

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 19, 2014

Advice Letter 4669-G

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

**SUBJECT: Request for Approval to Grant an Easement Pursuant to PUC Section 851
and G.O. 173**

Dear Ms. Prince:

Advice Letter 4669-G is effective as of August 17, 2014.

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

July 18, 2014

Advice No. 4669
(U 904 G)

Public Utilities Commission of the State of California

Subject: Request for Approval to Grant an Easement Pursuant to Public Utilities Code Section 851 and General Order 173

Purpose

Southern California Gas Company ("SoCalGas") respectfully requests approval from the California Public Utilities Commission ("Commission") to convey an easement for distribution line facilities under Public Utilities Code Section 851 and General Order 173 (GO 173) to Southern California Edison Company ("SCE").

The conveyance of the subject easement (herein the "ROW Easement") is being requested in order to allow SCE to relocate and extend its existing Gavin 16kV distribution line (the "Gavin Circuit") currently located on SoCalGas' Aliso Canyon Natural Gas Storage Facility ("Storage Facility"), which consists of approximately 4000 acres of land, primarily in Los Angeles County, California. Conveyance of the ROW Easement would be made pursuant to the form of Easement Deed attached hereto as Attachment A ("Easement Deed"). Legal depictions of the ROW Easement are set forth in Attachment B attached hereto.

SoCalGas believes that the use of the ROW Easement by SCE will not affect SoCalGas' use and operation of its facilities on its Storage Facility. Utility service will not be affected as a result of Commission approval of the conveyance contemplated in the Easement Deed.

Background

SoCalGas recently obtained Commission approval pursuant to Decision (D.) 13-11-023 to construct the Aliso Canyon Turbine Replacement Project ("ACTR Project") at the Storage Facility. A main ACTR Project activity involves replacing the existing gas-driven compressor turbines with new, electric driven compressors.

SoCalGas currently has an existing SCE-furnished 16 kV distribution metered service to the Storage Facility via the Gavin Circuit. However, because the electric load requirements for the ACTR Project exceed the capacity of the Gavin Circuit, SoCalGas' existing 16kV service to the Storage Facility will be removed by SCE, and the Storage Facility load would be served by a new 66/12 kV substation. Once the 16 kV service is removed, however, SCE will still need to provide service to existing tenants and property rights holders located at the Storage Facility. In order to provide such service, SCE plans to reconstruct the distribution line at the Storage Facility in an area that requires a new right-of-way easement.

If the Commission authorizes SoCalGas to grant the ROW Easement to SCE, then the Easement Deed, in the form attached as Attachment A, would be executed by SoCalGas and recorded with the County of Los Angeles.

Conveyance of the ROW Easement is not believed to unreasonably endanger or interfere with the construction, maintenance, use or operation of the Storage Facility or other utility improvements necessary for SoCalGas' utility purposes.

SoCalGas believes that the granting of the ROW Easement to SCE allows SCE to proceed with its improvements necessary to provide service to SoCalGas' tenants and land rights holders at the Storage Facility.

Information Required as per Rules 3 and 4 of GO 173

A. Rule 3 Requirements: SoCalGas is permitted to file this advice letter seeking Commission approval under Section 851 because SoCalGas believes it has satisfied the eligibility requirements set forth in Rule 3 of GO 173 as follows:

- 3a. *The activity proposed in the transaction will not require environmental review by the Commission as a Lead Agency under California Environmental Quality Act (CEQA).*

SoCalGas believes this transaction is not a "project" under CEQA pursuant to CEQA Guidelines Section 15378. If, however, the Commission were to determine this transaction is a project under CEQA, then SoCalGas believes that the Categorical Exemption set forth in CEQA Guidelines Section 15061(b)(3) applies. No other governmental agency is a CEQA lead or CEQA responsible agency for purposes of this transaction, and SoCalGas is not aware of any other discretionary or ministerial permits required in order to complete the conveyance of the Easement.

- 3b. *The transaction will not have an adverse effect on the public interest or on the ability of the utility to provide safe and reliable service to customers at reasonable rates.*

The ROW Easement area impacts a relatively small portion of unimproved land at the Storage Facility, away from where main operational activities take place and is located in a place and manner that will not adversely impact SoCalGas' use of the property. The permitted uses under the Easement Deed will not otherwise interfere with or adversely impact SoCalGas' operations at the Storage Facility or its ability to provide safe and reliable service to its customers at reasonable rates.

- 3c. *Any financial proceeds from the transaction will be either booked to a memorandum account for distribution between shareholders and ratepayers during the next general rate case or be immediately divided between shareholders and ratepayers based on a specific distribution formula previously approved by the Commission for that utility.*

Financial proceeds received by SoCalGas from the grant of the Easement Deed will be handled in accordance with the policy for the allocation of gains and losses on the sale of utility assets adopted in the Commission's Gain on Sale Rulemaking in D.06-05-041.

- 3d. *If the transaction results in a fee interest transfer of real property, the property does not have a fair market value in excess of \$5 million.*

Not applicable. The transaction does not result in a fee interest transfer of real property.

- 3e. *If the transaction results in a sale of a building, the building does not have a fair market value in excess of \$5 million.*

Not applicable. The transaction does not result in a sale of a building.

- 3f. *If the transaction is for the sale of depreciable assets, the assets do not have a fair market value in excess of \$5 million.*

Not applicable. The transaction does not involve a sale of depreciable assets.

- 3g. *If the transaction is a lease or a lease-equivalent, the total net present value of the lease payments, including any purchase option, does not have a fair market value in excess of \$5 million, and the term of the lease will not exceed 25 years.*

Not applicable. The transaction does not involve a lease or lease-equivalent.

- 3h. *If the transaction conveys an easement, right-of-way, or other less than fee interest in real property, the fair market value of the easement, right-of-way, or other interest in the property does not exceed \$5 million.*

The transaction conveys an easement with a fair market value of only \$40,000.

- 3i. *The transaction will not materially impact the ratebase of the utility.*

This transaction will not impact SoCalGas' ratebase, given the nominal asset value of the easement.

- 3j. *If the transaction is a transfer or change in ownership of facilities currently used in regulated utility operations, the transaction will not result in a significant physical or operational change in the facility.*

Not applicable. The transaction does not transfer or change ownership of facilities currently used in regulated utility operations.

- 3k. *The transaction does not warrant a more comprehensive review that would be provided through a formal Section 851 application.*

Given the nominal value and nature of the asset, this transaction does not warrant a more-comprehensive review under Section 851. Moreover, this transaction is typical of transaction for which GO 173 was developed.

B. Rule 4 Requirements: Rule 4 of GO 173 requires that the following information be included:

- 4a. *Identity and addresses of all parties to the proposed transaction:*

"Grantor"
Southern California Gas Company
555 W. Fifth Street
Los Angeles, CA 90013

“Grantee”
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770

4b. Complete description of the property including present location, condition and use:

A depiction the ROW Easement is attached as Attachment B hereto. The ROW Easement area is generally unimproved land within the approximately 4000 acre Storage Facility site that is used for underground storage of natural gas. The conveyance of the ROW Property will have no effect on existing storage facility operations.

4c. Transferee’s intended use of the property:

The installation, operation and maintenance of a 16 kV distribution line, together with rights of ingress and egress for access.

4d. Complete description of financial terms of the proposed transaction:

SoCalGas is conveying the ROW Easement to SCE for \$ 40,000, which represents the appraised fair market value of the rights granted, together with processing costs associated with the easement grant.

4e. Description of how financial proceeds of the transaction will be distributed:

Financial proceeds received by SoCalGas from the grant of the Easement Deed will be handled in accordance with the policy for the allocation of gains and losses on the sale of utility assets adopted in the Commission’s Gain on Sale Rulemaking in D.06-05-041.

4f. Statement on the impact of the transaction on ratebase and any effect on the ability of the utility to serve customers and the public:

SoCalGas believes that the transaction will have a minimal effect on ratebase. SoCalGas believes that the granting of the ROW Easement will have no effect on its ability to serve its customers or the public and will have no effect on its natural gas transmission or distribution facilities.

4g. For sales of real property and depreciable assets, the original cost, present book value, and present fair market value, and a detailed description of how the fair market value was determined (e.g. appraisal):

Not applicable.

- 4h. *For leases of real property, the fair market rental value, provide a detailed description of how the fair market rental value was determined, and any additional information necessary to show compliance with Rule 3(g) above:*

Not applicable.

- 4i. *For easements or rights-of-way, the fair market value of the easement or right-of-way and a detailed description of how the fair market value was determined:*

The fair market value of the ROW Easement is \$40,000. An appraisal to property value of the ROW Easement was completed by Valentine Appraisal & Associates. A copy of the appraisal is attached as Attachment C.

- 4j. *A complete description of any recent past (within the prior two years) or anticipated future transactions that may appear to be related to the present transaction, such as sales or leases of real property that are located near the property at issue or that are being transferred to the same transferee; or for depreciable assets, sales of similar assets or sales to the same transferee:*

Not applicable as no related transactions are involved.

- 4k. *Sufficient information and documentation (including environmental documentation) to show that all of the eligibility criteria stated in Rule 3 above have been met:*

As set forth above, SoCalGas believes that all applicable eligibility criteria stated in Rule 3 have been satisfied.

- 4l. *The filing utility may submit additional information to assist in the review of the advice letter, including recent photographs, scaled maps, drawings, etc:*

Not Applicable.

- 4m. *Environmental Information:*

SoCalGas believes this transaction is not a "project" under CEQA pursuant to CEQA Guidelines Section 15378. If, however, the Commission were to determine this transaction is a project under CEQA, then SoCalGas believes that the Categorical Exemption set forth in CEQA Guidelines Section 15061(b)(3) applies. Nonetheless, the relocation of the Gavin Circuit was listed and analyzed as a potential cumulative impact under the Commission's Final Environmental Impact Report (FEIR) for the ACTR Project under D.13-11-023. No other governmental agency is a CEQA lead or CEQA responsible agency for purposes of this transaction, and SoCalGas

is not aware of any other discretionary or ministerial permits required in order to complete the conveyance of the Easement.

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 or August 7, 2014. 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

A copy 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, per General Order 96-B. SoCalGas respectfully requests that this filing become effective on August 17, 2014, which is 30 calendar days after filing.

Notice

A copy of this advice letter is being sent to SoCalGas' GO 96-B service list. Address change requests to the GO 96-B should be directed by electronic mail to tariffs@socalgas.com or call 213-244-3387.

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) #: 4669

Subject of AL Request for Approval to Grant an Easement Pursuant to Public Utilities Code Section 851 and General Order 173

Keywords (choose from CPUC listing): Section 851

AL filing type: Monthly Quarterly Annual One-Time Other

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

None

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: 8/17/14

No. of tariff sheets: 0

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: None

Service affected and changes proposed¹ See Advice Letter

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. 4669

Easement Deed



A Sempra Energy utility

**Recording Requested by and
When recorded mail to:
Southern California Gas Company
9400 Oakdale Avenue
Chatsworth, CA 91313
Attn.: Gas Storage Land**

Atlas Sheet No. xx-x

APN: 2821-007-801

Documentary Transfer Tax \$ _____

_____ Computed on full value of property conveyed

_____ Computed on full value less liens and
encumbrances remaining at time of sale

_____ Southern California Gas Company

**GRANT OF EASEMENT
(Electrical Distribution)**

R.W. xxx,xxx

THIS GRANT OF EASEMENT (this "Agreement") is made and entered into as of _____, 2014 (the "Effective Date") by and between Southern California Gas Company, a California corporation ("Grantor"), and Southern California Edison Company, a California corporation ("Grantee"). Grantor and Grantee are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties".

RECITALS

A. Grantor owns certain real property located in the County of Los Angeles, California, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

B. Grantor holds fee interests, including but not limited to surface and sub-surface rights, to said Property, within which Grantor owns, operates and maintains oil and gas operations; underground gas storage facilities; and aboveground and underground utility fixtures, which utility fixtures may be electric lines or pipelines, or both; including all related equipment, facilities and operations related thereto, which are collectively referred to as "Facilities;" known as the Aliso Canyon Underground Storage Facilities.

C. Grantee desires to acquire a certain overhead easement rights in, on, over, and across that certain portion of the Property for the sole purpose of constructing, operating and maintaining an electrical and communications overhead line and appurtenances as set forth more fully below (the "Permitted Purposes").

D. Grantee has requested from Grantor, and Grantor has agreed to grant to Grantee, the easement in, on, over and across the Property for the Permitted Purposes on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, incorporating the above recitals and in consideration of the mutual covenants and benefits contained herein, the Grantor and Grantee hereby agree as follows:

1. **Grant of Easement:**

Grantor hereby grants to Grantee an easement thirty feet (30) in width in, on, and over the Property, as described in Exhibit B and depicted in Exhibit C, each attached hereto and incorporated herein by this reference (the "Easement Area") for the sole purpose of granting to Grantee the right to construct, reconstruct, use, maintain, operate, alter, repair, replace, inspect and remove one overhead electrical supply system, together with all necessary equipment and appurtenances, with wires and cables suspended thereon and supported thereby, including a communications system for the Grantee's internal and sole use only, (collectively as same will be situated within the Easement Area, "Distribution Facilities"), all necessary or useful for Grantee to transmit and distribute electrical energy within the Easement Area for the Permitted Purposes. Grantee is further granted the right of ingress and egress to, from and along the Easement Area via routes currently established across the Property ("Access Routes"). Grantee is further granted the right, upon the prior written consent of Grantor, which shall not be unreasonably withheld, conditioned or delayed, to use Grantor's abutting Property during construction, reconstruction and repair of the Distribution Facilities, provided, that Grantee shall exercise such foregoing easement rights granted hereinabove in a reasonable manner in order to avoid interference with any of Grantor's activities within the Property; but Grantee shall have no right to construct new roads or routes to the Easement Area. Grantor may designate changes to the location of such established Access Routes across the Property at any time and from time to time to locations mutually agreed upon by the Grantor and Grantee.

2. **Grantee's Improvements and Repairs; Ground Surface Elevation:**

(a) The initial construction of the Distribution Facilities in, on, over and across the Property shall not commence without the prior written approval of the plans and specifications for the Distribution Facilities by Grantor, which shall not be unreasonably withheld, delayed or conditioned. Grantee shall submit to Grantor the plans and specifications for the Distribution Facilities not less than sixty (60) days prior to the scheduled commencement of the initial construction of the Distribution Facilities. In the event that any subsequent material construction, reconstruction and/or reconfiguring of the Distribution Facilities are required that is not in conformance with the plans and specifications previously approved by Grantor (each, a "Material Alteration"), such Material Alteration shall not commence without Grantor's prior written approval of the plans and specifications for such Material Alteration, which approval shall not be unreasonably withheld, conditioned or delayed. Grantee shall submit to Grantor the plans and specifications for any Material Alteration not less than sixty (60) days prior to the scheduled commencement of such Material Alteration. Other than any Material Alteration, subsequent repairs and maintenance of the Distribution Facilities shall not require Grantor's prior approval; provided that Grantee shall use commercially reasonable efforts to deliver to Grantor prior notice of such repairs or maintenance to minimize interference

with Grantor's activities within the Easement Area. In the case of emergency repairs, Grantee shall immediately commence repairs and give Grantor written notification within ten (10) days of the commencement of said emergency repair so that Grantor can inspect the Easement Area solely for compliance with the terms and conditions of this Agreement. The Distribution Facilities installed pursuant to this Agreement shall be constructed in a good and workmanlike manner and shall conform in all respects to all Applicable Laws (as defined below).

(b) Grantor's approval of plans and specifications shall not be construed as representing or implying Grantor's endorsement of the plans for any purpose other than providing Grantee with assurance that the plans and specifications if followed would not constitute an interference with Grantor's operations and/or facilities. That such plans or specifications will, if followed, result in the properly designed Distribution Facilities. The Grantor's approval of any proposed plans and specifications for any work done or proposed or in connection with any other matter requiring the Grantor's approval pursuant to this Agreement shall not be deemed to constitute a waiver of the Grantor's right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or other matters whatsoever subsequently or additionally submitted for approval or consent.

(c) In making any excavations within the Easement Area, Grantee shall use its best efforts to make the excavation in a manner designed to cause the least injury to the surface of the ground around such excavation, and shall replace the earth so removed by it and restore the surface of the ground and any improvement thereof to as near the same condition as existed immediately prior to such excavation to the extent it is practicable to do.

(d) Grantee shall not increase or decrease the ground surface elevations within the Easement Area Access Routes without obtaining the prior written consent of Grantor.

3. Applicable Laws:

Grantee shall comply with all applicable federal, state, county, municipal and other local laws, statutes, codes, ordinances, rules, regulations, directives, policies, decisions, guidelines, permits, approvals, authorizations, decrees, edicts and orders now or hereafter applicable to Grantee's activities within the Easement Area or Access Routes at all times (collectively, "Applicable Laws"). Grantee shall deliver written notice of any violation of Applicable Law to Grantor within five (5) business days after receiving actual notice of such violation. Grantee shall commence to resolve any violation of any Applicable Law arising from Grantee's activities within the Easement Area or Access Routes within forty-five (45) days after receiving actual notice of such violation and shall diligently prosecute such resolution to completion.

4. Mechanic's Liens:

Grantee shall keep the Property free from and shall promptly discharge all mechanic's or materialman's liens arising from any work performed, material furnished or obligations incurred in connection with any of Grantee's activities within the Easement Area and/or Access Routes.

5. **Maintenance:**

(a) Grantee shall (i) keep the Easement Area free and clear of (A) any trash, rubbish, flammable and non-flammable material, waste or debris, (B) any buildings, structures, improvements, or walls not consistent with the Permitted Purposes, other than those approved in writing; and (ii) not commit or perform any activity within the Easement Area or Access Routes that constitutes waste or public or private nuisance.

(b) Without the prior written consent of Grantor, Grantee shall not place, park or store any machinery, vehicles, equipment, flammable or non-flammable materials, supplies or other personal property (collectively, "Equipment") within the Easement Area, except that Grantee may temporarily place, park or store Equipment within the Easement Area to the extent necessary for use of the Easement Area for the Permitted Purpose ("Permitted Equipment").

(c) Grantee shall be responsible and liable for all other maintenance and repairs required with respect to the Easement Area and Access Routes. Grantee shall repair any damage to the Property caused by and arising from any of Grantee's activities within or outside the Easement Area or Access Routes. Grantee shall commence to repair such damage within forty-five (45) days after receiving notice of such damage and shall diligently prosecute such repair to completion.

6. **Environmental Compliance:**

(a) The term "Environmental Law" shall mean any Applicable Law pertaining to environmental conditions, environmental quality or policy or human health and safety and the regulations, permits, judgments, agreements and authorizations promulgated or issued pursuant thereto, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 43 U.S.C. §9601 et seq., (ii) the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. §6901 et seq., (iii) the Toxic Substances Control Act of 1976 (TSCA), 15 U.S.C. §2601 et seq., (iv) the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq., (v) the Clean Water Act, 33 U.S.C. §1251, et seq., the Porter-Cologne Water Quality Control Act, California Water Code § 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code § 25249.5 et seq., the Hazardous Substance Account Act, California Health & Safety Code § 25300 et seq., the Hazardous Waste Control Act, California Health & Safety Code § 25100 et seq. and the California Clean Air Act, California Health & Safety Code § 39000 et seq.

(b) The term "Hazardous Substance" shall mean any chemical, substance, material, object, condition, waste or combination thereof that is or may be hazardous to human health or safety or the environment due to its radioactivity, ignitability, corrosivity, reactivity, toxicity or other properties or effects, including but not limited to oil, petroleum, petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), urea formaldehyde insulation, lead paints and coatings, toxic mold and all of those chemicals, substances, materials, objects, conditions, wastes or combinations thereof that are now or in the future are listed, defined or regulated in any manner by any Environmental Law.

(c) Except for those Hazardous Substances set forth on Exhibit D, which Grantor may maintain within the Easement Area, but excluding Access Routes, in accordance with the terms and conditions of this Agreement and all Applicable Laws, Grantee shall not place, use, generate, treat, store, handle or release any Hazardous Substance within, on, over, under or about the Easement Area and Access Routes or the underlying ground water or transport or permit the contamination or migration of any Hazardous Substance to or from the Easement Area (collectively, a "Release"). If any of Grantee's activities within the Easement Area or Access Routes causes any Release of the Property or underlying ground water, Grantee shall, at Grantee's sole expense, promptly take such actions necessary to mitigate or remediate such Release in accordance with all Applicable Laws and other requirements of Governmental Authorities.

(d) During the term of this agreement, Grantor or its designated representatives shall have the right to conduct any inspections, tests or measurements over and on the Easement Area or Access Routes that Grantor deems necessary to determine if a Release of Hazardous Substances from Grantee has occurred. Such tests shall be conducted in a manner so as to attempt to minimize any inconvenience and disruption to Grantee's operation as is practicable. If such tests indicate a Release of Hazardous Substances by Grantee may have occurred, then Grantor, at Grantor's sole discretion, may require Grantee, at Grantee's sole expense, to have additional tests for Hazardous Substances conducted by a qualified third party or parties over and on the Easement Area or Access Routes. To the extent such testing reveals no Release or that the Release is attributable to Grantor and/or Grantor's facilities, then Grantor shall reimburse Grantee for any monies paid for such tests. If Grantor has reason to believe any Hazardous Substances originated from a Release on and over the Easement Area or Access Routes have contaminated any area outside the Easement Area or Access Routes including but not limited to surface and groundwater, then Grantor, at Grantor's sole discretion, may require Grantee, at Grantee's sole expense and at any time during the term of this Agreement, to have tests for such Hazardous Substances conducted by a qualified third party or parties on said area outside the Easement Area or Access Routes. To the extent such testing reveals no Release or that the Release is attributable to Grantor and/or Grantor's facilities, then Grantor shall reimburse Grantee for any monies paid for such tests. Grantor's failure to inspect, test or take other actions pursuant to this Section regarding the Easement Area or Access Routes shall in no way relieve Grantee of any responsibility for a Release.

7. "As-Is" Nature of Grant:

Grantee hereby accepts the Easement Area and Access Routes "as is" with all faults and conditions, whether patent or latent, known or unknown, and acknowledges that Grantor has not made and specifically disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind, character or nature, whether express or implied, written or oral, with respect to the Easement Area and Access Routes.

8. Insurance and Compliance:

At all times, Grantee may substitute a certificate evidencing Grantee program of self insurance in the amounts as set forth in this section, otherwise, Grantee shall maintain in effect all the insurance requirements set forth in Section 8.

