calendar year following the date such approval becomes effective, the higher of the following two formulas shall apply instead of the payment pursuant to Section 5(a)(1) above:

(i) Two percent (2%) of the gross annual receipts of the Grantee derived from the use, operation or possession of its franchise; or

(ii) Two percent (2%) of the gross annual receipts of the Grantee derived from the sale, transmission, or distribution of gas, within the limits of the City under this franchise.

(b) In addition to the franchise fee calculated as set forth in section 5 (a) or (b) above whichever is then applicable, Grantee shall make a single annual payment of five thousand dollars (\$5,000) as

payment for an annual "Blanket Permit". The fee for the Blanket Permit is charged to the Grantee by the City for the regulatory costs incurred by the City to issue and oversee the Blanket Permit. The first Blanket Permit Payment shall be due and payable upon the next scheduled franchise payment due by Grantee after the effective date of this franchise and annually thereafter. If the first payment is not for an entire calendar year, the Permit Payment amount will be pro-rated based on the number of days the franchise is in effect for that period. In any year where there are overall increases city-wide for encroachment, pavement cut, pipeline and similar fees, taxes and permits duly approved by the City Council, then the immediately following Blanket Permit Payment shall be increased by the same percentage as any increase in the applicable CPI- All Urban Consumers for the Western Region from the immediately preceding year.

(c) The Blanket Permit presently includes the following work: (1) Emergency work; (2) Non-emergency work that is not in, or adjacent to, an arterial or collector street (as those terms are defined by then current City of Visalia Circulation Element) and does not require more than 300 feet of open trench; (3) Window cuts are restricted to 2 foot by 3 foot under a Blanket Permit; (4) Only directional boring will be allowed under a blanket permit and only a maximum of 300 feet of directional boring is permitted.

The work allowed by the Blanket Permit is what is permitted, as of the date of the effective date of this Agreement under a Blanket Permit issued pursuant to City of Visalia ordinances, rules, and regulations which address encroachment permits that allow third parties to work in publicly owned streets, sidewalks, right of way or other publicly owned places. The allowed work under a Blanket Permit may vary if those ordinances, rules, or regulations are modified. Work excluded under the Blanket Permit shall require the Grantee to obtain a City encroachment permit and pay all permit fees pursuant to the applicable City of Visalia ordinances, rules, and regulations.

(d) The Grantee shall file with the Clerk of said city, within three (3) months after the expiration of the calendar year, or fractional calendar year, following the date of the granting hereof, and within three (3) months after the expiration of each and every calendar year thereafter, a duly verified statement showing in detail the total gross annual receipts of such Grantee during the preceding calendar year, or such fractional calendar year, from the sale of gas within said City. Such Grantee shall pay to said city within fifteen (15) days after the time for filing such statement, in lawful money of the United States, the aforesaid percentage of its gross annual receipts for such calendar year, or such fractional calendar year, covered by such statement.

SECTION 6. OTHER FRANCHISES.

This grant is made in lieu of all other gas utility franchises owned by the Grantee, or by any successor of the Grantee to any rights under this franchise, for transmitting and distributing gas within the limits of the City, as said limits now or may hereafter exist, and the acceptance of the franchise hereby granted shall operate as an abandonment of all such gas utility franchises within the limits of this City, as such limits now or may hereafter exist, in lieu of which this franchise is granted.

SECTION 7. OBLIGATIONS OF GRANTEE.

(a) All facilities or equipment of Grantee shall be constructed, installed and maintained in accordance with and in conformity with all of the ordinances, rules and regulations heretofore, or hereafter adopted by the legislative body of this City in the exercise of its police powers and not in conflict with the paramount authority of the State of California, and, as to state highways, subject to the provisions of the general laws relating to the location and maintenance of such facilities.

(b) Before Grantee makes any installations in the public rights-of-way, Grantee shall apply for and obtain from City such permit or permits as are required by City to be issued consistent with its police powers and not in conflict with the paramount authority of the State. Grantee and City shall negotiate a blanket permit to meet this requirement that will provide an expedited process for all regular utility installations, repair, maintenance, new business and line replacements, to minimize administrative work for City and Grantee. The Permits Payment set forth in Section 4 herein will replace and cover any City adopted charges or fees that could be applicable to such work.

(c) All facilities installed or constructed pursuant to this franchise shall be so located and so erected as to minimize the interference with traffic and other authorized uses over, under or through the public rights-of-way. Grantee shall coordinate the installation, construction, use, operation and relocation of its facilities within City as appropriate to enable City to better plan, facilitate and protect public safety and convenience. Grantee shall provide City with installation records as provided by law to facilitate such coordination and shall plan, respond, facilitate and locate its facilities in coordination with City input as City may request or require consistent with its police powers and not in conflict with the the paramount authority of the State

(d) Grantee shall not install, construct, maintain or use its facilities in a manner that damages or interferes with any existing facilities of a City utility located in the public right-of-way and agrees to relocate its facilities, if necessary, to accommodate the construction or relocation of another City facility that has a prior rights interest in the public right-of-way.

(e) Grantee shall keep accurate records of the location of all facilities in the public rights-of-way and furnish them to City upon request. At any time when the City has a current need Grantee shall work with the City to provide such information in an electronic or other requested format. Upon completion of new or relocation construction of underground facilities in the public rights-of-way, Grantee shall provide the City Engineer with corrected drawings showing the actual location of the underground facilities noting where the actual location differs from the proposed location.

(f) Whenever Grantee shall cause any opening or alteration whatever to be made for any purpose in any public right-of-way, the work shall be completed with due diligence within a reasonably prompt time. Grantee will restore the disturbed property to substantially its former condition with comparable materials, so that the restoration meets industry standards. If such restoration is not completed within a reasonable time or does not meet industry standards, the City may, at its option, perform the necessary restoration either through its own forces or through a hired contractor, and Grantee agrees to reimburse the City for its expenses in so doing within sixty (60) days after its receipt of the City's invoice.

(g) If any portion of any street shall be damaged by reason of defects in any of the pipes and appurtenances maintained or constructed under this grant, or by reason of any other cause arising from the operation or existence of any pipes and appurtenances constructed or maintained under this grant, Grantee shall, at its own cost and expense, immediately repair any such damage and restore such portion of such damaged street to as good condition as existed before such defect or other cause of damage occurred. If such restoration, repair or replacement is not completed within a reasonable time or does not meet industry standards, the City may, at its option, perform the necessary restoration, repair or replacement either through its own forces or through a hired contractor, and Grantee agrees to reimburse the City for its expenses in so doing within sixty (60) days after its receipt of the City's invoice.

(h) The Grantee shall pay to the City, on demand, the cost of all repairs to public property made necessary by any operations of the Grantee under this franchise. Except for such losses or damages caused by the negligence or willful misconduct of City and any officers and employees, Grantee shall indemnify, save, and hold harmless, City and any officers and employees thereof against and from all damages, judgments, decrees, costs and expenditures which city, or such officer or employee, may suffer, or which may be recovered from, or obtainable against City, or such officer or employee, for, or by reason of, or growing out of or resulting from the exercising by Grantee of any or all of the rights or privileges granted hereby, or by reason of any act or acts of Grantee or its servants or agents in exercising the franchise granted hereby, and Grantee shall defend any suit that may be instituted against City, or any officer or employee thereof, by reason of or growing out of or resulting from the exercise by Grantee of any or all of the rights or privileges granted hereby, or by reason of any act or acts of Grantee, or its servants or agents, in exercising the franchise granted hereby

SECTION 8. INSTALL, REMOVE OR RELOCATE FACILITIES.

(a) City reserves the right for itself to lay, construct, erect, install, use, operate, repair, replace, remove, relocate or maintain below surface or above surface improvements of any type or description in, upon, along, across, under or over the streets of the City. City further reserves the right to lawfully change the grade, alignment or width of any street. If the necessary exercise of the aforementioned reserved rights conflicts

with any pipes and appurtenances of Grantee constructed, maintained, and used pursuant to the provisions of the franchise granted hereby, Grantee shall, without cost or expense to City within six months after written notice from the City Manager, or his designated representative, and request so to do, begin the physical design and field construction of changing the location of all facilities or equipment so conflicting. Grantee shall proceed promptly to complete such required work.

(b) Irrespective of any other provision of this ordinance, Grantee's right to construct, maintain, and use, or remove pipes and appurtenances thereto shall be subject at all times to the right of the City, in the exercise of its police power, which includes but is not limited to the implementation of traffic improvement projects paid for by the City, to require the removal or relocation of said pipes and appurtenances thereto at the sole cost and expense of Grantee, except (1) as the law may otherwise provide or, (2) except where Grantee's right to possession is pursuant to instruments evidencing right-of-way, easements or other interest in real property, ~~excluding rights granted by a franchise or rights held under a license agreement, or (3) except where the removal or relocation is made at the request of the City on behalf of or for the benefit of any private developer, or other private third party.~~

(c) In the event that the City is made aware of a project developed by a governmental agency, water company, private party or the City that would be located within five hundred feet of a regulator station or other major gas facilities, City shall notify Grantee and work with Grantee and the implicated parties in order to assess potential economic and community impacts and facilitate coordinated and economically reasonable outcomes.