(a) At all times, Grantee shall maintain in effect the following insurance coverages in amounts not less than the following minimum limits: (i) *Comprehensive General Liability Insurance*, including but not limited to products-completed operations and contractual liability coverage, with limits of not less than \$5,000,000.00 [Five Million Dollars] per occurrence and \$5,000,000.00 [Five Million Dollars] in the aggregate for bodily injury and property damage, and (ii) *Automobile Liability Insurance*, with limits of not less than \$5,000,000.00 [Five Million Dollars] combined single limit, and (iii) *Worker's Compensation and Employers' Liability Insurance* in accordance with statutory requirements and employer's liability insurance with limits of not less than \$1,000,000.00 [One Million Dollars] and (iv) *Pollution Liability Insurance* if applicable with limits not less than \$5,000,000.00 [Five Million Dollars] per occurrence, and (v) *Professional Liability Insurance* (including Design – Build), in an amount of not less than \$1,000,000.00 (One Million Dollars) per claim, if the policy maintains a policy aggregate, such aggregate shall not be less than twice the per occurrence limit, and (vi) *Builders Risk Insurance or Installation Floater Insurance* "all risk" builders risk insurance or installation floater insurance equal to 100% of the value of the project.

(b) Grantee shall accept total responsibility to require all other persons, firms and corporations engaged or employed by Grantee in connection with the performance of the construction and operations of the Distribution Facilities and to carry and maintain coverages with limits not less than those required in this Section 8. Grantee shall incorporate insurance requirements by reference within any contract executed by Grantee and its subcontractors, sub-subcontractors, suppliers, and agents and shall cause each subcontractor, sub-subcontractor, supplier, and agent to comply with the terms of this Agreement. Grantee will obtain and verify accuracy in their entirety of certificates of insurance evidencing required coverage prior to permitting its subcontractors, sub-subcontractors, suppliers, and agents from performing work or services on the Property. Grantee will furnish original certificates of insurance and additional insured endorsements from all its subcontractors, sub-subcontractors, suppliers, and agents as evidence thereof as Grantor may reasonably request.

(c) On or prior to the Effective Date, Grantee shall provide insurance policies or certificates evidencing the insurance coverages required to be maintained by Grantee under Sections 8(a) above, and on or prior to the commencement of any activities relating to the construction of the Distribution Facilities, Grantee shall provide insurance policies or certificates evidencing the insurance coverages required to be maintained by Grantee's contractors and subcontractors under Sections 8(a) and 8(b) above, showing Grantee's coverage for:

- i) Workers Compensation and Employers Liability, and
- ii) Comprehensive General Liability Insurance, Automobile Liability Insurance, Pollution Liability Insurance, Professional Liability Insurance Builders and Risk Insurance or Installation Floater Insurance,

and providing that such policies or certificates in sub-section ii) above shall name Grantor and its parent company and its subsidiaries, affiliates and their respective officers, directors, employees, agents, representatives, successors and assigns shall be named as an additional insured, shall contain a waiver of subrogation clause and shall state that such insurance

coverage may not be modified, amended or cancelled except upon not less than thirty (30) calendar days' written notice to Grantor.

(d) **Additional Requirements**

i) As Contribution from Grantee.

The required policies and any of Grantee's policies providing coverage in excess of the required policies shall provide that the coverage is primary for all purposes and Grantee shall not seek any contribution from any insurance or self-insurance maintained by Grantor.

ii) Rating.

All required policies of insurance shall be written by companies having an A.M. Best rating of "A -, VII" or better, or equivalent.

iii) Deductible.

Grantee shall be solely responsible for any deductible or self-insured retention on insurance required hereunder this Agreement.

iv) Reports.

Grantee shall immediately report to Grantor, and promptly thereafter confirm in writing, the occurrence of any injury, loss or damage incurred by Grantee or its consultants, subcontractors, sub-subcontractors, suppliers, agents or Grantee's receipt of notice or knowledge of any claim by a third party of any occurrence that might give rise to such a claim over \$100,000.00.

v) Compliance with Policies.

Grantee shall not violate nor knowingly permit to be violated any condition of the policies required under Section 8 of this Agreement.

9. Release and Indemnity:

(a) Grantee hereby releases, waives and forever discharges Grantor and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns from any and all past, present and future Claims (as defined below), known or unknown, that Grantee now has or may have against Grantor and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns arising from (i) the physical condition of the Easement Area or Access Routes, (ii) Grantee's exercise of its rights under this Agreement, or (iii) Grantee's use of or presence within the Easement Area and Access Routes; provided, however, that the foregoing release shall not apply to and shall not be construed to waive or discharge any Claims arising directly from Grantor's breach or default of this Agreement. As part of this release, Grantor represents that it has no actual knowledge



A Sempra Energy utility

(without a duty to inspect) of any defects with regard to the physical condition of the Easement Area or Access Routes or any other claims or issues which would prevent Grantee from enjoying the rights conferred herein.

(b) Grantee shall indemnify, defend and hold harmless Grantor and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns from and against any and all Claims arising or resulting from (i) Grantee's exercise of the rights granted to Grantee under this Agreement, (ii) Grantee's use of or presence within the Easement Area or Access Routes, or (iii) Grantee's breach or default of this Agreement; provided, that the foregoing indemnity shall not include Claims to the extent arising or resulting from Grantor's negligence or willful misconduct.

(c) Grantor shall indemnify, defend and hold harmless Grantee and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns from and against any and all Claims arising or resulting from (i) Grantor's exercise of any of its rights under this Agreement, (ii) Grantor's use of or presence within the Easement Area or Access Routes, or (iii) Grantor's breach or default of this Agreement; provided, that the foregoing indemnity shall not include Claims to the extent arising or resulting from Grantee's negligence or willful misconduct.

(d) "Claims" shall mean all claims, rights, demands, liabilities, actions, lawsuits, liens, causes of action, costs, losses, damages, expenses, attorneys' fees, expert fees, consulting fees, judgments, fines, penalties, awards, fees, interest and all other obligations.

10. **Notices:**

(a) Any notice required or permitted to be given by either party to the other in connection with this Agreement, shall be given either by electronic delivery or by US mail, postage pre-paid, with confirmation of delivery and receipt, or by commercial delivery service, with confirmation of receipt, in any case sent to the other party as set forth below.

If to Grantee: Southern California Edison Company
Real Properties
2131 Walnut Grove Avenue, 2nd Floor
Rosemead, CA 91770

Attn: Efram Miranda, Right of Way Agent
Email: efram.miranda@sce.com

With copy to: Mark A. Rothenberg, Esq., Senior Counsel
2244 Walnut Grove Avenue
Rosemead, CA 91770
Email: mark.a.rothenberg@sce.com



If to Grantor: Southern California Gas Company
Corporate Real Estate
Jim Seifert, Manager, Real Estate Services
555 West 5th Street
Los Angeles, CA 90013-1011
Email: JSeifert@semprautilities.com

With copy to: Albert J. Garcia, Esq., Senior Counsel
555 West 5th Street, GT14E7
Los Angeles, CA 90013
Email: agarcia6@semprautilities.com

With copy to: Southern California Gas Company
Joe Munsey, RPL, Senior Land Advisor
9400 Oakdale Avenue
Chatsworth, CA 91313
Email: jmunsey@semprautilities.com

Either party may from time to time, by written notice to the other, designate a different address, which shall be substituted for the one above specified. If any notice from one party to the other is given by registered or certified mail, usual time for transmission of mail shall be computed and at the end of such time service of notice will be considered made.

11. Surrender of Easement Area:

(a) Unless otherwise extended by the parties, this Agreement and the rights and privileges herein granted shall terminate if the Grantee has not begun its initial construction of the Distribution Facilities two (2) years from the date of this Agreement.

(b) Within sixty (60) days after any termination of this Agreement, Grantee shall, upon written request, execute and record a good and sufficient quitclaim deed, quitclaiming to Grantor all of Grantee's right, title and interest in and to the Easement Area and Access Routes or under this Agreement, with the County Recorder for the County of Los Angeles on a form mutually acceptable to Grantee and Grantor.

(c) Upon termination of this Agreement, Grantee shall provide Grantor with a written proposal regarding Grantee's proposed course of action with respect to the removal and/or-abandonment of the Distribution Facilities within the Easement Area. Grantor shall use commercially reasonable efforts to approve or disapprove such course of action within one hundred eighty (180) days. In the event that Grantor disapproves the proposed course of action, Grantee shall diligently work with Grantor to develop a course of action acceptable to Grantor with respect to the removal and/or abandonment of the Distribution Facilities. Upon completion of removal and/or abandonment of the Distribution Facilities, Grantee shall restore the Easement Area and Access Routes to the same or as good a condition as that which existed prior to the grant of this Agreement, to the extent practicable, and deliver the premises free and clear from any trash, rubbish, waste, debris, Equipment and Hazardous Materials.

12. **Termination of Easement:**

If Grantee, in its sole discretion, determines that this Agreement is no longer required for the conduct of its business, upon receipt of written request from Grantor, Grantee shall furnish Grantor a good and sufficient quitclaim deed in recordable form, quitclaiming to Grantor all of Grantee's right, title and interest in and to (as applicable) either the Easement Area or Access Routes or under this Agreement at no cost.

13. **Distribution Facilities Relocation:**

If, during the term of this Agreement, Grantor determines that Grantee must relocate all or part of its Distribution Facilities due to a conflict or interference between the Distribution Facilities and Grantor's use of the Property or business operations, then Grantor shall provide another easement in a location satisfactory to Grantee for the placement of its Distribution Facilities upon the same terms and conditions of this Agreement, except for property location, and Grantee shall relocate the affected Distribution Facilities at Grantor's sole cost and expense. Grantee shall reconvey the portion of the Easement Area previously required for such relocated Distribution Facilities upon completion of such relocation.

14. **Default:**

Upon any breach or default of any Party under this Agreement, the non-defaulting Party may pursue any right or remedy available at law or in equity.

15. **Assignment:**

The Easement Area and Access Routes granted in this Agreement shall run with the land and shall be binding upon and inure to the benefit of Grantor's and Grantee's successors-in-interest. Grantee may not assign the Easement Area and Access Routes, this Agreement or any of the rights granted to Grantee under this Agreement, in whole or in part, to any other person or entity without the prior written consent of Grantor, which shall not be unreasonably withheld, and any such purported assignment without Grantor's prior written consent shall be null and void. No consent shall be required for an assignment of the rights granted herein to a wholly owned subsidiary of Grantee or Edison International or to another publicly regulated utility.

16. **Attorney's Fees:**

If either Party files any action or brings any proceeding against the other arising from or related to this Agreement, the Prevailing Party shall be entitled to recover from the other Party (as an element of its costs of suit and not as damages) reasonable attorneys' fees (including both in-house and outside attorney's fees), costs and expenses incurred by the Prevailing Party in such action or proceeding (including any appeals). For the purposes of this Section 16, the term "Prevailing Party" shall mean the Party that is entitled to recover its costs of suit for the proceeding, whether or not the same proceeds to final judgment.

17. Time of the Essence:

Time is of the essence of each and all of the terms and provisions of this Agreement.

18. Governing Law and Venue:

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its conflicts of law principles.

(b) The Parties hereby agree that any legal action or proceeding arising out of this Agreement shall be brought in a state court of competent jurisdiction in Los Angeles, California. By execution and delivery of this Agreement, each of the Parties hereby irrevocably accepts and submits to the jurisdiction of such courts, generally and unconditionally, in connection with any such legal action or proceeding.

19. Rules of Construction:

(a) Headings contained in this Agreement are solely for the convenience of the Parties and are not a part of and shall not be used to interpret this Agreement. The singular form of any word shall include the plural form and vice versa. Any reference to "days" shall mean calendar days unless expressly designated as "business days".

(b) This Agreement has been prepared, examined, negotiated and revised by each Party and its counsel, and no implication shall be drawn and no provision shall be construed against any Party hereto by virtue of the purported identity of the drafter of this Agreement.

20. No Prescriptive Rights:

In no event shall any party acquire any interest in the Property or the Easement Area and Access Routes, including but not limited to any prescriptive rights, by virtue of this Agreement or any holding over on or failure to vacate or surrender the Easement Area and Access Routes after the termination of this Agreement.

21. Reservations:

(a) This Agreement is made subject to all valid and existing licenses, leases, grants, exceptions, reservations or other matters of record, or not of record, affecting the Easement Area and Access Routes. To Grantor's actual knowledge, without a duty to inspect, Grantor is unaware of any such items which would preclude Grantee from the use and enjoyment of the rights herein granted.

(b) Grantor reserves the full enjoyment of the Easement Area and Access Routes for all purposes except those expressly granted herein to Grantee and which do not interfere with the rights granted to the Grantee. Without limiting the foregoing, Grantor expressly reserves all rights relating to i.) aboveground and underground utility fixtures, which utility fixtures may be electric lines or pipelines, or both; including all related equipment, access routes, facilities and operations related thereto, that be in, on, under or upon the Easement and Access Routes, and ii.) oil, gas and all other associated hydrocarbons, geothermal steam, naturally heated waters, thermal energy and gases, underground water and other

minerals not covered hereby; and the exclusive right to prospect and explore for and to extract and produce same without any interference or obstruction by the Grantee that may be in, on, under or upon the Easement Area and Access Routes.

(c) Grantee is fully aware the Grantor operates an underground gas storage facility and Grantee acknowledges and agrees Grantor owns all rights, title and interest in and under the Easement Area Access Routes to i.) any and all storage rights and zones; and ii.) any and all gas which has been introduced, stored, cycled, in or removed or produced from Grantor's operations, and reserves the right to continue such operations.

(d) Grantee shall not assail or resist Grantor's title or interest in the Property with the exception of defending any of the rights conferred herein. Other than the rights expressly granted herein, this Agreement shall not be construed to alter any of Grantor's rights, title and interest in and to the Easement Area and Access Routes.

(e) Grantor acknowledges and agrees that no royalties, production payments, rentals or any other consideration shall ever be due the Grantor resulting from the rights granted herein and from any of the Minerals in or under or which may be saved and produce on or from the land, or any lands adjacent thereto or other lands in the general vicinity; that the Grantor has no interest in any such well or wells drilled under the provisions of this Grant of Easement.

(f) Grantee is fully aware that third parties hold certain oil and gas exploration rights and operate facilities on the Property which could affect the Easement Area and Access Routes. The Grantor is not responsible for any damages to the Distribution Facilities or its use of the Access Routes caused by or related by third parties. The Grantor shall be released and indemnified from any third party acts using the language as written in Paragraph 9 as though said Paragraph 9 had been written in its entirety herein.

22. **Taxes:**

Grantee shall pay all taxes levied upon or assessed against its improvements, fixtures and personal property lying within the Easement Area and Access Routes.

23. **Warranties**

Grantor make no warranties, either express or implied, as to the title, possession, quiet enjoyment, right of use, or any other warranty unless otherwise set forth herein.

24. **Entire Agreement; Amendment:**

This Agreement contains the entire agreement of the Parties with respect to the matters set forth in this Agreement and supersedes all prior agreements, oral or written, between the Parties with respect to the matters set forth in this Agreement. This Agreement may not be amended except by a written instrument signed by the Parties.



25. Counterparts:

This Agreement may be executed in counterparts, each of which shall be an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Agreement as of the Effective Date.

Grantor:

Southern California Gas Company, a
California corporation, by

X

Jimmie I. Cho, Vice President, Gas
Operations

Grantee:

Southern California Edison Company, a
California corporation, by

X

Its:

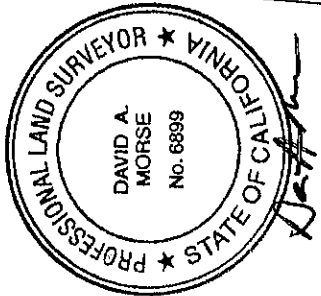
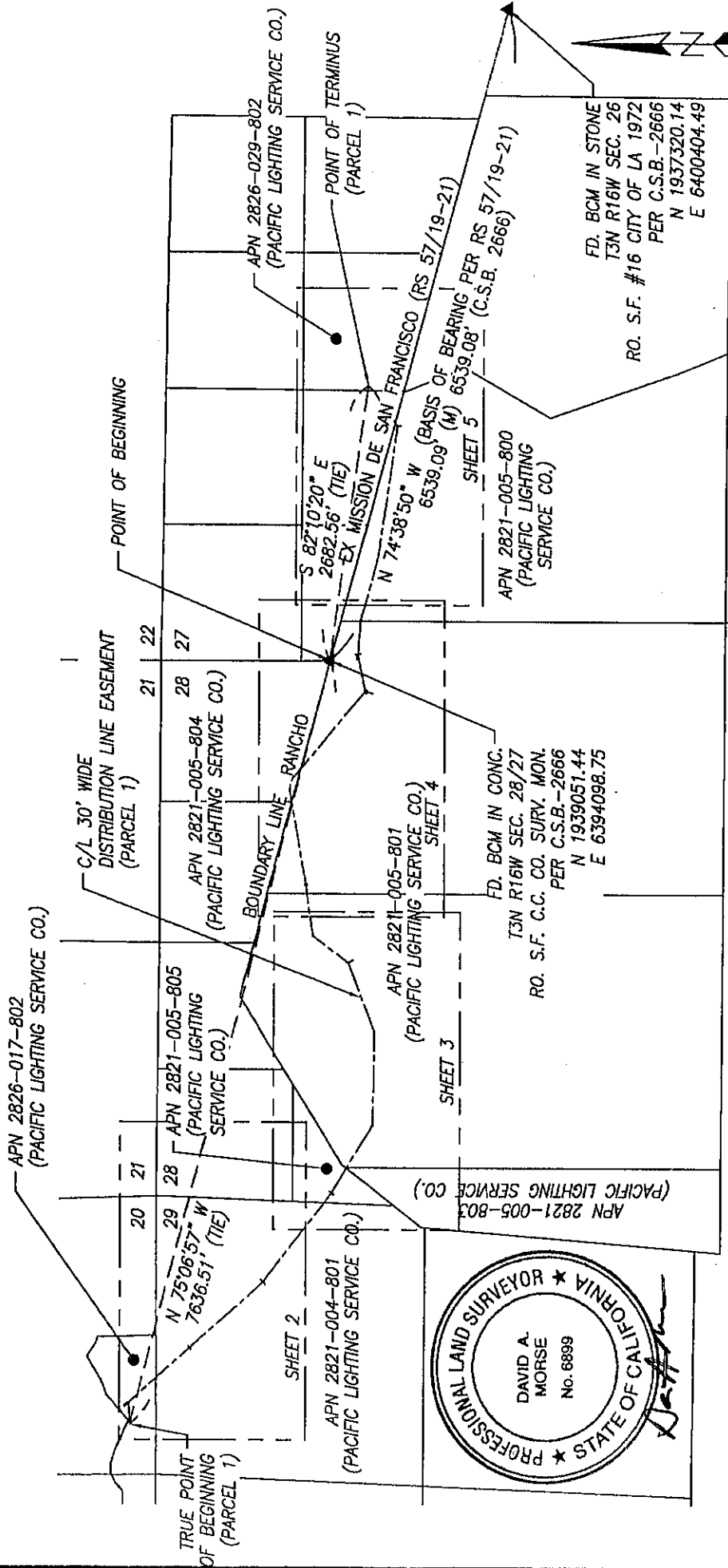
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ATTACHMENT B

Advice No. 4669

Legal Depictions

A PORTION OF THE RANCHO EX MISSION DE SAN FERNANDO AND A PORTION OF SECTIONS 20, 27, 28 AND 29, TOWNSHIP 3 NORTH, RANGE 16 WEST, S.B.M., COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



PROPOSED 30' WIDE OVERHEAD EASEMENT TO SCE (PARCEL 1):
 PACIFIC LIGHTING SERVICE APN'S: TOTAL AREA = 338147 SF = 7.7628 AC.
 PROPOSED 4' WIDE ANCHOR EASEMENT TO SCE (17 PARCELS):
 TOTAL AREA = 1360 SF = .0312 AC.

NOTE:

ALL DISTANCES SHOWN ARE GRID ZONE 5 NAD 83, UNLESS OTHERWISE NOTED. TO OBTAIN GROUND DISTANCE, DIVIDE GRID DISTANCE BY COMBINATION FACTOR 0.99979712.