SECTION 9. TRANSFER OR SALE OF FRANCHISE.

Grantee of the franchise granted hereby shall file with the legislative body of the City within thirty (30) days after any sale, transfer, assignment or lease of this franchise, or any part thereof, or of any of the rights or privileges granted thereby, written evidence of the same, certified thereto by the Grantee or its duly authorized officers.

SECTION 10. FORFEITURE.

This franchise is granted upon each and every condition herein contained. Nothing shall pass by the franchise granted hereby to Grantee unless it be granted in plain and unambiguous terms. Each of said conditions is a material and essential condition to the granting of the franchise. If Grantee shall fail, neglect or refuse to comply with any of the conditions of the franchise granted hereby, and if such failure, neglect or refusal shall continue for more than thirty (30) days after written demand by the City Manager for compliance therewith, then City, by the City Council, in addition to all rights and remedies allowed by law, thereupon may terminate the rights, privilege, and franchise granted in and by this ordinance, and all the rights, privileges and the franchise of Grantee granted hereby shall thereupon be at an end. Thereupon and immediately, Grantee shall surrender all rights and privileges in and to the franchise granted hereby. No provision herein made for the purpose of securing the enforcement of the terms and conditions of the franchise granted hereby shall be deemed an exclusive remedy or to afford the exclusive procedure for the enforcement of said terms and conditions, but the remedies and procedure outlined herein or provided, including forfeiture, shall be deemed to be cumulative.

SECTION 11. ACQUISITION AND VALUATION.

The franchise granted hereunder shall not in any way or to any extent impair or affect the right of the City to acquire the property of the Grantee hereof either by purchase of through the exercise of the right of eminent domain, and nothing herein contained shall be construed to contract away or to modify or to abridge, either for a term or in perpetuity, the City's right of eminent domain in respect to the Grantee; nor shall this franchise ever be given any value before any court or other public authority in any proceeding of any character in excess of the cost to the Grantee of the necessary publication and any other sum paid by it to the City therefor at the time of the acquisition thereof.

SECTION 12. PUBLICATION COSTS.

The Grantee of said franchise shall pay to the City a sum of money sufficient to reimburse it for all publication expenses incurred by it in connection with the granting thereof, such payment to be made within thirty (30) days after the City shall have furnished such Grantee with a written statement of such expenses.

SECTION 13. EFFECTIVE DATE.

The franchise granted hereby shall not become effective until the later of either November 1, 2011, or written acceptance thereof shall have been filed by the Grantee with the City Clerk. When so filed, such acceptance shall constitute a continuing agreement of the Grantee that if and when the City shall thereafter annex or consolidate with additional territory, any and all franchise rights and privileges owned by the Grantee therein shall likewise be deemed to be abandoned within the limits of the additional territory.

SECTION 14. SEVERABILITY. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstances, is for any reason held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining sections, subsections, subdivision, paragraphs, sentences, clauses or phrases of this ordinance, or its application to any other person or circumstance. The City Council of the City of Visalia hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof, irrespective of the fact that any one or more other sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases hereof be declared invalid or unenforceable.

SECTION 15. INDEMNITY. City shall indemnify, defend and hold Grantee harmless against any and all losses, liabilities, claims, demands, damages, causes of action, liens, obligations, fines, penalties, costs and expenses (collectively, "Claims"), which shall be limited specifically to those Claims arising from or out of Grantee's pursuit of its application for the City.

SECTION 16. WRITTEN ACCEPTANCE.

After the publication of this ordinance, the Grantee shall file with the City Clerk a written acceptance of the franchise hereby granted, and an agreement to comply with the terms and conditions hereof.

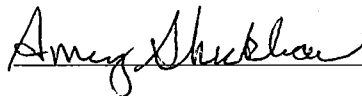
SECTION 17. PUBLICATION.

The City Clerk shall certify to the adoption of this ordinance, and within fifteen (15) days after its adoption, shall cause the same (with a list of the councilmembers voting for and against) to be published in the Visalia Times Delta, a newspaper of general circulation published and circulated in said City.