EXHIBIT "A"

SHEET 1 OF 5

REV.	REVISION DESCRIPTION	DATE	REV. BY:	PROJECT NAME: BIG ROCK-GAVIN D/L	M.S.:
-	-	-	-	W.O. NO.: 800548789	NOT. NO.: 201025362
-	-	-	-	SURVEYED BY: J.MORSE-RODRIGUEZ-HERNADEZ	CITY: UNINCORPORATED
-	-	-	-	DRAWN BY: NM	COUNTY: LOS ANGELES
-	-	-	-	CHECKED BY: DM	STATE: CA
				DATE: 8-23-11	
				MAP REF.: RS 57/19-21	
				SERIAL NO.: -	
				FILE NAME: 2012-201025362	



3rd Party A PORTION OF THE RANCHO EX MISSION DE SAN FERNANDO AND A PORTION OF SECTIONS 20, 27, 28 AND 29, TOWNSHIP 3 NORTH, RANGE 16 WEST, S.B.M., COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

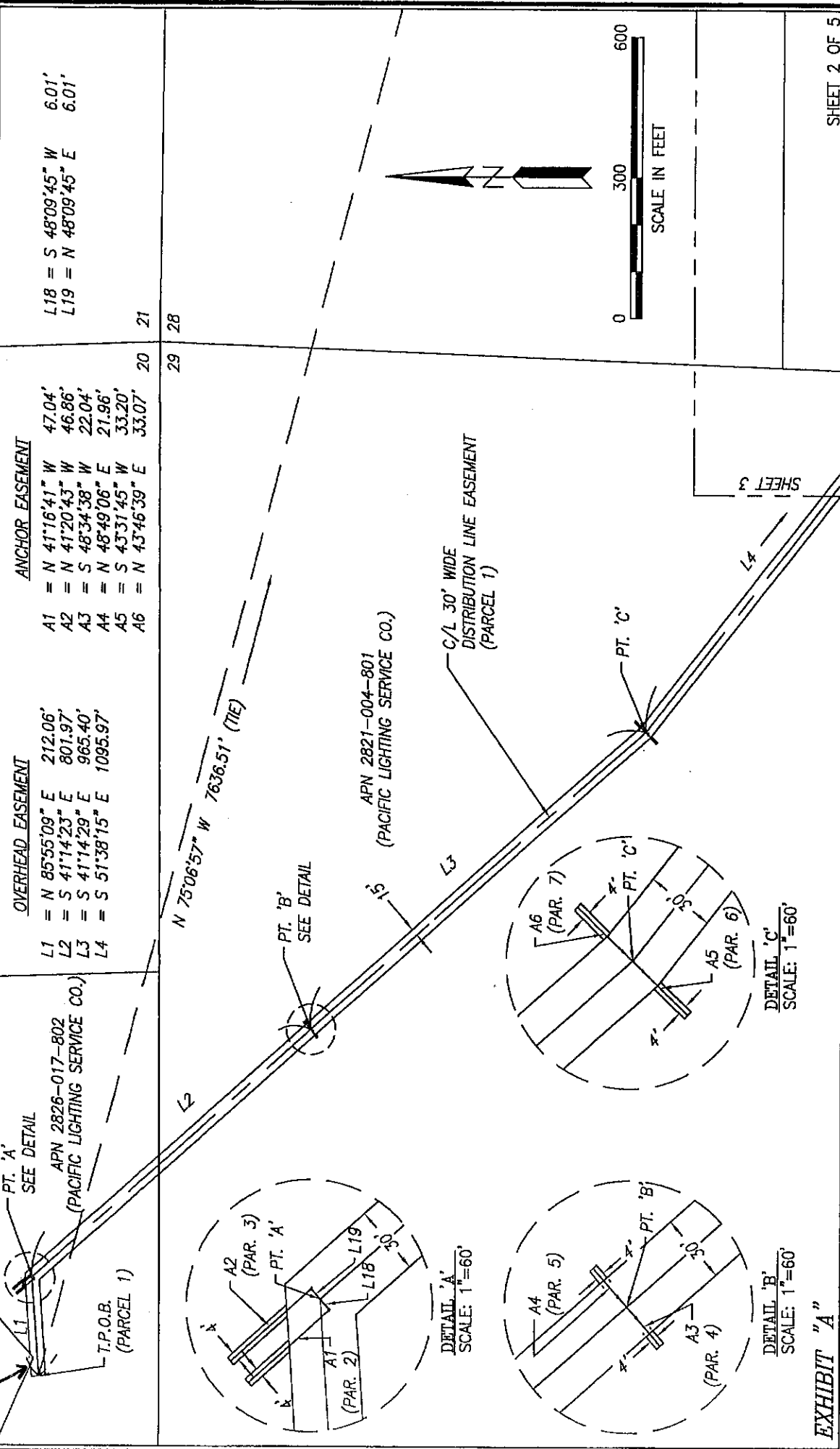


EXHIBIT "A"

SHEET 2 OF 5

REV.	REVISION DESCRIPTION	DATE	REV. BY:	PROJECT NAME: BIG ROCK-GAVIN D/L	W.O. NO.:	NOT. NO.:	CITY:	COUNTY:	STATE:
-	-	-	-	800548789	201025362	UNINCORPORATED	LOS ANGELES	CA	-
-	-	-	-	SURVEYED BY: JIMORSE-RODRIGUEZ-HERNANDEZ	10716/80-89	DATE: 8-23-11	-	-	-
-	-	-	-	DRAWN BY: NM	MAP REF.: RS 57/19-21	-	-	-	-
-	-	-	-	CHECKED BY: DM	TRES: -	SERIAL NO.:	FILE NAME: 2012-201025362	-	.DWG

A PORTION OF THE RANCHO EX MISSION DE SAN FERNANDO AND A PORTION OF SECTIONS 20, 27, 28 AND 29, TOWNSHIP 3 NORTH, RANGE 16 WEST, S.B.M., COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

OVERHEAD EASEMENT	
L4	= S 51°38'15" E 1095.97'
L5	= S 58°40'33" E 788.32'
L6	= S 89°15'05" E 890.47'
L7	= N 69°32'05" E 716.59'
L8	= N 35°48'51" E 443.87'
L9	= N 81°55'38" E 498.61'

ANCHOR EASEMENT	
A7	= S 34°52'01" W 26.96'
A8	= N 34°42'07" E 27.11'
A9	= S 34°00'29" E 53.72'

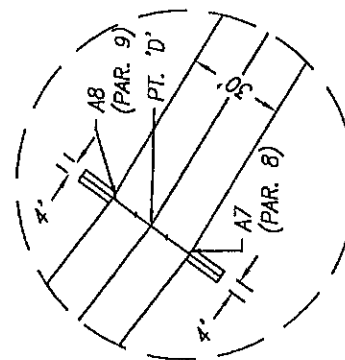
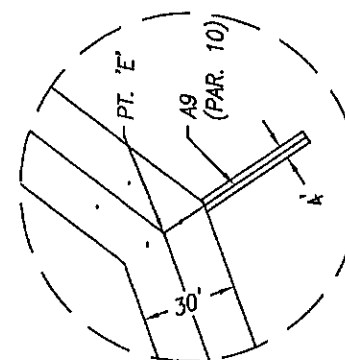
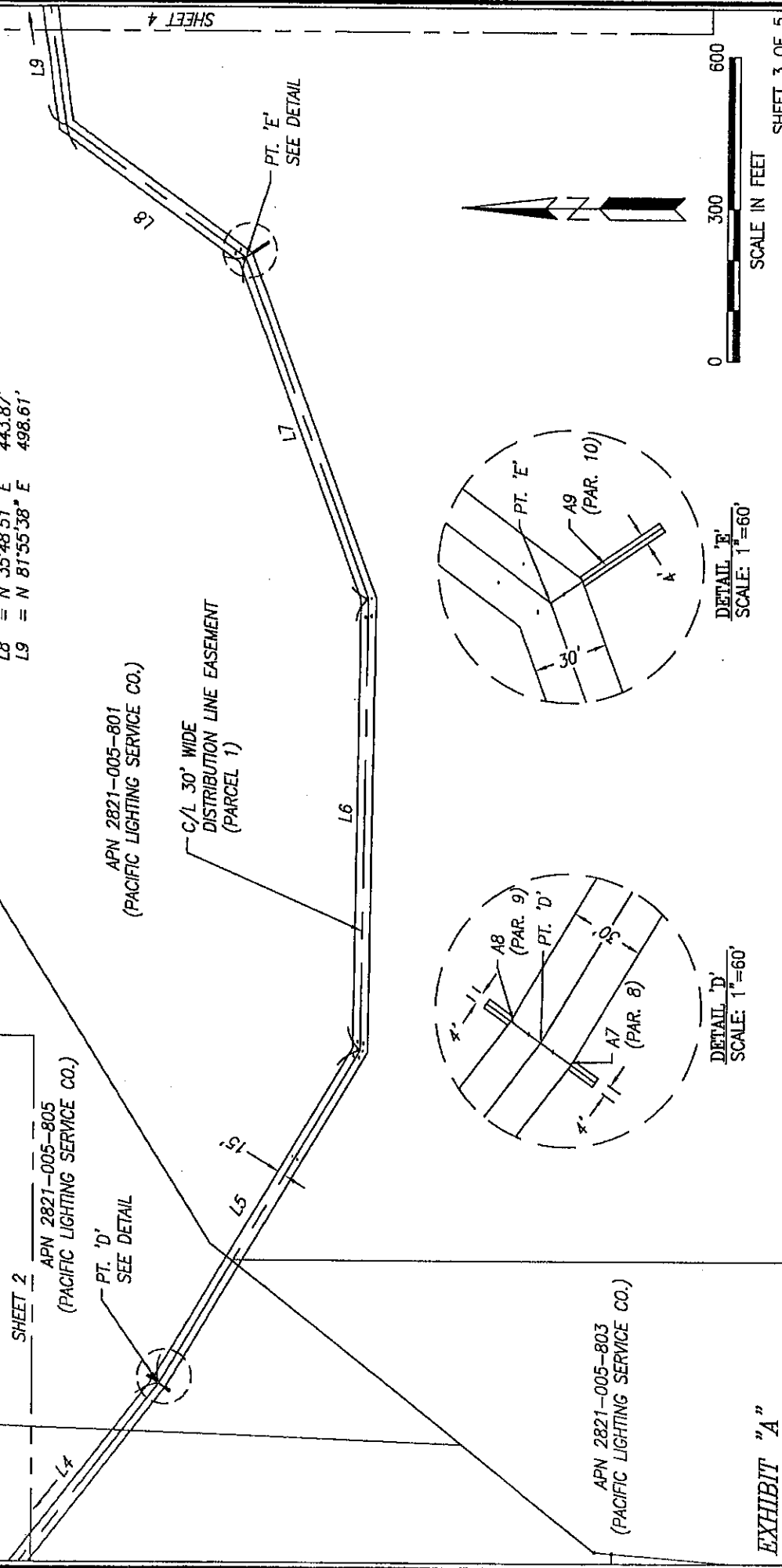
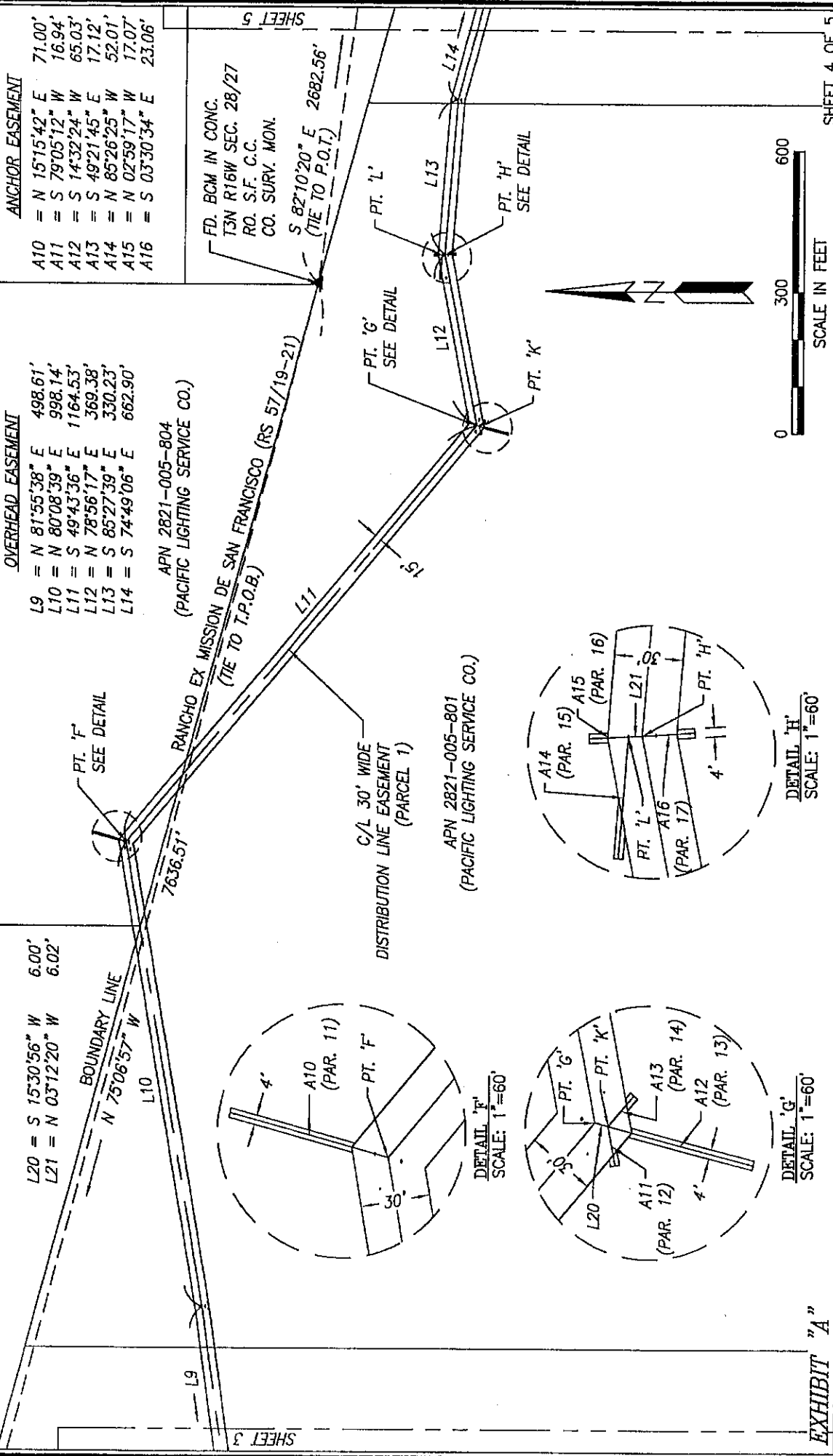


EXHIBIT "A"

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-	-	-	-	SURVEYED BY: JMORSE-RODRIGUEZ-HERNANDEZ	10716/80-89	DATE: 8-23-11			
-	-	-	-	DRAWN BY: NM	MAP REF.: RS 57/19-21				
-	-	-	-	CHECKED BY: DM	TRES: -	SERIAL NO.:	FILE NAME: 2012-201025362	.DWG	

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-	-	-	-	800548789	201025362	UNINCORPORATED	LOS ANGELES	LOS ANGELES	CA
-	-	-	-	SURVEYED BY: JMORSE-RODRIGUEZ-HERNANDEZ	10716/80-89	SCE F.B. REF.:	DATE: 8-23-11		
-	-	-	-	DRAWN BY: NM	MAP REF.:	RS 57/19-21			
-	-	-	-	CHECKED BY: DM	TRES: --	SERIAL NO.:	FILE NAME: 2012-201025362		.DWG

A PORTION OF THE RANCHO EX MISSION DE SAN FERNANDO AND A PORTION OF SECTIONS 20, 27, 28 AND 29, TOWNSHIP 3 NORTH, RANGE 16 WEST, S.B.M., COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

OVERHEAD EASEMENT

L14 = S 74°49'06" E 662.90'
 L15 = S 81°41'35" E 1249.16'
 L16 = N 55°09'55" E 413.32'
 L17 = N 44°20'13" E 73.97'

ANCHOR EASEMENT

A17 = S 13°07'43" E 33.39'

on 2826-029-803

(joint ownership of Social Gas) vesting TBD

POINT OF TERMINUS (PARCEL 1)

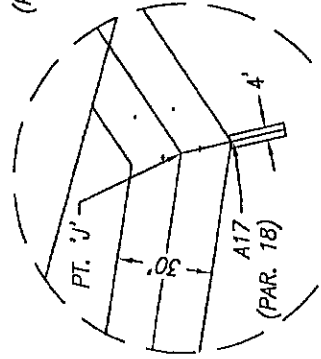
L14
 L15
 L16

PT. 'J'
 SEE DETAIL

C/L 30' WIDE DISTRIBUTION LINE EASEMENT (PARCEL 1)

APN 2821-005-800 (PACIFIC LIGHTING SERVICE CO.)

APN 2821-005-800 (PACIFIC LIGHTING SERVICE CO.)



DETAIL, 'J'
 SCALE: 1"=60'

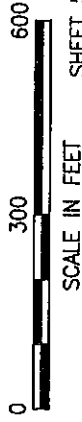


EXHIBIT "A"

REV.	REVISION DESCRIPTION	DATE	REV. BY:	PROJECT NAME: BIG ROCK-GAVIN D/L	M.S.:
-	-	-	-	W.O. NO.: 800548789 NOT. NO.: 201025362	CITY: UNINCORPORATED
-	-	-	-	COUNTY: LOS ANGELES	STATE: CA
-	-	-	-	SURVEYED BY: JMORSE-RODRIGUEZ-HERNANDEZ	DATE: 8-23-11
-	-	-	-	DRAWN BY: NM	MAP REF.: RS 57/19-21
-	-	-	-	CHECKED BY: DM	TRES: -
-	-	-	-	SERIAL NO.: -	FILE NAME: 2012-201025362 .DWG



ATTACHMENT C

Advice No. 4669

Appraisal Report

SUMMARY APPRAISAL REPORT

of

A Partial Taking

Located

South of Oat Mountain Motorway
Los Angeles County, California

VAA File No. 112-885

DATE OF VALUE: October 9, 2012

DATE OF INSPECTION: October 9, 2012

DATE OF REPORT: November 6, 2012

PREPARED FOR

Mr. Charles A. Thomas
Southern California Edison
Real Properties, G.O. Three, Second Floor
2131 Walnut Grove Avenue
Rosemead, California 91770

PREPARED BY

VALENTINE APPRAISAL & ASSOCIATES
23942 Lyons Avenue, Suite 212
Santa Clarita, California 91321



23942 Lyons Avenue, Suite 212
Santa Clarita, CA 91321
Ph (661) 288-0198
Fax (661) 288-0197
gsv@valentineappraisal.com
www.valentineappraisal.com

VAA File #: 112-885

November 6, 2012

Mr. Charles A. Thomas
Southern California Edison
Real Properties G.O. Three, Second Floor
2131 Walnut Grove Avenue
Rosemead, CA 91770

Re: 30-Foot Wide Proposed Distribution Line Easement for 2.1348 Miles Long and with 17 Anchor Easements, Each Four Feet Wide, Totaling 0.0312 Acres, DSB Gavin Circuit File No. 12-157, NOT No. 201025362, Order No. 800548789, Los Angeles County, California

Dear Mr. Thomas:

At your request and authorization, I, Gary Valentine, MAI, ASA, SR/WA, CCIM, and Keith Miller, have appraised the abovementioned property. The purpose of the appraisal is to estimate the fair market value of the just compensation amount for an above-ground 30-foot wide transmission line easement with the existing 17 anchors. The appraisal assignment shall be conducted and reported in conformance with professional appraisal regulations, including USPAP and applicable federal acquisition regulations, and it is currently not under threat of condemnation.

The intended users of this report are the client, Southern California Edison, and the property owner, and counsel, as this report is to assist you, the client, in negotiations and acquiring the property. If this report is used for any other purpose or valuation date, the report may be invalid.

As a result of this investigation and analysis of matters pertinent to the proposed non-exclusive and exclusive easements, I conclude that the fair market value for total just compensation, as of October 9, 2012, is as follows:

FORTY THOUSAND DOLLARS
\$40,000

The following appraisal report was performed in conformance with acceptable principles and techniques in the valuation of real property in accordance with applicable State law. The appraisal also complies with the professional and ethical standards of the Appraisal Institute, International Right-of-Way Association, and the American Society of Appraisers. In addition, I have performed the subject appraisal based on the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, California law, and Federal laws.

I do include two hypothetical conditions. The first is that the proposed easement is in place in the after condition, or in accordance with the drawings and stipulations supplied. Second, that there is no contamination on the subject site. I reserve the right to revise this report should more accurate or updated information become available to me. There are no other extraordinary assumptions or hypothetical conditions other than there is no contamination, the title is clear and marketable and information provided to us, both private and public, are accurate and reliable.

If you have any questions concerning the analysis, or if we can be of further assistance, please contact us.

Respectfully submitted,

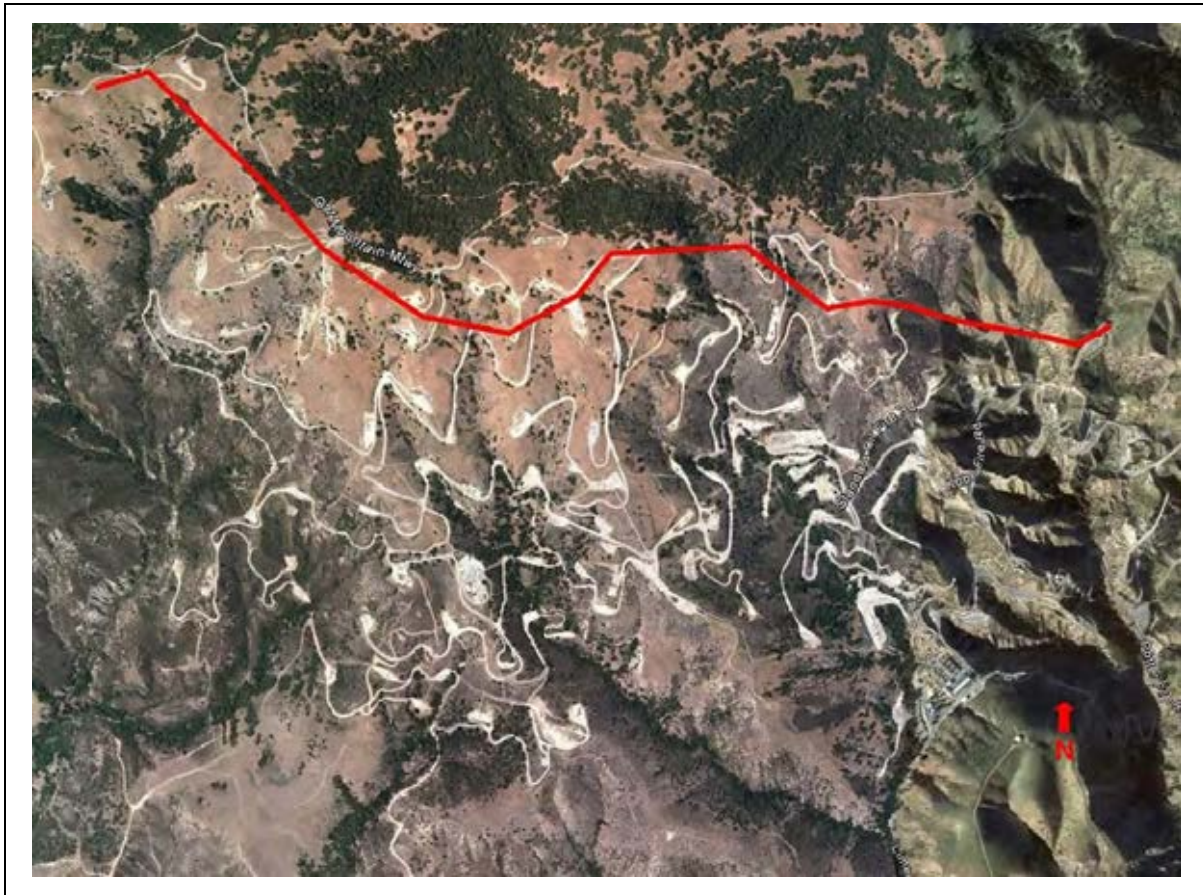


Gary Valentine, MAI, ASA, SRWA, CCIM
California State Certification No. AG006526
Phone - (661) 288-0198
Fax - (661) 288-0197
email - gsv@valentineappraisal.com
www.valentineappraisal.com



Keith Miller, MABM, MDiv
California State Certification No. AG121860
Phone - (661) 288-0196
Fax - (661) 288-0197
email - km@valentineappraisal.com

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Aerial Photograph



View of the Subject's larger parcel looking northwest from Tampa Avenue



View of the Subject's larger parcel looking north from Sesnon Boulevard



View of the Subject's larger parcel looking north from the corner of Sesnon Boulevard and Crystal Springs Circle



View of the Subject's larger parcel looking north from Sesnon Boulevard



Birdseye view of the west terminus looking north



Birdseye view of the west terminus looking south



Birdseye view looking north at the proposed easement area on Assessor's Parcel Numbers 2826-017-802 and 2821-004-800



Birdseye view of the proposed easement area looking north at Assessor's Parcel Numbers 2821-004-800 and 2821-004-801



Birdseye view of the proposed easement area looking north at Assessor's Parcel Numbers 2821-004-801, 2821-005-805, and 2821-005-801



Birdseye view of the proposed easement area looking north center at Assessor's Parcel Number 2821-005-801



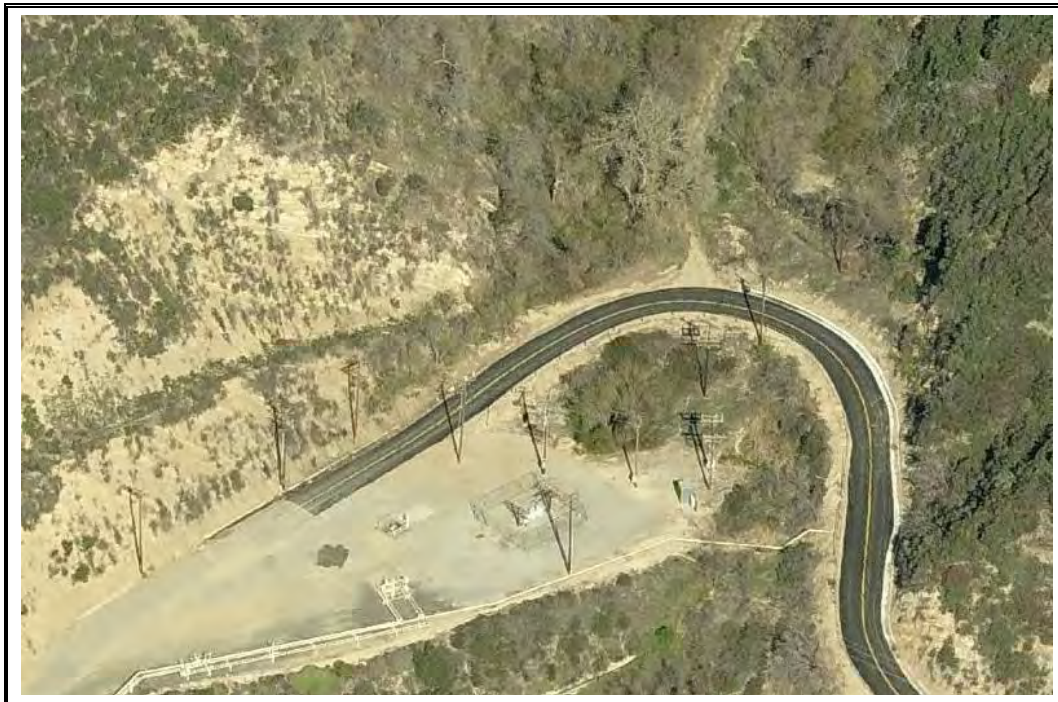
Birdseye view of the proposed easement area looking south at Assessor's Parcel Number 2821-005-801



Birdseye view of the proposed easement area looking north at Assessor's Parcel Numbers 2821-005-801 and 2821-005-804



Birdseye view looking north at the proposed easement area on Assessor's Parcel Numbers APN 2821-005-801 and 2821-005-800



Birdseye view of the east terminus looking north



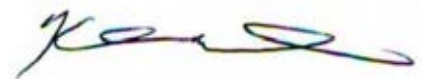
Birdseye view of the east terminus looking south

We certify that, to the best of our knowledge and belief:

1. The statements of fact in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. We have performed no other services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the 3-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report, or to parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in a value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
8. Our analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as applicable State appraisal regulations.
9. The report analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute, American Society of Appraisers, and the International Right-of-Way Association relating to review by its duly authorized representatives.
11. I, Gary Valentine, MAI, ASA, SR/WA, CCIM, and Keith Miller, MABM, MDiv performed an inspection of the subject property on October 9, 2012.
12. No one provided significant real property appraisal assistance to the persons signing this certification. The report analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
13. We have experience in appraising properties similar to the subject, and are in compliance with the Competency Rule of USPAP.



Gary S. Valentine, MAI, ASA, SR/WA, CCIM
Certified Real Estate Appraiser #AG006526



Keith Miller, MABM, MDiv
Certified Real Estate Appraiser #AG121860

Location

South of Oat Mountain Motorway, Los Angeles County, California

**Assessor Parcel Numbers
(Larger Parcel)**

APN	Area (acres)
2826-017-802	23.78
2821-004-801	93.52
2821-005-805	10.80
2821-005-803	53.67
2821-005-801	507.67
2821-005-804	48.90
2821-005-800	178.87
2826-029-803	120.51
2826-029-802	112.59
2821-004-800	493.01
2821-003-800	57.21
2821-008-802	179.04
2821-007-801	502.62
2821-006-800	<u>295.08</u>
Total	2,677.27

Property Rights Appraised

Fee simple interest and proposed non-exclusive and exclusive easements

Land Area

Larger Parcel	2,677.27 acres
Partial Take Area	
Non-Exclusive easement	7.7628 acres
Exclusive easement	<u>0.0312 acres</u>
Remainder Area	2,669.476

Improvements

Larger Parcel	Utility and petroleum improvements
Take Area	Vacant

Ownership

Pacific Lighting Service Company

Zoning

A-2-2

General Plan

R, Non-urban

Highest and Best Use

Hold for open space, but continue its interim use for petroleum and gas uses

Total Just Compensation	<u>\$40,000</u>
Date of Value	October 9, 2012
Date of Inspection	October 9, 2012
Date of Report	November 6, 2012

The subject property's larger parcel is located south of the Oat Mountain Motorway in Los Angeles County, California. The County Assessor's Office identifies the larger parcel as follows:

APN	Area (acres)
2826-017-802	23.78
2821-004-801	93.52
2821-005-805	10.80
2821-005-803	53.67
2821-005-801	507.67
2821-005-804	48.90
2821-005-800	178.87
2826-029-803	120.51
2826-029-802	112.59
2821-004-800	493.01
2821-003-800	57.21
2821-008-802	179.04
2821-007-801	502.62
2821-006-800	<u>295.08</u>
Total	2,677.27

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the fair market value of total just compensation taking into consideration severance damages and any benefits that may occur due to the proposed project.

INSPECTION DATE

I, Gary Valentine, MAI, ASA, SRWA, CCIM, and Keith Miller, MABM, MDiv performed an inspection of only a portion of the subject's larger parcel on October 9, 2012.

FUNCTION OF THE APPRAISAL

The intended use of this report is to assist the staff of Southern California Edison, and their counsel, the property owners, and their counsel, in the negotiation for acquisition of the partial taking, proposed non-exclusive and exclusive easements for an overhead 12 kilovolt electrical distribution line, which will consist of a 30-foot wide overhead easement for 2.1348 miles long with an additional 17 anchor easements, each four feet wide and varying widths, totaling 1,360 square feet or 0.0312 acres. These anchor easements average to 80 square feet apiece. If this report is used for any other purpose or valuation date, the report may be invalid.

My on-site inspection revealed no obvious evidence of soil contamination or the presence of toxic or hazardous substances. I am not an environmental engineer, and I am not qualified to detect contamination. I assume for the purpose of this analysis that the site is clean with no contamination.

I recommend that a Phase II Environmental Study be accomplished by a qualified environmental or soil engineer to determine if the subject property has any soil contamination, toxic, or hazardous substances present.

I do include the extraordinary assumption, for purpose of this appraisal, that the site is clean from any contamination. I reserve the right to revise the report in the event an environmental report is made available for my review.

The scope of the appraisal included an on-site inspection of the subject property, a visual review of comparable properties, and an analysis of regional and neighborhood trends. All market data was verified with the buyer, seller, broker, deed, Title Company, and/or leasing agent wherever possible; the accumulated data have been presented in this summary appraisal report, resulting in the fair market value conclusion.

We have prepared a summary appraisal report, as defined in USPAP, which includes photographs of the subject property, descriptions of the subject neighborhood, the site, any improvements on the site, a description of zoning, a highest and best use analysis, a summary of the most important sales used in my valuation, a reconciliation and conclusion, a map illustrating the sales and relationship to the subject property, detail sheets of the comparable sales, and other data deemed by me, the appraiser, to be relevant to the assignment. Pertinent data and analysis not included in the report will be retained in our files.

I, Gary Valentine, MAI, ASA, SRWA, CCIM, and Keith Miller, MABM, MDiv, performed a physical inspection of only a portion of the subject's larger parcel on October 9, 2012.

The following appraisal report was performed in conformance with the acceptable principles and techniques in the valuation of real property in accordance with the applicable State law. The appraisal also complies with the professional and ethical standards of the Appraisal Institute, International Right-of-Way Association, and the American Society of Appraisers. In addition, I have performed the subject appraisal based on the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, IRS standards and California State Law, and Federal law.

I will not be responsible for ascertaining the existence of any toxic waste or other contamination present on or off the site. I will, however, report any indication of toxic waste or contaminants that may affect value if they are readily apparent during my on-site investigation. However, I, the appraiser, caution the user of the report that the appraiser is not an expert in such matters, and that I may overlook contamination that might be readily apparent to parties who are experts in such matters.

I assume no responsibility for matters legal in character, nor do I render any opinion as to the title, which is assumed to be good. The property was appraised as having knowledgeable ownership, I made no survey, and I assume no responsibility in connection with such matters. Dimensions of the subject site were obtained from the County Assessor's Office, and I assume that information to be correct. There are no extraordinary assumptions found in this report. However, I do include a hypothetical condition that the proposed electrical 12 kilovolt transmission line easements are in place in the after condition, in accordance with the drawings and stipulations supplied. I reserve the right to revise this report should more accurate or updated information be provided.

Given the nature of the subject real estate, my conclusion of highest and best use is based on logic and observed evidence. The Sales Comparison Approach was used exclusively, and it is an acceptable approach among experienced appraisers when appraising such property. All market data were personally inspected (exterior only) by the appraiser, and was photographed by the appraiser, too. All

sales applied in the analysis are described in the report. I have analyzed the data found, and reached conclusions regarding the fair market value, as defined in the report, of the subject property as of the date of value, using the appropriate valuation approach identified earlier in this section.

I used information from county records, Multiple Listing Service, CoStar, LoopNet, and information from local real estate brokers. The market data used is considered to be the most similar available because of their comparable location, physical characteristics, similar available utilities, zoning, and due to the available data. I verified the data with the buyer, seller, deed, Title Company, and/or real estate agent wherever possible. The value conclusions presented in this report are based upon review and analysis of market conditions affecting real property value, the attributes of competitive properties, and sales data for similar type properties.

Assessor maps of each sale are also considered part of each sale write-up.

The appraisal has addressed no issues of law, engineering, code conformance, insect or rodent infestation, or contamination by discharge of asbestos or other hazardous materials, inter alia, unless specifically identified in the body of the report.

The appraisal has accordingly been completed under the Assumptions and Limiting Conditions and the Certification presented in this report and I have not appraised these properties within the past three years.

The following definitions pertain to this report:

Fair Market Value.

- (a) The highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.¹
- (b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable.¹

Real Property. The interest, benefits, and rights inherent in the ownership of real estate.²

Real Estate. An identified parcel or tract of land, including improvements, if any.³

Fee Simple Estate. Absolute interest unencumbered by any other interest or estate subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.⁴

Easement. The right to use another's land for a stated purpose.⁵

Hypothetical Condition. That which is contrary to what exists, but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.⁶

Extraordinary Assumption. An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.⁷

¹ California Code of Civil Procedure §1263.320.

² Code of Civil Procedures, Section 1263.320.

³ Ibid.

⁴ Dictionary of Real Estate Appraisal, 5th edition.

⁵ Ibid.

⁶ Ibid.

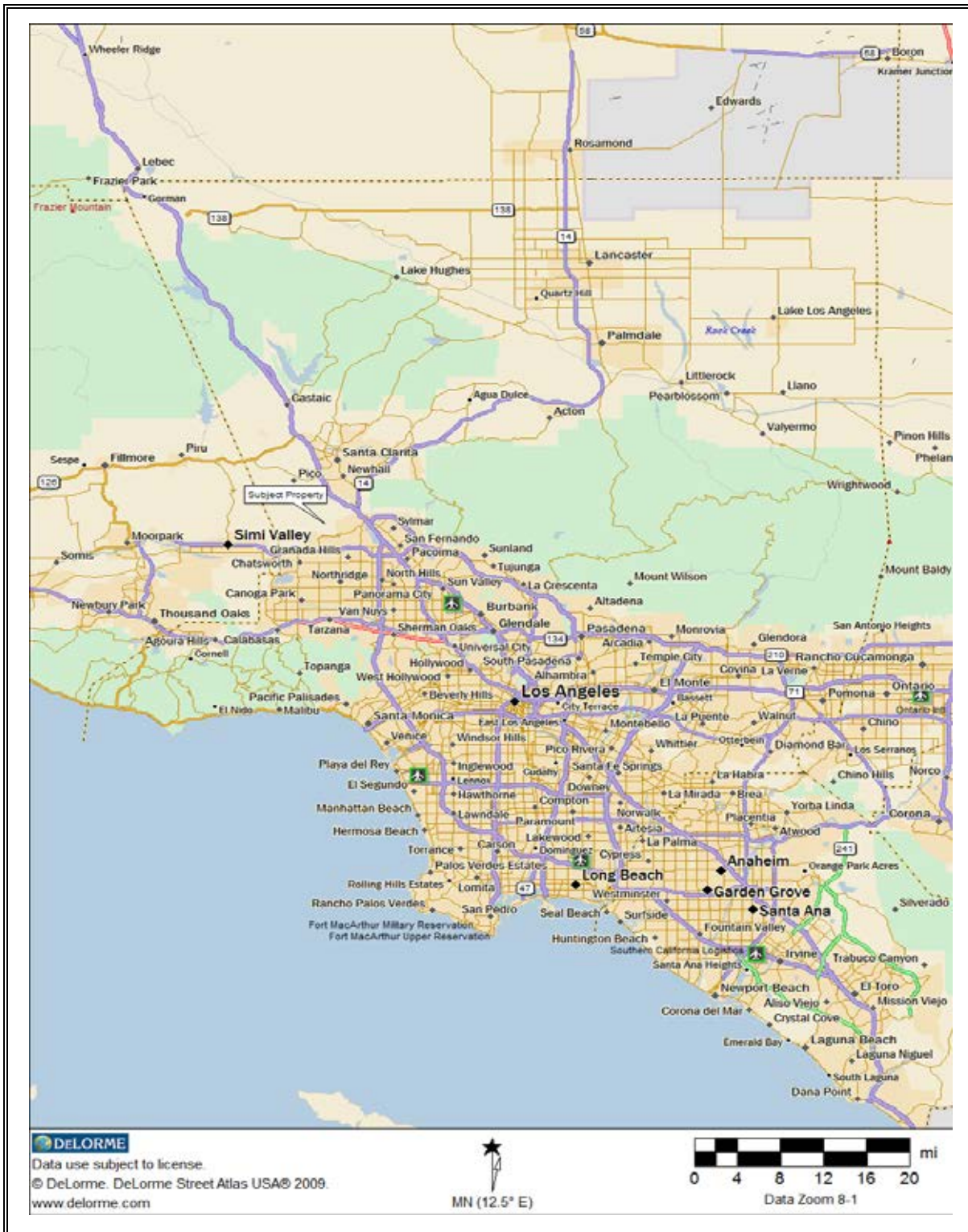
⁷ Ibid.

According to the County Assessor's Office, and searching for any transfer deeds, I have concluded that no transactions have occurred concerning the subject's larger parcel for at least the past three years.

The subject property is located in Los Angeles County, approximately 25.2 miles northwest of downtown Los Angeles.

Los Angeles County is bounded by the Ventura County line to the northwest, the Kern County line to the north, the San Bernardino County line to the northeast, the Riverside County line to the east, the Orange County line to the south, and the Pacific Ocean coastline to the west. The county is comprised of 88 incorporated cities plus unincorporated areas.

Real property reflects and is influenced by the interaction of basic forces that motivate human activity. These forces are divided into four major categories: social trends, economic circumstances, governmental controls and regulations, and environmental conditions. The interaction of all the forces influences the value of every parcel of real estate in the market. We analyzed the trends and the forces that influence value to determine the direction, speed, duration, strength, and limits of these trends.



AREA MAP

Governmental Controls

Governmental, political, and legal activities at all levels can have great impact on property values. Legal climate at a particular time or in a particular place may overshadow the natural market forces of supply and demand. The government provides many necessary facilities and services that affect land-use patterns.

The County of Los Angeles is governed by elected supervisors who oversee the county administrative office. Its purpose is to improve the quality of life in Los Angeles County by providing responsive, efficient, and high-quality public services that promote self-sufficiency, well-being, and prosperity of individuals, families, businesses, and communities. Its philosophy of teamwork and collaboration is anchored in its shared values of responsiveness, professionalism, accountability, compassion, integrity, commitment, a can-do attitude, and respect for diversity. It takes the position as a premiere organization for those working in the public interest and is established by: (1) a capability to undertake programs that have public value; (2) an aspiration to be recognized through achievements as the model for civic innovation; and (3) a pledge to always work to earn the public trust.

State law requires that the county be in charge of providing numerous services that affect the lives of all residents. Traditionally, mandatory services include law enforcement, property assessment, tax collection, public health protection, public social services, and relief to indigents. Among the specialized services are flood control, water conservation, parks and recreation, and many diversified cultural activities. The 88 cities within the county, each with its own city council, contract in some degree with the county to provide municipal services. Thirty-seven contract with the county for nearly all of their municipal services.

More than 65% of the county is unincorporated. For the 1,000,000 people living in those areas, the Board of Supervisors is their "city council" and the county departments provide municipal services. Thirty-one percent of the revenue comes from the state, 27% from the federal government, 13% from property taxes, and 29% from other sources. The largest percentage of the budget - 30% - pays for social services, while 20% is spent on public protection and 23% on health services.

The county, with 95,544 budgeted employees, is the largest employer in the five-county region. Of these, 27,197 positions are in law and justice, 26,574 are in health services, and 22,192 are in social services. The wide spectrum of job listings, from clerk to truck driver, sanitarium to psychiatrist, scientist to scuba diver, attorney to helicopter pilot, encompasses nearly every trade and profession and illustrates the complexity of the county government.

State tax laws have created competition among cities for sales tax-generating commercial uses of land. Because of the limitation on property tax revenues, cities place lower priority on accommodating residential development and higher priority on sales tax-generating uses. This has greatly contributed to a trend of housing production, lagging job growth, and population increases. Many service and blue-collar workers, along with moderate-income white-collar workers employed in and around high-tech nodes, are consequently forced to commute long distances from areas where they can find affordable homes.

Environmental Conditions

Both natural and man-made environmental forces influence real property values. Environmental forces that may be analyzed for real estate appraisal purposes include climatic conditions such as snowfall, rainfall, temperature, humidity, topography and soil condition; toxic contaminants such as asbestos, and radon; natural barriers to future developments such as rivers, mountains, lakes and oceans; primary transportation systems, including federal and state highways, railroads, airports, navigational waterways; and nature and desirability of the immediate area surrounding the property. All these factors are environmental, although market participants usually associate the term with issues involving conservation of natural resources and the regulation of man-made pollution. The environmental forces that affect the value of specific real property may be understood in relation to the property's location. Location considers time-distance relationships, or linkages, between a property or neighborhood and all possible origins and destinations of residents coming to or going from the property or neighborhood. Location is both an environmental and an economic character.

The area climate is described as summers that are generally hot and dry, while winters are generally temperate and semi-moist. Overall, the area's climate is relatively mild, with summertime high temperatures averaging about 90° F and wintertime lows in the 30s and 40s. Annual precipitation averages about 13 inches and almost all the rainfall occurs between October and early April. Precipitation in the mountain areas is substantially higher, reaching 22 inches per year and higher.

Los Angeles County's topography varies substantially. As shown below, just over 40% of the land in the county is flat, excellent for development.

Description	Square Miles	Percentage
Land Area	4,081.58	100%
Unincorporated Area	2,653.50	65%
Incorporated Area	1,428.08	35%
Flat Land	1,741.00	43%
Mountains	1,875.00	46%
Hilly Land	246.00	6%
Highlands	131.00	3%
Mountain Valleys	59.00	1%
Marshland	28.00	1%

Los Angeles County has one of the largest and most comprehensive freeway systems in the world. One of the major problems facing the region is freeway congestion due to growth and population. Highway congestion has increased substantially, and commute times have lengthened. Meeting strict air quality standards in the face of increasing driving and congestion have become more of a challenge. These problems largely result from a lack of new housing construction, especially near major job centers, and the inability of major workers to purchase housing being produced. Housing-rich areas, particularly in the Inland Empire, have seen substantial job growth over the last decade, but in the last several years the economy has turned downward but ultimately job growth is forecasted to continue, which will result in

increasing jobs/housing ratios for areas in western portions of the Inland Empire. Nevertheless, much of the job growth of the Inland Empire has been in relatively low-paying blue-collar sectors of the economy and the gap in the per capita between it and the rest of the region has been increasing.

The job growth of north Los Angeles County, another housing-rich area with a relatively high amount of commuters, has not been as robust as that of the Inland Empire. The new jobs created have, in general, been higher-paying, with the migration of the white-collar professional jobs to the Santa Clarita Valley and with the consolidation of the aerospace industry in the Antelope Valley. In fact, the Santa Clarita RSA is forecast to change from a balanced status to being housing-rich due to the excess amount of commuters by 2025.

An analysis of land development needs for accommodating forecasted housing shows that there is an insufficient amount of raw, developable land in Orange and Los Angeles counties to accommodate the forecasted housing needs at current densities. Development strategies involving current vacant and underutilized lots and the development at high densities are necessary for these counties to meet their forecasted housing needs and to achieve the benefits of a job/housing balance.

Historically, geographic imbalance between jobs and housing in the Southern California Association of Governments region has been a problem that has been largely self-correcting. Jobs have moved from their original centers to the housing-rich suburbs to take advantage of lower land and labor costs and to provide shorter commute trips for their employees. The end result is the multi-centered urban fabric that characterizes the region today. The phenomenon also explains why average home-to-work times in the region have remained constant over the last several decades.