PASSED AND ADOPTED: 10/15/2012


AMY SHUKLIAN, MAYOR

ATTEST:



STEVEN M. SALOMON, CITY CLERK

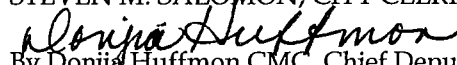
APPROVED BY CITY ATTORNEY



STATE OF CALIFORNIA)
COUNTY OF TULARE) ss.
CITY OF VISALIA)

I, Steven M. Salomon, City Clerk of the City of Visalia, certify the foregoing is the full and true Ordinance 2012-12 passed and adopted by the Council of the City of Visalia at a regular meeting held on October 15, 2012 and certify a summary of this ordinance has been published in the Visalia Times Delta.

Dated: *October 26, 2012*

STEVEN M. SALOMON, CITY CLERK

By Donjia Huffmon CMC, Chief Deputy

ATTACHMENT C

Advice No. 4418

SoCalGas Sample Bill Format



ACCOUNT NUMBER XXX XXX XXXX X
 SERVICE FOR
 JOHN Q PUBLIC
 100 S SAMPLE AVE
 VISALIA CA 93291-0000

DATE MAILED Apr 12, 2012
 24 Hour Service

1-800-427-2200 English
 1-800-342-4545 Español
 1-800-252-0259 TTY

www.socalgas.com

H

Account Summary

Amount of Last Bill			\$61.28
Payment Received	03/28/12	THANK YOU	- 61.28
Current Charges			+ 36.07
Total Amount Due			\$36.07

Current Charges

Rate: GR - Residential Climate Zone: 1 Baseline Allowance: 49 Therms
 Meter Number: (Next scheduled read date May 9 2012) Cycle: 6

Billing Period	Days	Current Reading	Previous Reading	=	Difference	x	Billing Factor	=	Total Therms
03/12/12 - 04/10/12	29	1222	1179	=	43	x	1.034	=	44

GAS CHARGES

Customer Charge	29 Days x \$.16438	Amount(\$)	4.77
Gas Service (Details below)	44 Therms		

Baseline			
Therms used	44		
Rate/Therm	\$.62114		
Charge	\$27.33	=	27.33

Total Gas Charges \$32.10

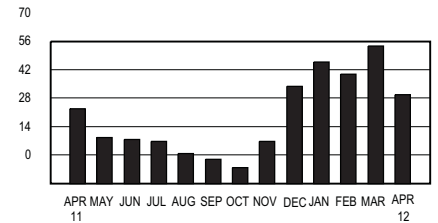
TAXES & FEES ON GAS CHARGES

	Amount(\$)
State Regulatory Fee	44 Therms x \$.00068 .03
Public Purpose Surcharge	44 Therms x \$.08231 3.62
Local Franchise Fee Surcharge	\$32.13 x 1.00% .32
Total Taxes and Fees on Gas Charges	\$3.97

Total Current Charges \$36.07

DATE DUE	May 2, 2012
AMOUNT DUE	\$36.07

Gas Usage History (Total Therms used)



Total Therms used	Apr 11: 37	Mar 12: 68	Apr 12: 44
Daily average Therms	1.2	2.1	1.5
Days in billing cycle	31	32	29

Need help paying your SoCalGas bill? You may qualify for available assistance. Visit socalgas.com or call 1-800-427-2200

Our records show this gas meter serves a one-family home. If the type of service or actual number of units is different, please call us at the telephone number shown.

The Gas Company's gas commodity cost per therm for your billing period:

Apr. \$.25102 Mar. \$.29725

PLEASE KEEP THIS PORTION FOR YOUR RECORDS. (FAVOR DE GUARDAR ESTA PARTE PARA SUS REGISTROS.)
 PLEASE RETURN THIS PORTION WITH YOUR PAYMENT. (FAVOR DE DEVOLVER ESTA PARTE CON SU PAGO.)



Save Paper & Postage
 PAY ONLINE
www.socalgas.com

ACCOUNT NUMBER
 XXX XXX XXXX X

DATE DUE	May 2, 2012
AMOUNT DUE	\$36.07

Please enter amount enclosed.

\$

Write account number on check and make payable to The Gas Company.

JOHN Q PUBLIC
 100 S SAMPLE AVE
 VISALIA CA 93291-0000

THE GAS COMPANY
 PO BOX C
 MONTEREY PARK CA 91756-5111

CY XX XXXX XXX P