Still, many local politicians are hoping that the various Metrorail and Metrolink systems throughout the region will alleviate traffic congestion and busy freeways. Unfortunately, the high expense of these projects, coupled with continued population growth, suggests that the overall transportation network in the five-county Southern California area will remain relatively unchanged into the long range.

Economic Circumstances

Economic forces are also significant to real property value. Appraisers analyze the fundamental relationships between current and anticipated supply and demand and the economic ability of the population to satisfy its wants and needs through its purchasing power. Many specific market characteristics are considered in the analysis of economic forces (e.g., employment, wage levels, industrial expansion, the economic base of the region and community, price levels, the cost and availability of mortgage credit, availability of vacant and improved properties, new development under construction or in the planning stage, occupancy rates, the rental price patterns of existing properties, and construction costs). Other economic trend considerations may be studied as the appraiser focuses on successively smaller geographic areas.

There has been a burst of development in the Southern California area commencing in the 21st century. Some of these projects include \$13.6 billion in projects recently completed, under construction, or in development in the area, ranging from the \$2.4 billion Alameda Corridor rail link, completed in mid-2002, to the \$430 million "Hollywood and Highland" entertainment/retail project, which includes a 3,300-seat,

permanent home for the Academy Awards. Another recently completed significant item is Disney's "California Adventure," a \$1.4 billion development. Another unrecognized aspect of the Southern California economy is the rail mass transit network that includes the Metrorail Red Line through Hollywood to Universal Studios and North Hollywood. In addition, the Gold Line, extending from downtown Los Angeles to Pasadena, was completed in mid-2003. Rail transit in the region currently totals 68,000 average daily boardings, with a solid growth trend.

The region has a number of hot spots for development. In downtown Los Angeles, conversion of older office buildings into loft apartments continues. In Long Beach, the Queensway Bay project is underway, while City Place is under construction at the site of the former Long Beach Mall. Santa Clarita is still seeing lots of development, with a focus emerging on biomedical activities. Antelope Valley is making a major economic development push, while Palmdale is benefiting from defense buildup. Northrop Grumman is planning a major R & D facility at Plant 42, in addition to continued operations by Lockheed Martin Aeronautics.

The western end of the Inland Empire continues to see strong demand for monster blocks of warehouse space, although there are some dissident voices being heard about the traffic impact. The extension of the 210 freeway east of Los Angeles County to the 15 freeway is generating lots of retail and residential activity along the route. Given the expansion controversy of the Los Angeles International Airport, changes may be in store for other smaller regional airports like Ontario International, March Field, San Bernardino International, Southern California Logistics Airport in Victorville, and Palmdale Airport.

The new economy jobs are in the high-tech fields, which pay high salaries. To encourage the development and growth of these companies in areas where a good housing supply exists, SCAG suggests several strategies to policy makers. They are the following:

- * Target education and research toward new economy jobs through research parks;
- * Institute community-based job training programs to train and retrain workers for new economy jobs;
- * Promote and cultivate venture capital investments;
- * Sponsor business incubation programs;
- * Invest in telecommunications, specifically fiber optic investments;
- * Promote airport construction and development.

As illustrated below, the unemployment rates have begun to increase over the last over the past 2 years in the six Southern California counties. This indicates an economy which has been weakening.

UNEMPLOYMENT RATES IN SOUTHERN CALIFORNIA 2002 - 2012											
County	Year 02	Year 03	Year 04	Year 05	Year 06	Year 07	Year 08	Year 09	Year 10	Year 11	Year 12
Imperial	16.5%	16.4%	20.7%	17.3%	15.3%	17.5%	22.9%	27.7%	29.1%	29.7%	26.9%
Los Angeles	6.8%	6.8%	7.1%	5.7%	4.7%	5.0%	7.5%	12.0%	13.0%	12.3%	12.0%
Orange	3.9%	4.0%	4.6%	3.9%	3.4%	3.9%	5.3%	9.1%	9.3%	8.7%	8.0%
Riverside	5.7%	6.0%	6.4%	5.4%	5.0%	5.9%	8.6%	14.3%	12.8%	13.6%	12.5%
San Bernardino	5.5%	5.8%	6.1%	5.3%	4.7%	4.9%	8.0%	13.6%	13.9%	13.2%	12.3%
Ventura	5.5%	5.7%	5.8%	4.9%	4.3%	4.9%	6.3%	10.9%	10.8%	9.8%	8.7%

Social Trends

The following table projects the population growth in the five surrounding counties through 2020.

PROJECTED POPULATION GROWTH					
County	2006	2010	Annual % Change	Proj. 2020	Annual % Change
Los Angeles	10,245,572	10,441,080	0.48%	11,584,800	1.10%
Orange	3,072,336	3,166,461	0.77%	3,541,700	1.19%
Riverside	1,953,330	2,139,535	2.38%	2,817,600	3.17%
San Bernardino	1,991,829	2,073,149	1.02%	2,800,900	3.51%
Ventura	817,346	844,713	0.84%	1,007,200	1.92%
California	37,172,015	38,648,090	0.99%	45,821,900	1.86%

*State of California Department of Finance

High-technology companies demand educated employees. This may require colleges and universities to redirect their training efforts, and primary and secondary schools to better prepare their students before they get to college. High-technology companies also need to access venture capital investments and places to grow. University-affiliated research parks and other incubation centers offer places to develop new high-tech businesses. Public investments in fiber optic cable can make areas more attractive to the new economy firms. High-technology firms require reliable air travel, both commercial and cargo, to move their employees and products quickly throughout the world. Developing and expanding airports in outlying areas can help spread new economy companies across the nation. Old economy jobs (i.e., blue-collar) are expanding in the Inland Empire. However, new economy jobs (i.e., white-collar high-tech industry) are growing in the north Los Angeles County area and are beginning to move slowly inland, but this change will have to take place to have substantial impact.

In conclusion, the nation's economy is uneasy and cautious because of the confrontations with the Middle East conflicts, and California suffering from a record high budget deficit, most parts of California are experiencing continued economic contraction. Cities have recently been placing lower priority on accommodating residential development and higher priority on sales tax generating uses. This has contributed to the shortfall of the housing supply and an imbalance between job growth and affordable housing. Also, jobs have moved from the downtown centers to the housing rich suburban areas, cutting commuter trips to the office. Job growth, which directly affects the demand for real estate, but in the next 5 to 15 years, job growth is projected to weaken to nearly 1% annually. Still, real estate experts believe that all types of real estate will continue to appreciate in the long run.

According to the Grubb & Ellis 2012 Market Real Estate Forecast, Southern California continues through tough economic times.

Southern California's Inland Empire, which accounts for less than 4% of total U.S. inventory, captured nearly 20% of total demand and produced the country's first large speculative groundbreaking post the Great Recession. The region's Momentum Index score of 135 is the strongest of any industrial market in the U.S. Nevertheless, conditions vary by market. San Diego, which has a seaport but is mostly a local market, struggled during the year. Renewals and lateral moves by opportunistic businesses seeking favorable rates and locations defined 2011. Orange County, which does not directly benefit from containerized cargo flows, saw activity slow during the second half of 2011. Activity in the smaller segment of the market lags the larger segment considerably. However, with a vacancy rate around 5%, the market saw a tightening of concessions and stabilization of rents. Los Angeles County, the second largest industrial market after Chicago, benefits from a large population base in addition to the two ports. Its billion square foot market with a vacancy rate around 3% stands unmatched. Nevertheless, even Los Angeles landlords did not have the upper hand. During the recession, the average lease term declined from 4.1 years in 2008 to just 3.3 years in 2011. The period started with tenants seeking shorter terms to keep their options open and ended with landlords seeking shorter terms so as not to lock in depressed rents.

The path of the recovery will remain unaltered in 2012. San Diego will see increased demand, but the market will struggle to reduce its vacancy rate below 10%. Much of the activity will continue to be driven by renewals and relocations. Low mortgage rates and sales prices 40% off their highs make ownership often more attractive than leasing in Orange County. As such, demand will finally extend to smaller, Class B and C buildings, which have been struggling. Los Angeles County will keep its lead as the tightest market in the country. The top story of 2012 will be the return of confidence, measured by longer lease terms, as recovering rents will incentivize landlords and tenants to lock in space and term. Inland Empire will continue to be the most dynamic market. The market's performance is closely tied to containerized cargo flows. Activity at the ports slowed in the middle of 2011, but with decreased probability of another recession and low inventory levels, demand for logistics buildings will remain in place in 2012.

Inland Empire will see the vast majority of the region's new deliveries. By the end of 2012, as much as 11.5 million square feet of new space could be under development. The market is on track to see its vacancy fall below 5%, further accelerating development. Limited new deliveries also will occur in Orange and Los Angeles counties.

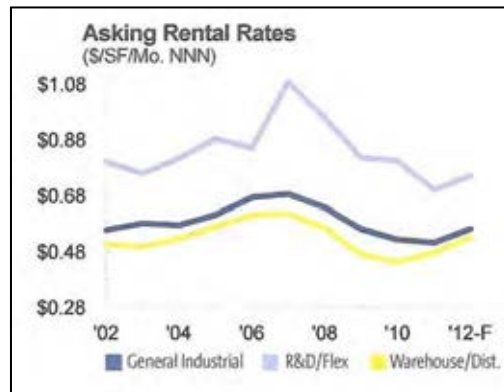
Los Angeles's industrial leasing market made substantial strides this past year after witnessing a rebound in absorption from the negative figures of 2009 and a paltry 2010. The vacancy dropped below 3 percent – a level not seen since the previous boom. With the local market gradually improving from the economic downturn, the industrial sector experienced an increase in user demand, albeit at a slower pace than many would have liked. Nevertheless, the overall growth is a clear sign of a turnaround for the local industrial leasing market, which has weathered the recent recession better than most of the major metropolitan areas across the country. The recent

improvement in market fundamentals has several submarkets establishing a solid ground indicating the market as a whole is heading toward a recovery. To that end, the warehouse/distribution sector will continue to lead in the recovery with large transactions in the pipeline for the year ahead.



Cargo volumes during the summer months, seen as a bellwether for the demand of industrial space as retailers ready themselves for the upcoming holiday shopping season by replenishing their inventories, provided a look into the continued caution with regards to consumer confidence and spending. Heading into that time of year cargo volumes at the port of Los Angeles and Long Beach had a slim 1.5 percent increase in imports. Consumers were not expected to spend significantly as the import activity suggested.

However, exports experienced a 6.8 percent increase over last year. With a weaker dollar, U.S. manufactured goods have become cheaper overseas.



The Los Angeles industrial market not having experienced a massive building boom in the past five-to-six years due to land constraints is beginning to level off in terms of the vacancy. With construction starts at an all-time low, vacancy steadily declined as demand picked up leading to a sustainable recovery. While the national economy still has some obstacles to overcome, recent signs of

improvement have placed the local industrial market in a far better position than anticipated 12 or 18 months ago.

INDUSTRIAL MARKET REVIEW AND FORECAST			
	2010	2011	2012 Forecast
Vacancy Rate	3.3%	2.9%	2.5%
General Industrial Rental Rate ¹	\$0.52	\$0.51	\$0.56
R&D/Flex Rental Rate ¹	\$0.80	\$0.70	\$0.75
Warehouse/Dist. Rental Rate ¹	\$0.44	\$0.48	\$0.53
Net Absorption	812,000	3,207,000	2,500,000
Space Completed	380,000	563,000	800,000

1. Asking rate per square foot per month triple net

2012 FORECAST

With an uptick in leasing activity, tenants will start to lose some of their leasing negotiation advantages with landlords. Landlords will continue to pay close attention to creditworthiness of tenants and term on leases with rental rates beginning to level off from the dip seen last year. Although the window of opportunity for tenants is expected to gradually close in the year ahead. While it is unclear what the long lasting affects will be for tenants, the terms and size of leases could be impacted forcing tenants and landlords to approach leases in a more selective manner.

The local economy's recuperation will be dependent on several key drivers: the Port of Los Angeles and Long Beach, manufacturing and population. The Los Angeles metropolitan area, also known as Metropolitan Los Angeles or the Southland, is the 13th largest metropolitan area in the world and the second-largest metropolitan area in the United States. According to the LAEDC, Los Angeles has the largest manufacturing center in the United States. The ports of Los Angeles and Long Beach are the nation's largest in TEU volume.

The Los Angeles industrial market represents a tremendous amount of economic power which in years past has been in a recession it is slowly coming back from. Although user demand is not expected to reach the levels last seen during the pervious boon in the near future, port activity and the manufacturing industry will drive demand for space as consumer spending gradually increases and the creation of jobs benefit the economy as a whole. The Ports will lead to expansion as trade activity continues to grow which will spur warehouse demand going forward.



In 2012, the Los Angeles industrial market will retain occupancy levels at or above 95 percent and begin to see sustained rental rate growth with longer lease terms – bringing confidence back. The average industrial lease term in Los Angeles was approximately 3.3 years in 2011 down from 4.1 years on average at the peak in 2008. This decline was due in part because most tenants lacked the belief in their business to sign on long term and most landlords did not want to lock in a tenant long term under depressed rent conditions impacting the value of their asset. Under improved economic conditions, tenants and owners will start to operate with a sense of urgency to grab the good deals while they last. Indeed, transactions on 10 year leases signed in 2011 were up 63 percent on a year-over-year basis from 2010 and down 65 percent from the peak in 2008. That trend toward longer leases will continue, coupled with improving fundamentals it will generate an upward pressure on rental rates in 2012– creating a “win-win” situation for tenants and landlords.

The Los Angeles industrial market still appears to be in the midst of a strong landing, and industrial market conditions are bottoming out. The jobs generated within this area ultimately will cause upward pressure to all types of real estate as the industrial market recovers.

According to the Grubb & Ellis 2012 Market Real Estate Forecast, this area continues to contract.

Southern California's recession was longer and deeper than the national average. Payroll employment began dropping six months ahead of the U.S., and it did not hit bottom until seven months after the U.S. The housing bust, especially severe inland, was a major culprit. The region is/was home to a bevy of mortgage companies, including some that played a starring role in the meltdown. While the region earns an above-average score of 124 on the Momentum Index, it is important to note that the recovery is launching from a relatively deeper trough. The Inland Empire's office market recovery is in the early innings. Renewed vitality, heavily dependent on the housing industry, may not return until home prices stabilize, which could be several years away.

Conditions across most of Los Angeles County remain soft, but Santa Monica posted double-digit gains in asking rents during 2012 on the strength of demand from entertainment and technology companies. Burbank, the locus of the region's entertainment industry, also built momentum last year. By the second half of 2012, look for a handful of other submarkets to show sustained, though modest, improvement; these would include downtown Los Angeles, the remainder of West Los Angeles, and the stronger areas of lower-tier submarkets such as El Segundo in the South Bay. Strong-credit tenants will dictate the best deal terms. This holds true among landlords as well; financially strong owners are more attractive to tenants seeking stability. Aggregate vacancy and rent numbers are expected to change little in 2012. The market will set the stage for a broader rebound in 2013 and beyond. In Orange County, a number of tenants who had downsized too much when the recession struck compensated for that miscalculation by taking more space last year, which fueled decent absorption totals. Pent-up demand for office space exists, but businesses will wait to see how the economy and financial markets play out before making commitments in 2012. If all goes well, expect Class A rents to increase in the coming year, especially in properties where landlords offer tenant improvement dollars.

San Diego saw similar dynamics in 2011 with increased occupancy for top office properties. The labor market has been a bit stronger here than in the rest of Southern California. In 2012, expect landlords of top-tier properties to begin pushing rents higher. It will be several years, however, before office owners are truly out of the woods - a truism across Southern California.

The depressed office market has lead tenants to strive for value-optimization more than ever. Tenants with healthy balance sheets are able to take advantage of exceptional opportunities. Whether it be relocating to more prestigious submarkets such as Santa Monica or higher quality buildings within a submarket, or locking in renewals at historically low rates in existing locations, the tenants who can are taking advantage. Cost consciousness among tenants continues to lead to downsizing in lease renewals and relocations, as companies with slimmed down workforces shed existing inefficient space to move into space that meets their current needs in this weak economic climate. The Downtown submarket, among others, has been plagued by this trend of efficient space utilization throughout 2011 resulting in increased vacancy. On the positive side, other areas of Los Angeles have seen strong demand from the entertainment sector in 2011. Submarkets such as Santa Monica, Hollywood/WeHo, and Burbank have fared well due to tenant demand from the

entertainment industry. The overarching economic trend of businesses seeking balance sheet health has been driving activity in the office market. On the demand side tenants with strong balance sheets are expanding and weak tenants are downsizing. Additionally, struggling landlords unable to compete in the market place on rental rates and concessions due to their weak balance sheets are losing tenants to stable competitors. These factors are driving a large gap between the haves and the have-nots.

2011 REVIEW

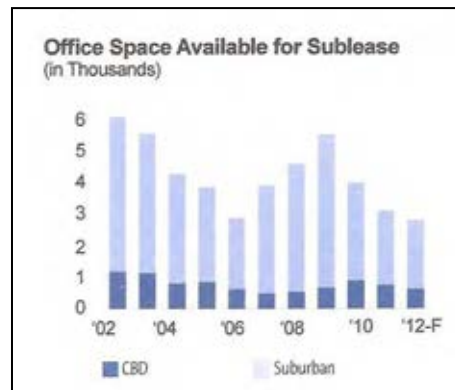
The Los Angeles office market was on a stabilizing trend of improvement in occupancy through the first three quarters of 2011, but ended the year on a downbeat. Over 500,000 square feet of negative net absorption in the fourth quarter brought the year-to-date total into the red with a total negative net absorption of 189,272 square feet.



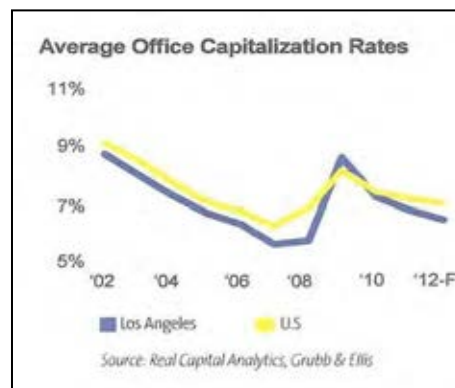
This brought the vacancy rate back up to its historical peak of 17 percent that was reached in the third quarter of 2010. This trend is tracking the downturn after the 2001 recession very closely. In that period vacancy peaked approximately a year and a half after the recession began, improved marginally over a few quarters, and then relapsed closer to its previous peak again before settling in on a sustained trend of improvement. If history is a good indicator then the present office market is set to struggle for a few more quarters and then sustain a recovery. Economic factors will dictate whether this will be the case. All submarkets have fared differently in 2011 as some have begun a recovery while others continue to lag. The fourth quarter result was interesting as the former leading submarkets of West Los Angeles and Los Angeles North weakened, and the worst performing submarket in 2011, the South Bay, improved. Expected move-outs such as Northrop Grumman relocating their headquarters from Century City in West Los Angeles to Washington, DC contributed to the decline. While the move-in of DirecTV to 300,000 square feet in El Segundo helped reverse the South Bay's misfortune. Additionally, the trend of downsizing by major professional services and financial companies increased the vacant inventory by 208,000 square feet in Downtown Los Angeles. The vast majority of the decline in occupancy was focused on Class B space in Downtown Los Angeles and Los Angeles North. This is primarily due to the lingering shadow vacancy from inefficient space utilization by tenants with leases coming up. In extreme cases, some tenants are underutilizing their current space by as much as 60-70 percent, with an estimated average closer to

15 percent. Many tenants continued to hang-on to their leases, surviving the downturn - but downsized upon a renewal or relocation.

Additionally, Class A asking rents declined 1.4 percent to \$2.90 over the previous quarter and 3 percent on an annual basis. Most of this decline was in the two largest Class A submarkets, West Los Angeles and Downtown, in which asking rents declined 2.2 and 0.9 percent over the previous year, respectively. Class B asking rents held perfectly flat over the previous quarter and on an annual basis at \$2.17. Downtown Los Angeles saw a 1.6 percent decline while West Los Angeles saw a 1.1 percent increase. All other submarkets fell within that range as rents sought stability.



Available sublease space declined by 22 percent over the past year to 3.5 million square feet in the fourth quarter of 2011. This is nearly 1 million square feet less available sublease space on the market over that time period. After peaking at 6.9 million square feet in the third quarter of 2009, available sublease space has declined every quarter to the present. The current level of sublease space is comparable to the decade-low level of 3.3 million square feet reached in 2006. The process of leasing out sublease space and having sublease space become direct vacant space seems to have worked itself out over the past two years back to or near a market equilibrium level.



2012 FORECAST

In 2012, the Los Angeles office market is expected to struggle in the first half of the year as the effects of the economic slowdown of 2011 remain present. Submarkets such as Santa Monica and Burbank will slow their trend of improvement but remain leading markets. However, as the overall economy improves in 2012 relative to 2011, it is expected that submarkets such as Downtown Los Angeles, the rest of West Los Angeles, and the stronger markets in lower-tier submarkets such as El Segundo in the South Bay will begin to sustain improvement. However, this improvement will be modest due to on-going sluggish office labor market conditions and by the delivery of 526,000 square feet of new construction. As such, vacancy is projected to improve back to its mid-year 2011 level of 16.6 percent and rents are projected to remain flat. Concessions will remain widely available in 2012 as the office market will continue to be driven by weak tenant demand. The most attractive tenants will get excellent deals, and less attractive tenants will also get historically good deals at market rents. Lease terms will return to more common lengths of 3, 5, and 10 years depending upon the tenant. With the leveling of available sublease space setting the stage, 2012 will be the foundation for future growth in the Los Angeles office market.

OFFICE MARKET REVIEW AND FORECAST			
	2010	2011	2012 Forecast
Vacancy Rate	17.0%	17.0%	16.6%
Class A Rental Rate ¹	\$2.99	\$2.90	\$2.90
Class B Rental Rate ¹	\$2.17	\$2.17	\$2.17
Net Absorption	-1,594,465	-189,272	1,250,000
Space Completed	624,058	-	526,000

¹ Asking rate per square foot per month full service

In conclusion, conditions in Southern California continue to remain soft but the market is setting the stage for a rebound in 2013 and beyond. Overall this sector of real estate will continue to apply downward pressure to the value of other real estate sectors through 2012.

According to the Grubb & Ellis 2012 Market Real Estate Forecast, Southern California appears to be bottoming out and ready for recovery.

This region scores 128 on the Momentum Index, the highest of any region. The market is ripe with opportunity where defunct tenants have vacated large spaces in good locations. Near the close of 2011, for instance, Hobby Lobby signed two leases totaling 151,200 square feet in Rancho Cucamonga and Temecula, both in former Mervyn's stores.

Grocers also have been watching for opportunities. In the Inland Empire, Food 4 Less moved into 50,000 square feet in Rancho Cucamonga, and Cardenas Markets plans to occupy a former Ralphs store in Ontario. Big chains like Albertsons, Ralphs, and Vons are not only competing with Target, Wal-Mart and discounter WinCo Foods, but also with ethnic grocers, smaller value-formats such as Fresh & Easy, and dollar stores such as Dollar Tree, Family Dollar, Dollar General and 99¢ Only. Discount stores will continue to be Orange County's strongest performers, and they will aggressively vie for more vacant anchor spaces in San Diego as well.

Certain categories, including gyms and restaurants, have been expanding in the region, with 24-Hour Fitness and LA Fitness moving into new locations in Los Angeles and Orange County. Restaurants will remain active with many new eateries sprouting throughout Los Angeles. In San Diego, the ongoing \$1 billion renovation of Westfield UTC will add a new dining terrace to the mall and make way for an ArcLight Cinemas and a 24-Hour Fitness Super Sport Club.

Overall, the Los Angeles retail market held steady near a 5% vacancy rate in 2011. In 2012, vacancy and rents will show modest improvement as economic conditions improve. Construction, including both renovations and new construction, will continue at a similar pace.

The Orange County retail market was not hit as hard as neighboring Los Angeles County and the Inland Empire. Rents have firmed up, but filling empty space remains challenging as only a few retailers are expanding. Stores will continue to close or downsize in 2012, creating opportunities for expansion-minded retailers. For example, Best Buy is decreasing store sizes, and Gap and Borders are closing stores, while banks such as Chase are looking to expand into the area.

San Diego witnessed positive net absorption in 2011, led by the North County. In 2012, the region's unemployment is expected to decline further, which will boost consumer spending and encourage expansion by established national tenants. Throughout the region, the recession induced panic to do deals has subsided and landlords are becoming more selective. Unless there is a sharp upturn in consumer spending, deal volume in 2012 will remain consistent with 2011.

According to the Fourth Quarter CoStar Trend Report for Los Angeles County, not much change has occurred. Vacancy rates remain unchanged from the previous quarter, at 4.9%, and net absorption was a positive 827,183 square feet. Quoted rental rates decreased from the third quarter of 2011, ending at \$24.14 per square foot per year. A total of 22 retail buildings with 634,647 square feet of retail space were delivered to the market in this quarter.

In conclusion, conditions in Southern California continue to remain soft but the market is setting the stage for a rebound in 2013 and beyond. Overall this sector of real estate will continue to apply downward pressure to the value of other real estate sectors through 2012.

According to NAI Capital Commercial Real Estate Services Worldwide and California Lutheran University, the Southern California multi-residential market is improving more than all other real estate categories. Problems in the housing segment are creating opportunities in the multi-family market. Vacancy rates throughout the basin are extremely low, and are expected to remain low for the foreseeable future.

Foreclosures and notices of default remain high, and as a result customers are losing their homes in record numbers and shifting into the multi-family market. The lack of credit is also creating more demand for multi-family housing, as potential home buyers are not able to secure financing. Since these conditions were expected to remain in effect throughout 2011, the demand for multi-family housing is anticipated to remain high. Increased demand throughout Southern California is creating a boom in new construction. The multi-family market is the only segment in which construction is occurring. Construction is expected to continue as long as demand remains. Despite all the new construction, prices for multi-family buildings are increasing. According to Sean Dyer, president of Dyer Sheehan Group, Inc., the Ventura County multi-family vacancy rates have dropped from 5.8% in 2009 to 5.3% in 2010, to 4.2% in 2011, while average Ventura County rents have risen from \$1.70/sq. ft. in 2010 to \$1.75 in 2011. The average 2-bedroom apartment rent in the county in 2011 was \$1,450/month. Multi-building permits have doubled year-over-year from 2009 to 2010 for the county. The multi-family market for 2012 appears strong.

According to the Berzack Group, all indicators point to the positive for Los Angeles' apartment market, which should continue to gain velocity in 2012. According to the just released Real Share/Jones Lang LaSalle Apartment Outlook 2012 Survey, Los Angeles is among the top five markets multi-family investors are most likely to invest in this year.

As the California Economic Forecast Watch notes that "labor markets are reviving and are contributing to the economic recovery that is now underway. If the current pace of job creating in California can be maintained, calendar year 2012 will emerge as the strongest year for job creation since the 2000 tech boom." As far as Los Angeles County's employment growth, it has shown continued gains, up to 0.7% in the period of July to October 2011.

The multi-housing market, and Los Angeles in particular, stands to gain considerably in this new year, perhaps summed best by Eric Friedman of Coastline Capital Partners in a Jones Lang LaSalle statement, "outside of cap rates and price per unit, we are focusing on location for our acquisition. Where are the people going to be? Where is the demand always going to be? Even when the market goes down, or when it goes up...if you can find a place where people want to live and work - that's where we are targeting."

According to *DataQuick News*, published in February 2012, the Southland housing market started 2012 with slightly higher sales and slightly lower prices despite record-low mortgage interest rates. Home sales skewed toward the lower price ranges, which is normal for January 2012, as many traditional buyers retreated and investors snapped up homes at a record level, a real estate information service reported.

A total of 14,523 new and resale houses and condos sold in Los Angeles, Riverside, San Diego, Ventura, San Bernardino, and Orange counties in January 2012. That was down 24.5% from 19,247 in December 2011, and up 0.4% from 14,458 in January 2011.

Sales have increased year-over-year for five of the last six months. The sharp sales decline from December is normal for the season. January 2012 sales count was 17.8% below the 17,671 average for all the months of January since 1988.

A total of 669 newly built homes sold in January 2012, the lowest number for any month since DataQuick started keeping track in 1988.

“January numbers have never been very good at providing an indication of what upcoming activity will be like. For that we need to wait until March. What we can determine is that the mortgage market remains dysfunctional. It will be interesting to see how a potential surge of refinance activity plays into the purchase market once the administration’s new guidelines are implemented,” said John Walsh, DataQuick president.

The median price paid for a Southland home in January 2012 was \$260,000, down 3.7% from \$270,000 for both December and January 2011. The median was the lowest since \$249,000 in May 2009. The median’s low point for the current real estate cycle was \$247,000 in April 2009, while the high point was \$505,000 in mid-2007. The peak-to-trough drop was due to a decline in home values as well as a shift in sales toward lower-cost homes, especially inland foreclosures. Distressed sales made up more than half of January’s resale market.

Foreclosure resales – properties foreclosed between January 2011 to December 2011 – made up 32.6% of resales as of January 2012, up from a revised 32.4% in December 2011 and down from 36.8% as of January 2011. Foreclosure resales hit a high of 56.7% in February 2009 and a low of 32.8% as of June 2011.

Short sales – transactions where the sale price fell short of what was owed on the property – made up an estimated 21.3% of Southland resales in January 2012. That was a high for the current real estate cycle and compares with 19.6% in both December and January 2011. Meanwhile, credit conditions remained tight.

Adjustable-rate mortgages (ARMs) accounted for 6.0% of January 2012 Southland home purchase loans, down from 6.4% in December 2011 and 7.0% in January 2011. Since 2000, a monthly average of about 35% of purchase loans was ARMs.

Jumbo loans, mortgages above the old conforming limit of \$417,000, accounted for 13.6% of last January 2012's purchase lending, down from 15.2% in both December 2011 and a year earlier. In the months leading up to the credit crisis that struck in August 2007, jumbos accounted for 40% of the market.

Absentee buyers – mostly investors and some second-home purchasers – bought a record 26.8% of the Southland homes sold in January 2012, paying a median \$193,500. The Inland Empire saw absentee purchases rise to a record 33.6% of all sales. Since 2000, the Southland's absentee buyers purchased a monthly average of 16.9% of all homes sold.

Cash purchasers accounted for a near-record 31.4% of January 2012 home sales, paying a median \$199,000. That was up from 29.8% in December 2011, and up from 30.4% a year earlier. The 10-year monthly average for Southland homes purchased with cash is 15.1%. Cash purchases are where there was no indication in the public record that a corresponding purchase loan was recorded.

Government-insured FHA loans, a popular low-down-payment choice among first-time buyers, accounted for 31.2% of all purchase mortgages in January 2012. December 2011's FHA level was up from 30.7% in December 2011 but down from 33.2% in January 2011. Two years ago FHA loans made up 35.0% of the purchase loan market, while three years ago it was 38.9%.

In January 2012 16.0% of all sales were for \$500,000 or more, down from a revised 18.4% in December 2011, and down from 18.3% in January 2011. The low point for \$500,000-plus sales was in January 2009, when only 13.8% of sales were above that threshold. Over the past decade, a monthly average of 27.2% of homes sold for \$500,000 or more.

Indicators of market distress continue to move in different directions. Foreclosure activity remains high by historical standards but is lower than peak levels reached over the last two years. Financing with multiple mortgages is very low, and down payment sizes are stable, DataQuick reported.

All homes	Sales Volume			Median Price		
	Jan-11	Jan-12	% Chng	Jan-11	Jan-12	% Chng
Los Angeles	4,908	4,997	1.8%	\$300,000	\$289,000	-3.7%
Orange	1,929	1,872	-3.0%	\$415,000	\$392,000	-5.5%
Riverside	2,738	2,684	-2.0%	\$190,000	\$180,500	-5.0%
San Bernardino	2,085	2,051	-1.6%	\$151,500	\$150,000	-1.0%
San Diego	2,248	2,358	4.9%	\$304,000	\$305,000	0.3%
Ventura	550	561	2.0%	\$350,000	\$322,500	-7.9%
SoCal	14,458	14,523	0.4%	\$270,000	\$260,000	-3.7%

A neighborhood is a group of complementary land uses. A neighborhood can be further defined as a district. A district is also defined as a type of neighborhood that is characterized by homogenous land uses. The subject property is located near Oat Mountain Motorway, Los Angeles County, California, and is located approximately 25.2 miles northwest of the Los Angeles civic center.

The subject's immediate neighborhood is defined as the area bordered to the north by Telegraph Road or State Highway 126; to the west by the Los Angeles County line; to the south by the Ronald Reagan Freeway, (US 118); and to the east by the Golden Valley Freeway (US 5). The neighborhood itself consists of residential development toward the southeast corner and in addition to the single family developments along Highway 5 and then the industrial developments to the south of Telegraph Road. A traffic count map is located in this section indicating traffic flow patterns and counts. The following is a table of demographic profile trends within the neighborhood:

Summary	2000	2010	Annual Avg. % Change	2015	Annual Avg. % Change
Population	51,579	68,293	3.24%	74,664	1.87%
Households	17,108	21,836	2.76%	23,656	1.67%
Families	13,999	17,951	2.82%	19,414	1.63%
Average Household Size	3.00	3.11	0.37%	3.14	0.19%
Owner-Occupied Housing Units	14,859	18,303	2.32%	19,909	1.75%
Renter-Occupied Housing Units	2,249	3,533	5.71%	3,748	1.22%
Median Age	37.8	40.0	0.58%	40.6	0.30%
Median Household Income	\$82,526	\$10,900	2.22%	\$123,602	4.50%
Average Household Income	\$103,223	\$130,734	2.67%	\$157,480	4.09%
Per Capita Income	\$34,890	\$41,977	2.03%	\$50,074	3.86%

According to Site to do Business ESRI Report, the neighborhood is made up predominately of what are referred to as Boomburbs (24.1%), Connoisseurs (24.0%), Suburban Splendor (18.8%), and Wealthy Seaboard Suburbs (9.3%).

Boomburbs are the newest addition to the suburbs. Boomburbs communities are home to younger families who live a busy, upscale life style. The median age is 33.7 years. This market has the highest population growth at 5.3% annually, more than 4-1/2 times the national figure. The median home value is \$334,829, and most households have two earners and two vehicles. This is the top market for households who own projection televisions, MP3 players, scanners, and laser printers, as well as, owning or leasing full-size SUV's. It is the second ranked market for owning flat screen or plasma televisions, video game systems, and digital camcorders as well as owning or leasing mini-vans. Family vacations are a top priority. Popular vacation destinations are Disney World and Universal Studios, Florida. For exercise, residents play tennis and golf, ski, and jog.

Connoisseurs are residents who are second in wealth to Top Rung, but first for conspicuous consumption. Connoisseur residents are well educated and somewhat older, with a median age of 47.3 years. Although residents appear closer to retirement than child-rearing age, many of these married

couples have children who still live at home. The neighborhoods tend to be older bastions of affluence where the median home value is \$706,720. Growth in these neighborhoods is slow. Residents spend money for nice homes, cars, clothes, and vacations. Exercise is a priority; they work out weekly at a club or other facility, ski, play golf, snorkel, play tennis, practice yoga, and jog. Active in the community, they work for political candidates, parties, write or visit elected officials, and participate in local civic issues.

Suburban Splendors are made up of successful suburbanites who are the epitome of upward mobility, just a couple of rungs below the top, situated on growing neighborhoods of affluent homes with median values of \$442,916. Most households are composed of two-income, married-couple families with or without children. The population is well educated and well employed, with the median age of 41.5 years. Home improvement and remodeling are a main focus of suburban splendor residents. Their homes feature the latest amenities and reflect the latest home design. Residents travel extensively in the United States and overseas for business and pleasure. Leisure activities include physical fitness, reading, visiting museums, or attending the theater. This market is proactive in tracking investments, financial planning, and holding life insurance policies.

Wealthy seaboard suburbs neighborhoods are established quarters of affluence located in coastal metropolitan areas, primarily along the California, New York, New Jersey, and New England coasts. Neighborhoods are older and slow to change with the median home value that exceeds a \$471,252. Households consist of married couple families, over half of employed persons are in management or professional occupations. The median age is 42.3 years. Residents enjoy traveling and shopping. They prefer to shop at Macy's and Nordstrom's as well as B J's Wholesale Club, and Costco. They also purchase many items on-line or by phone. Residents take nice vacations and travel in the United States and abroad, Europe; Hawaii; Atlantic City, New Jersey; Las Vegas, Nevada; and Disneyland are popular destinations. Leisure activities include going to the beach, skiing, ice skating, and attending theater performances.

In 2010, the educational attainment of the population age 25 years or older in the neighborhood includes the following:

- 17.8% were high school graduates (compared with 29.6% in the US)
- 50.2% had bachelor degrees (compared with 26.0% in the US)

Those with bachelor degrees or higher are more than double the national average.

According to *ESRI 2015 Marketplace Forecast*, the lead/surplus factor represents a snapshot of retail opportunity in the neighborhood. This is a measure of the relationship between supply and demand that ranges from +100 (total acreage) to -100 (total surplus). A positive value represents a "leakage" of retail opportunities outside the trade area. A negative value represents a surplus of retail sales and market place in a market where customers are drawn from the outside of the trade area. The retail gap represents the difference between retail potential and retail sales. Those industry groups that reflect opportunities in the immediate neighborhood, whereas residents need to go outside the neighborhood to acquire such goods, include motor vehicle and parts dealers, furniture and home furnishings stores, electronic stores, building materials and gardening equipment and supply stores, health and personal care stores, gasoline stations, clothing and clothing accessory stores, and miscellaneous retailers. Within the neighborhood area, there are 21 retail locations which total 3,446,467 square feet of space. The following is a sample of the available retail space in the neighborhood:

No.	Location	Year Built	Size (Sq. Ft.)
1	16156 San Fernando Mission Blvd. Granada Hills, CA	2000	N/A
2	K-Mart Center 23838 Valencia Blvd. Valencia, CA	1973	118,868 S.F.
3	Community Shopping Center 24313 Magic Mountain Parkway Valencia, CA	1990	500,000 S.F.

In conclusion, conditions in the neighborhood continue to remain soft but the market is setting the stage for a rebound. In the short run, real estate values should stabilize and in the long run upward pressure to values will occur because of the projected neighborhood population growth.

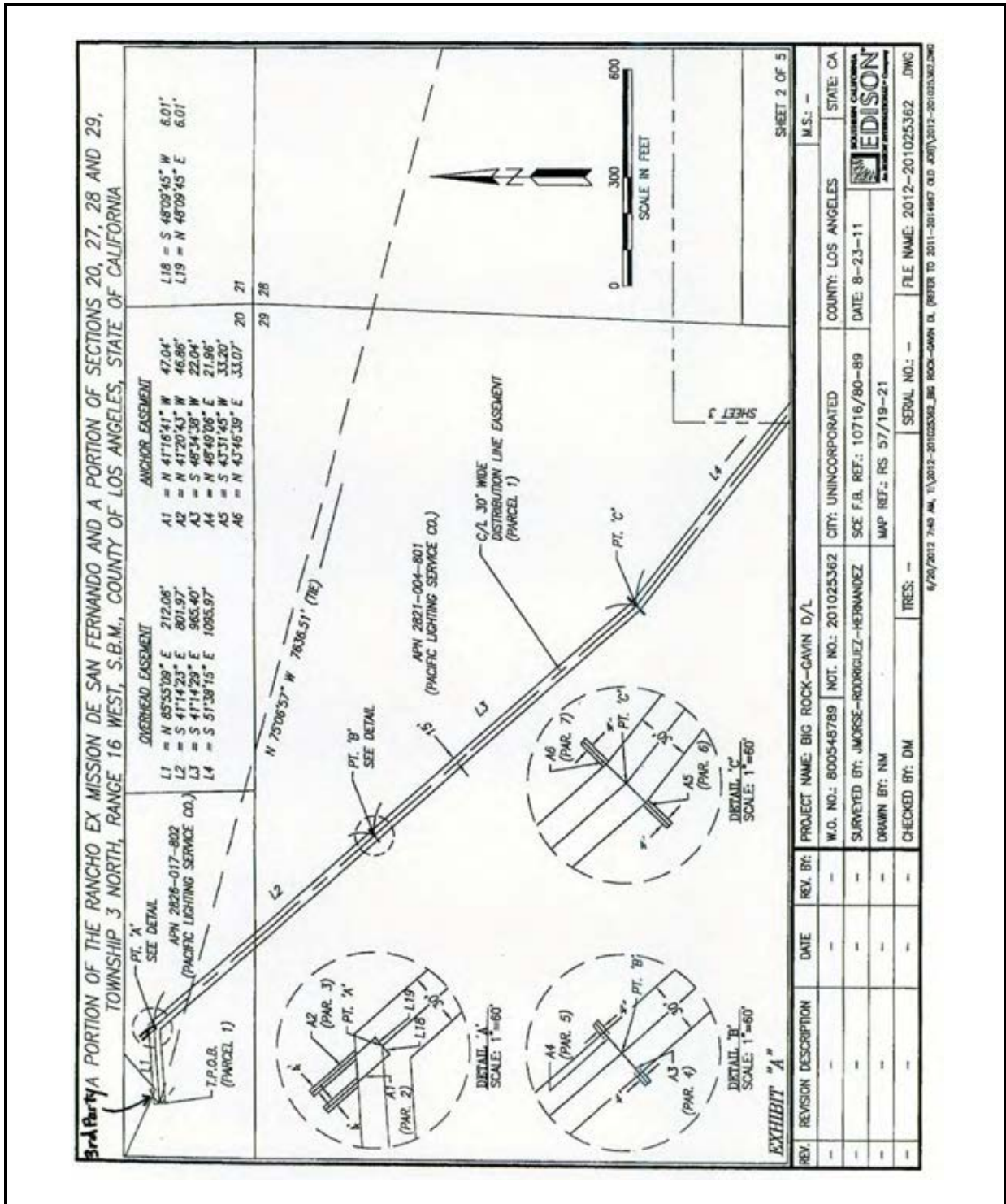
The proposed distribution of the Gavin circuit lines involves a approximately two-mile above-ground easement for a 12 kilovolt distribution line, which will consist of a 30-foot wide overhead easement for 2.1348 miles long with an additional 17 anchor easements, each four feet wide and varying lengths, totaling 1,360 square feet or 0.0312 acres. These anchor easements average to 80 square feet apiece. This proposed line is primarily to support a new natural gas pumping facility for the Aliso Canyon Natural Gas storage facility. This new equipment includes three 22,000 horsepower motor, compressor, piping, coolers, and other additional equipment required to support natural gas storage.

Southern California Gas operates and maintains the Aliso Canyon Natural Gas storage facility, the largest of four such facilities. At the Aliso Canyon Natural Gas storage facility natural gas is stored thousands of feet below the earth's surface and in depleted underground oil fields. Above the stored natural gas are impermeable layers of rock and geological formations. Currently, three natural gas turbine driven compressors are used to inject the gas deep into the ground. This equipment was installed in the 1970s and must be replaced. To inject and withdraw the natural gas as needed, the installation of new electric compressors are needed. The proposed electrical is primarily in support of this product.

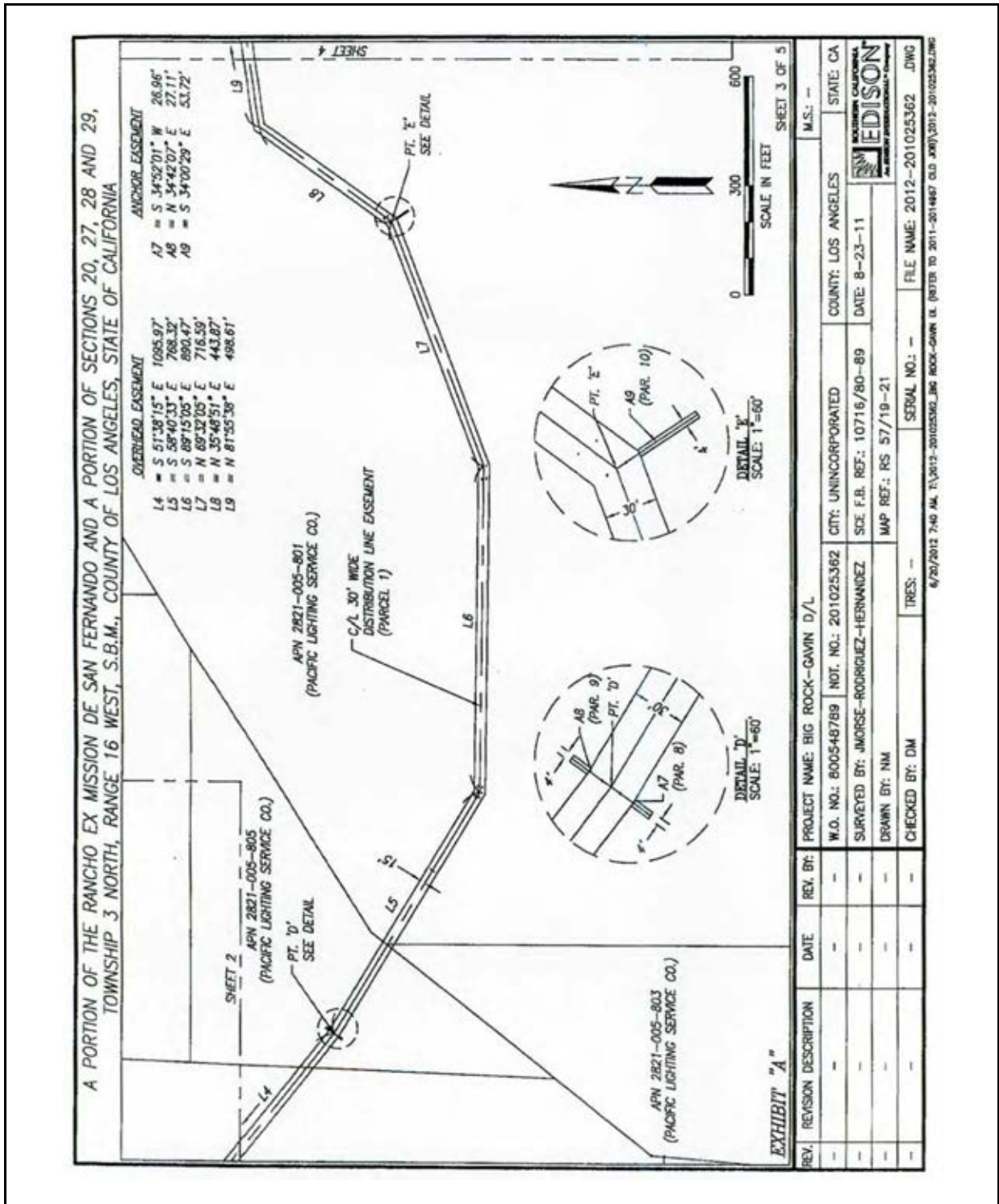
The Aliso Canyon Natural Gas storage facility, located north of Porter Ranch and Northridge, sits on approximately 3,600 acres of land. The project area is about a half mile beyond the Sesnon Boulevard entrance and is projected to be located in the valley of the property. This project is anticipated to result in a significant reduction of air pollutants and greenhouse gases at the site.

According to the engineering drawings, the proposed 30-foot wide easement includes a total area of 338,147 square feet or 7.7628 acres with an additional 17 anchor easements, which are four-foot wide and varying lengths totaling 1,360 square feet or 0.0312 acres. The anchor easements average 80 square feet each. Both the 30 foot wide 17 anchor easement total 7.794 acres.

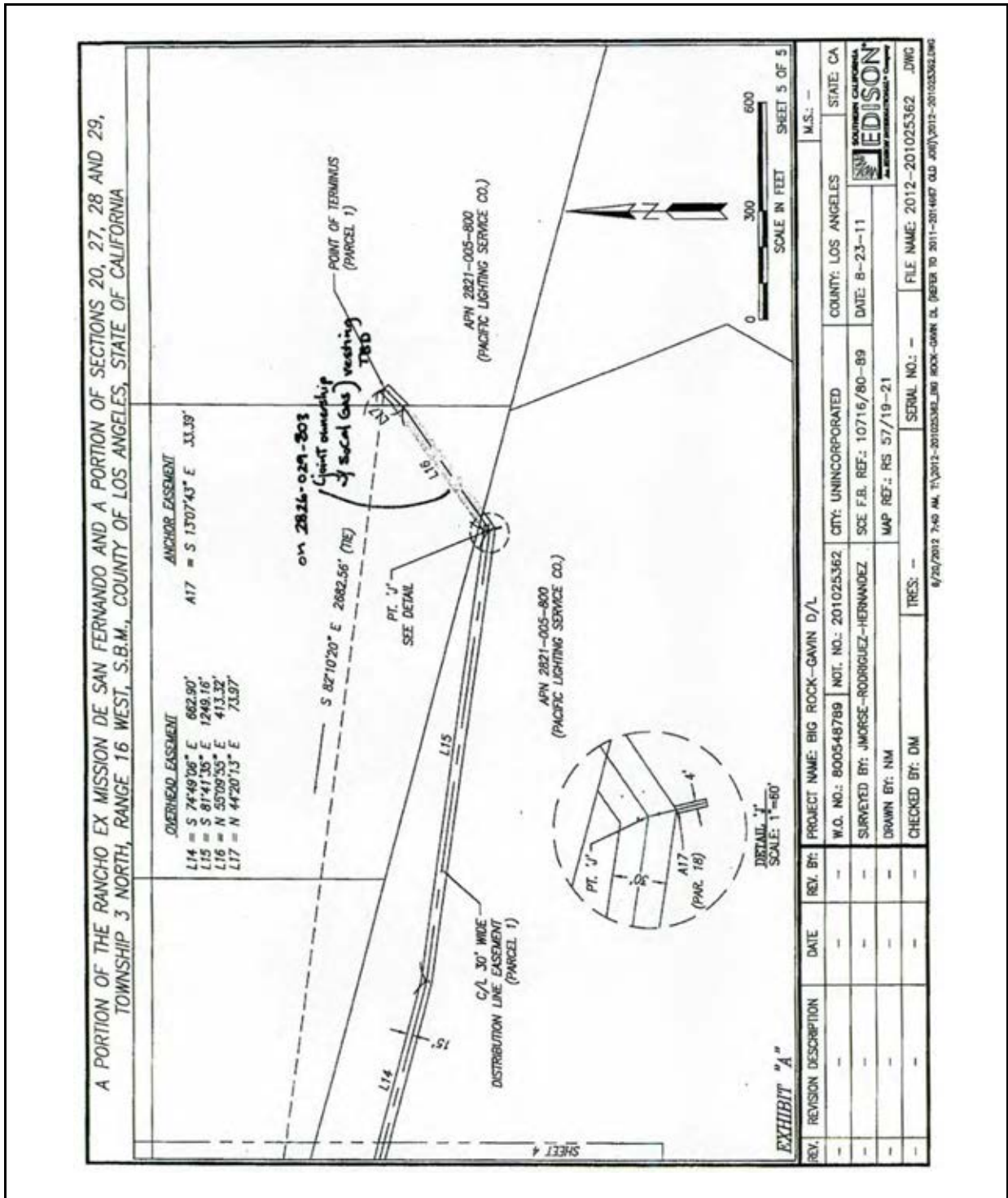
The sole purpose of the easement is to construct, reconstruct, use, maintain, operate, alter, repair, replace, inspect, and remove one overhead electrical supply system together with all necessary equipment and appurtenances including but not limited to the towers with wires and cables suspended thereon and supported thereby. Also the right to ingress and egress for these purposes is included in the easements across on the non-exclusive easement. The following drawings illustrate the location of the proposed transmission line. We reserve the right to revise this report should more updated information be provided.



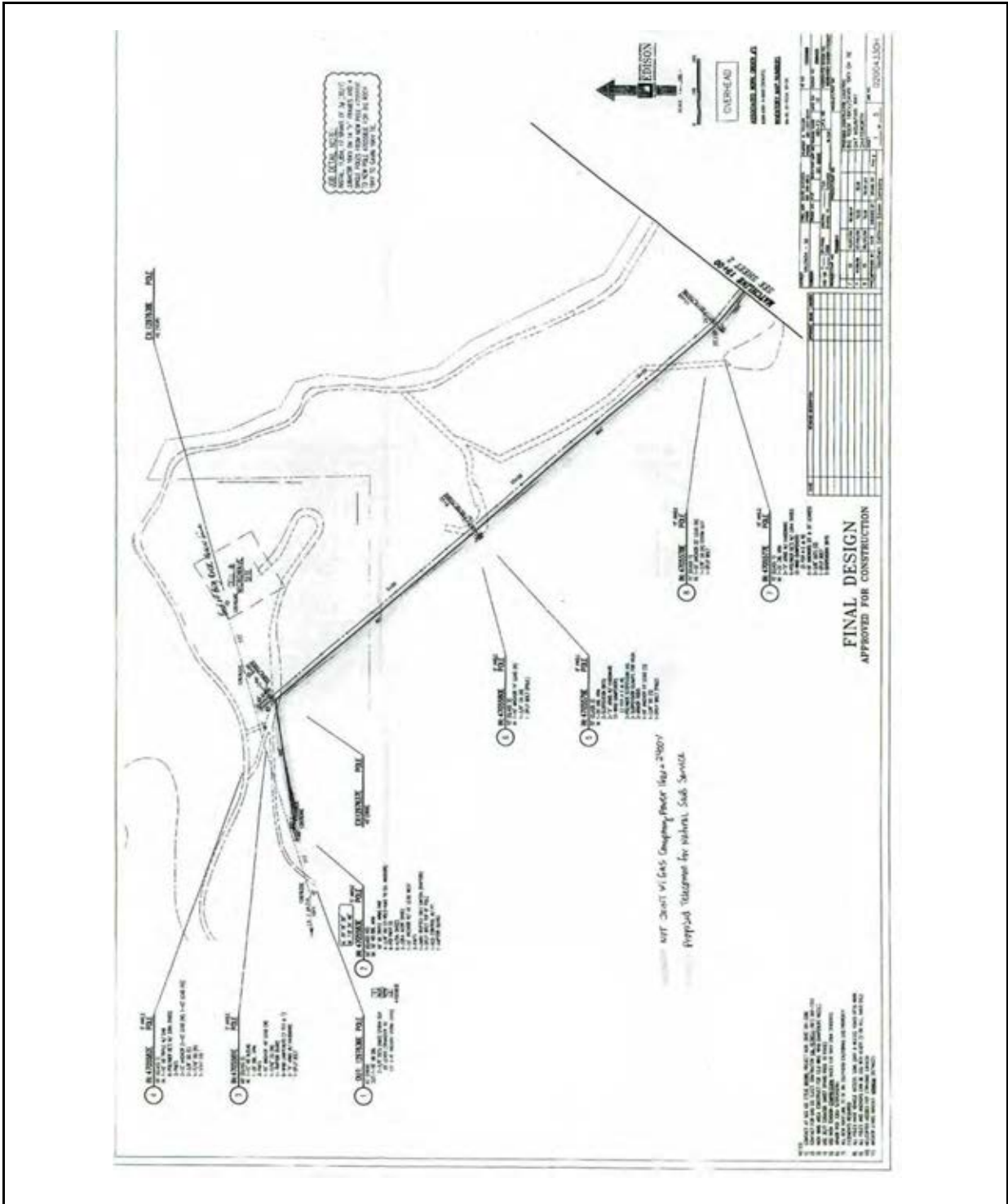
ENGINEERING DRAWING



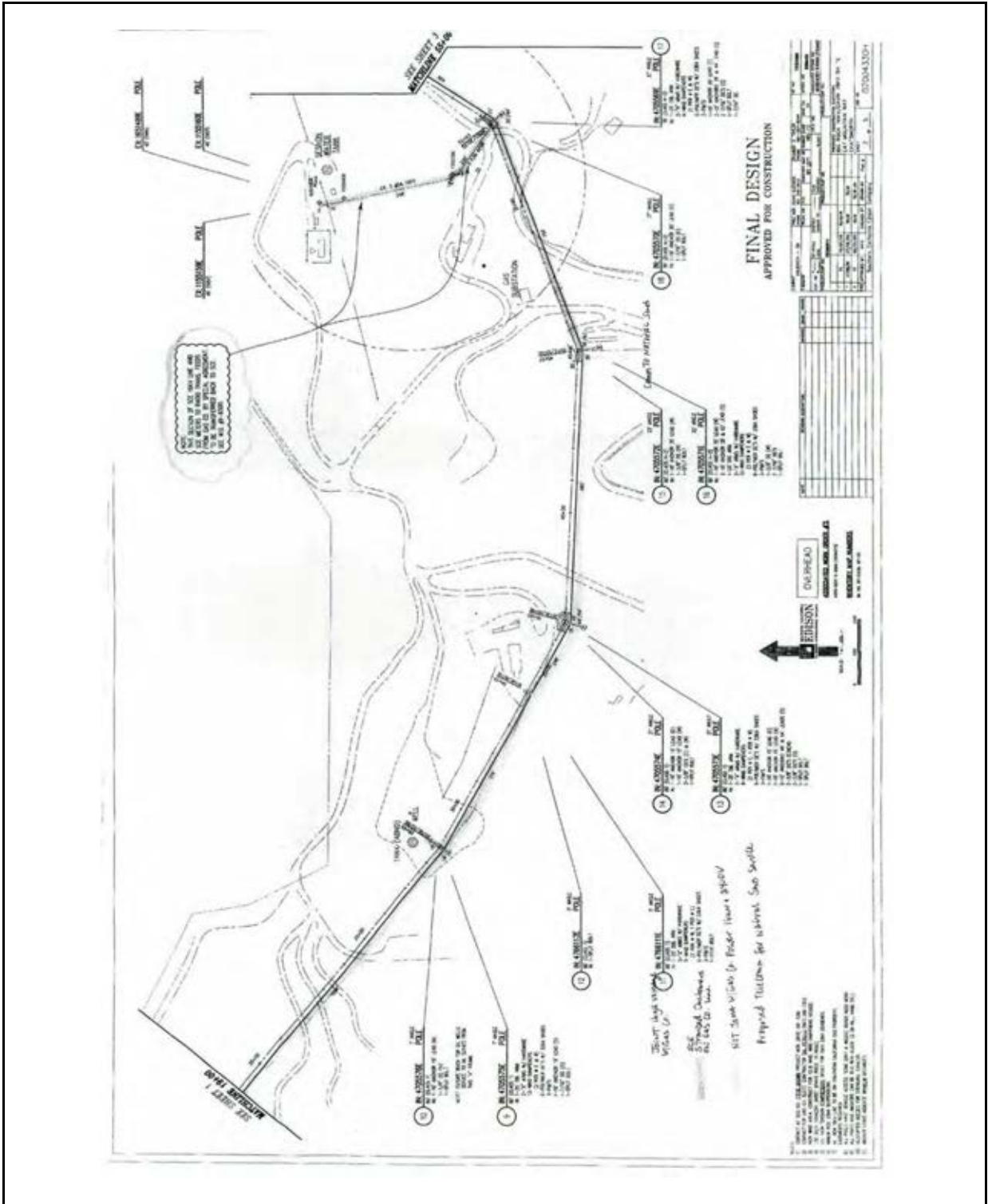
ENGINEERING DRAWING



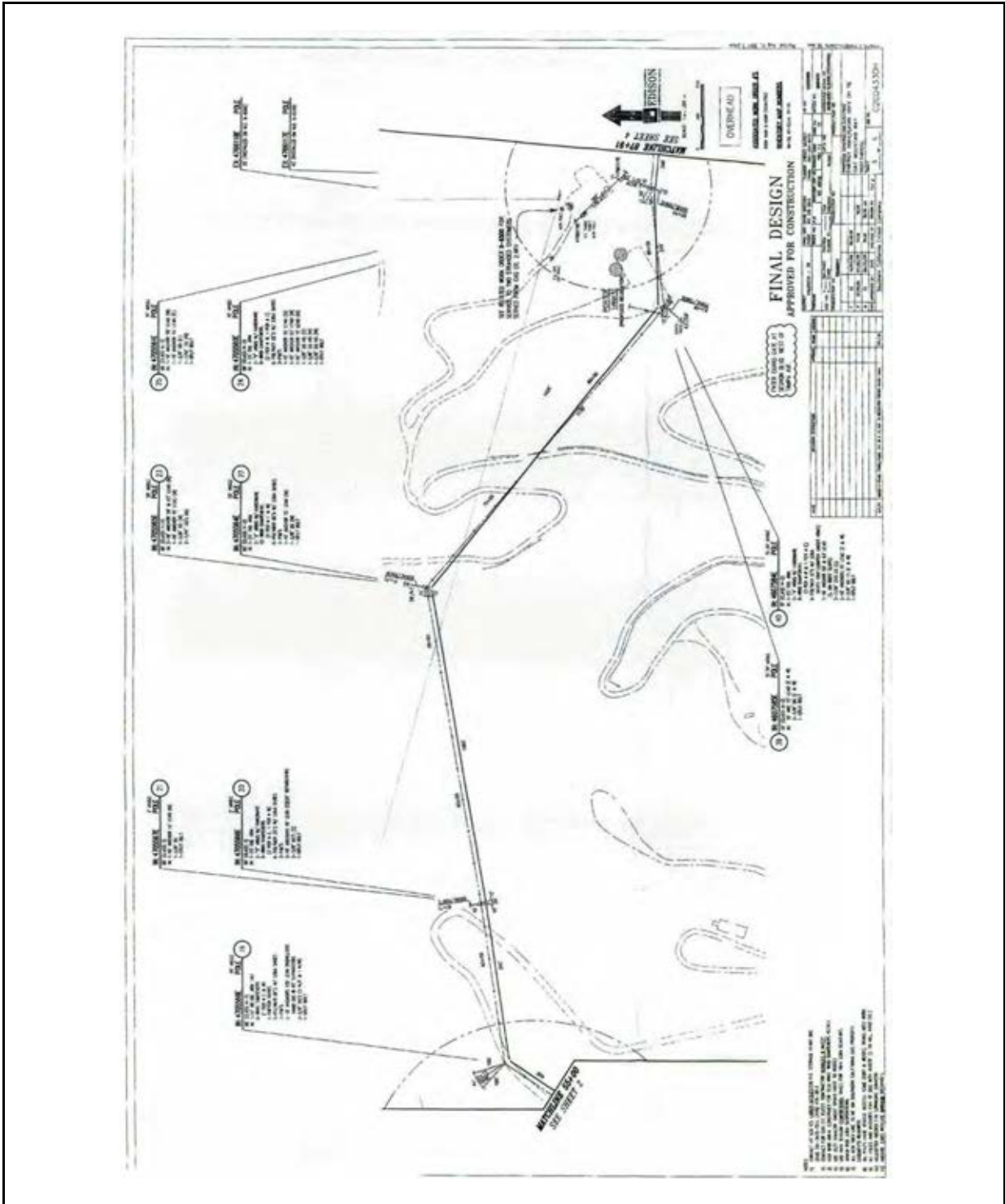
ENGINEERING DRAWING



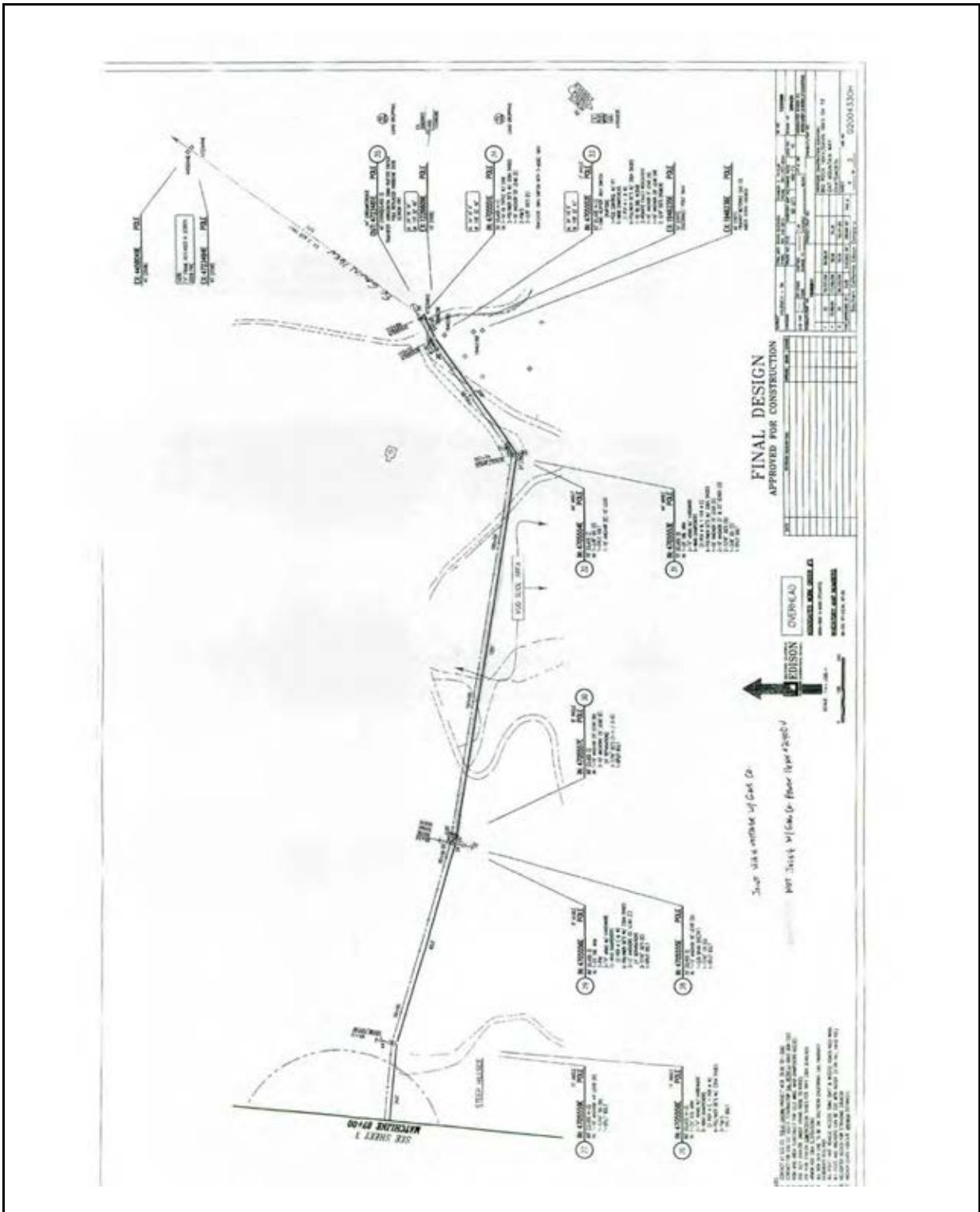
ENGINEERING DRAWING



ENGINEERING DRAWING



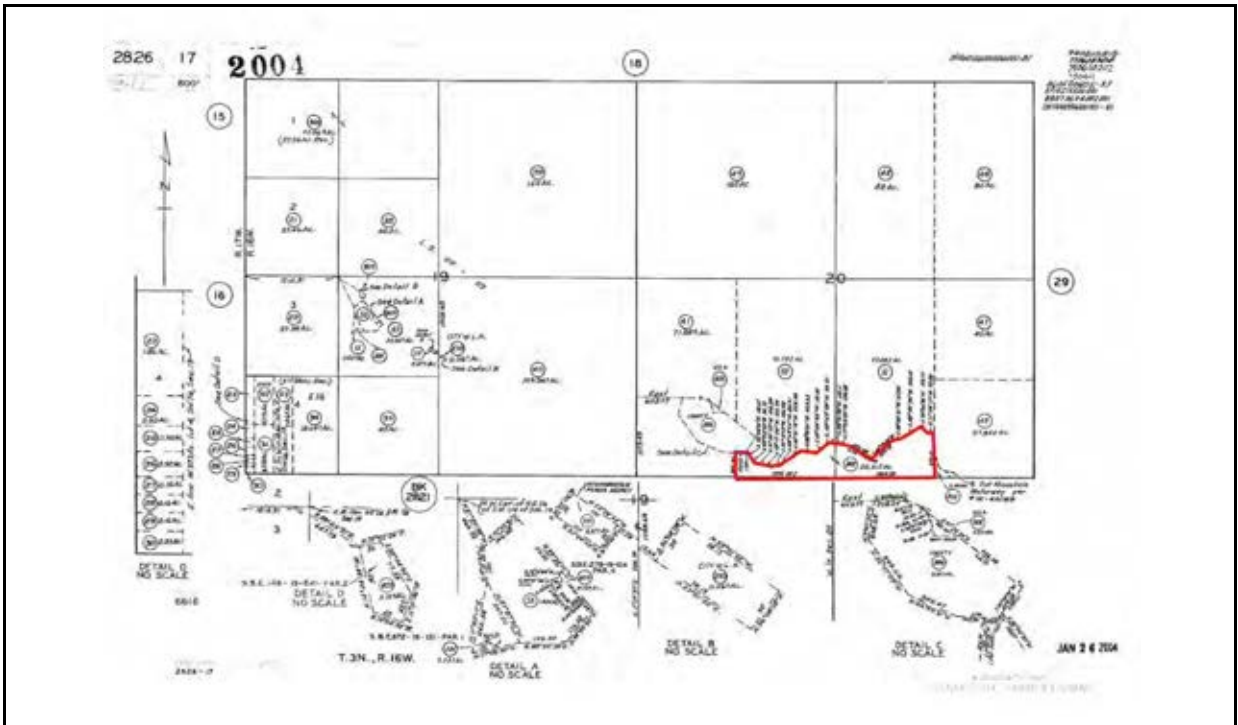
ENGINEERING DRAWING



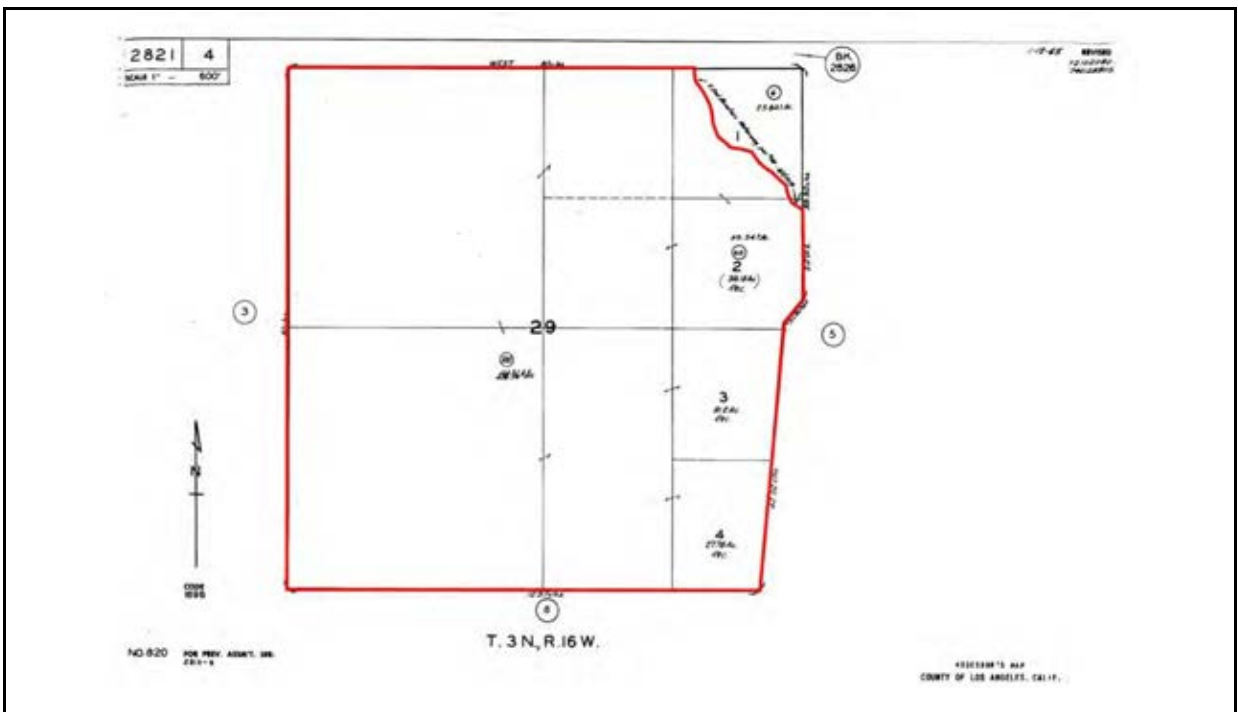
ENGINEERING DRAWING

The subject's larger parcel is located south of Oat Mountain Motorway in Los Angeles County, California. It is also located in the Aliso Canyon area and the following are the Assessor's Parcel Numbers for the subject's larger parcel:

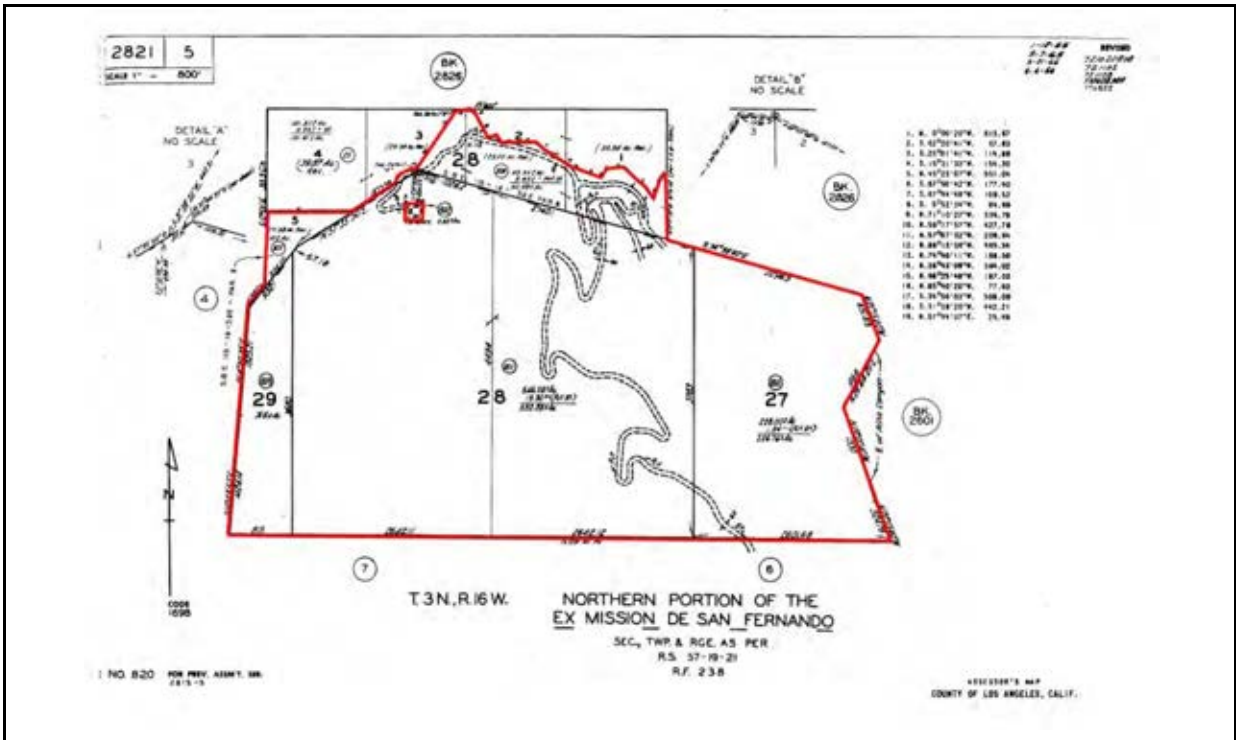
APN	Area (acres)
2826-017-802	23.78
2821-004-801	93.52
2821-005-805	10.80
2821-005-803	53.67
2821-005-801	507.67
2821-005-804	48.90
2821-005-800	178.87
2826-029-803	120.51
2826-029-802	112.59
2821-004-800	493.01
2821-003-800	57.21
2821-008-802	179.04
2821-007-801	502.62
2821-006-800	295.08
Total	2,677.27



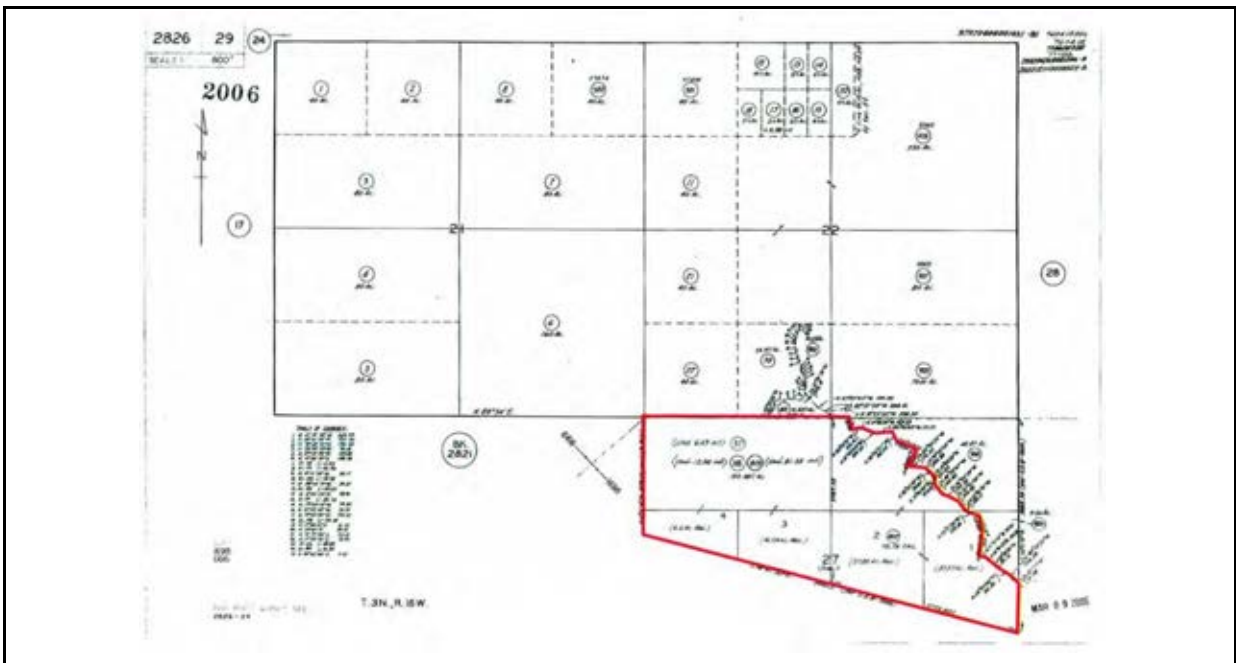
PLAT MAP



PLAT MAP



PLAT MAP



PLAT MAP

Site Shape and Street Improvements

The subject site's larger parcel is irregular and primary access is from Sesnon Boulevard, which is a four-lane paved right-of-way with curbs, gutters, and sidewalks in place. There is also pole-mounted street lighting. Within the site, the larger parcel itself, are a number of paved and unpaved roadways throughout.

Site Topography, Public Alley, Site Segments

The site's topography varies from level to sloping terrain throughout. A topographical map is included in this section of the report.

Utilities

All utilities are available to the site.

Easements, Encumbrances, Restrictions

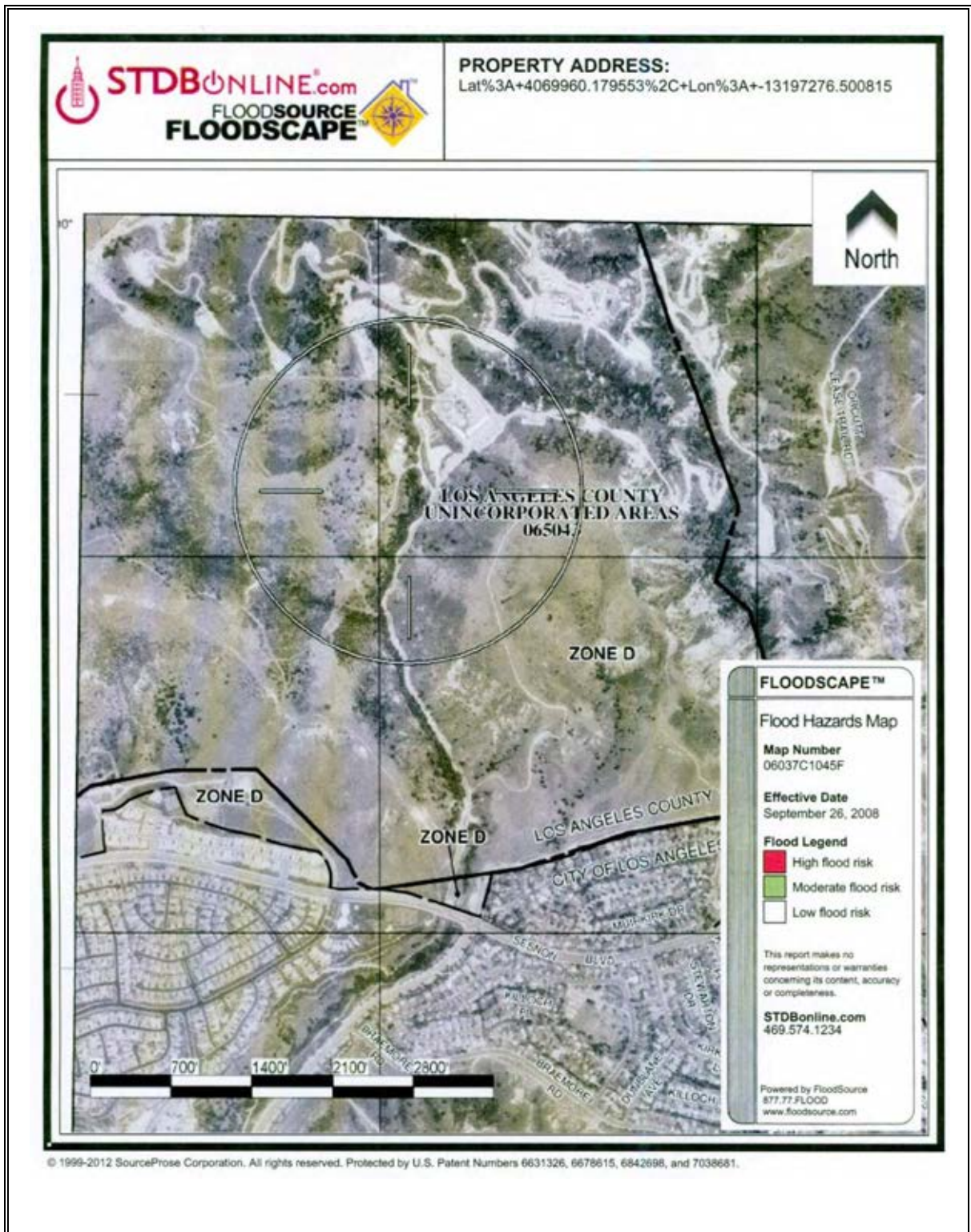
Based on the on-site property inspection and review of various area photographs and other maps, we assume that a property of this size has a normal amount of easements and encumbrances that impact the property in an average amount. We reserve the right to revise this report if a title report becomes available to us.

The site enjoys mountain views and has adequate draining and load bearing capability in certain parts. However, a geological engineering study is recommended.

The Federal Emergency Management Agency (FEMA) has defined the community flood hazard areas through publication of Flood Insurance Rate Maps, Identified as Community Panel No. 06037C1045FT, and dated September 26, 2008. This map indicates that the subject property is located within Zone D, a low flood risk area.



TOPOGRAPHICAL MAP



FEMA FLOOD MAP

The subject's larger parcel is zoned A-2-2, which is a heavy agricultural zone.

The following uses are permitted within this zone: adult residential facilities limited to six or fewer persons, child family care homes – large and small, farm worker dwellings, farm worker housing complexes, group homes, residential single family homes, second units, small family homes. The following agricultural uses are permitted within this zone: animal hospitals; animal shelters and pounds; aquaria dairies; dog kennels; dog training schools; field crops, tree, bush, berry, and row crops, feed mills; greenhouses; hogs live feed yards; livestock sale yards; manure spreading and drying; mushroom farms; grazing of cattle, horses, sheep, alpacas, llamas, and goats; raising of horses and equestrian cattle, sheep, goats, alpacas, and llamas, raising of poultry, fowls, birds, rabbits, chinchilla, nutria, mice, frogs, fish, bees, earth worms, and other animals of comparable nature; riding academies and stables; riding and hiking trails; and veterinary improvements.

The following public park uses are permitted and include: fairgrounds of public character, fruit and vegetable packing plants; linseed, cottonseed, and coconut oil processing plants; campgrounds; picnic areas; trails; overnight camping facilities including fisherman's and hunter's camps; youth camps; lodging operations; oil wells including the installation of such equipment, structures, and facilities as are necessary or convenient for all drilling and producing operations customarily required or incidental to usual oil field practice including but not limited to the initial separation of oil, gas, water, and for storage, handling, recycling, and transportation of such oil, gas, and water to and from the premises; parks, playgrounds, and beaches; wineries; and youth hostels.

The general plan zoning for the larger parcel is R for non-urban uses.

The subject property is in conformance with the zoning requirements.

The assessor parcel numbers for the subject's larger parcel are as follows. For the 2012 tax year, the Los Angeles County Assessor's Office reports the following assessment data:

APN	Area (acres)	Assessed Value	Annual Taxes	Tax Rate
2826-017-802	23.78	N/A	N/A	N/A
2821-004-801	93.52	N/A	N/A	N/A
2821-005-805	10.80	N/A	N/A	N/A
2821-005-803	53.67	N/A	N/A	N/A
2821-005-801	507.67	N/A	N/A	N/A
2821-005-804	48.90	N/A	N/A	N/A
2821-005-800	178.87	N/A	N/A	N/A
2826-029-803	120.51	N/A	N/A	N/A
2826-029-802	112.59	N/A	N/A	N/A
2821-004-800	493.01	N/A	N/A	N/A
2821-003-800	57.21	N/A	N/A	N/A
2821-008-802	179.04	N/A	N/A	N/A
2821-007-801	502.62	N/A	N/A	N/A
2821-006-800	295.08	N/A	N/A	N/A
Total	2,677.27	N/A	N/A	N/A

Since the subject's larger parcel is publicly owned land, the assessor's office has not valued the property, nor are there annual tax rates available for the subject property.

According to public records at the County Assessor's Office, real properties are assessed only upon change of ownership or upon completion of new construction. Annual increases and full cash value are limited by Proposition 13, a voter-approved initiative, to a maximum of 2% per year. Tax rates are limited by this proposition to 1% of the full cash value, plus any voter-approved bonded indebtedness.

Based on my physical inspection and review of aerial photographs, the subject site appears to have some active oil equipment, natural gas processing facilities, paved and unpaved right-of-ways. There has been minimal grading to the site. The subject's larger parcel, which has already been depleted, is being used to store natural gas. Gas turbine driven compressors inject the gas deep into the ground and then when it is needed it is then pumped up from the depleted oil wells and sold to the public. This equipment was originally installed in the 1970s and is in need of replacement. We reserve the right to revise this report should more information be made available to us.

The thirteenth edition of *The Appraisal of Real Estate*, published by the Appraisal Institute, defines highest and best use thus:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.⁸

Estimating highest and best use essentially involves four stages of analysis:

1. Legally Permissible. Which use is permitted by zoning and deed restrictions on the site in question?
2. Physically Possible. To which use is it physically possible to put the site in question?
3. Financially Feasible. Which permissible and possible use will produce any net return to the owner of the site?
4. Maximally Productive. Among the feasible uses, which use will produce the highest net return or the highest present value?

The subject property, to the best of my knowledge, is relatively vacant with some oil drilling improvements, natural gas equipment improvements, pumping facilities, and some paved and unpaved right-of-ways. Therefore, the following paragraphs describe how the test to determine the highest and best use is applied to the subject property.

Legally Permissible

The use must be legal. Moreover, it must be probable, not speculative, or conjectural. A possible demand for such use exists, and it must return to land the highest net return per the longest period of time.

Two types of legal restrictions apply to the subject property: private restrictions (deed restrictions and/or easements) and public restrictions (zoning).

The subject property is zoned A-2-2, which allows single family development, various agricultural uses, and oil and gas related improvements, and open space.

Physically Possible

The second test of highest and best use is the physical size and shape of the subject property.

The subject's larger parcel is irregular in shape with level to sloping terrain. The site varies with the natural sloping drainage, and it totals approximately 2,677.27 acres.

The subject site currently appears to have some active oil equipment, natural gas processing facilities, paved and unpaved right-of-ways. Much of the subject's oil resources have been depleted,

⁸ *The Appraisal of Real Estate*, p. 305.

but because of the impermeable underground formations which formally held the oil, are now being used to store natural gas. Gas turbine driven compressors inject the gas deep into the ground and then when it is needed it is then pumped up from the depleted oil wells and sold to the public. This equipment was originally installed in the 1970s and is in need of replacement.

Financially Feasible

The feasibility of the real estate project normally relates to its probable economic potential. According to the thirteenth edition of *The Appraisal of Real Estate*, all uses expected to produce a positive return are regarded as financially feasible. Therefore, in this stage, the appraiser further analyzes the legally permissible and physically possible uses to identify financially feasible alternatives.

The subject property is functional and marketable, independent of each other. Among the alternatives, the use that requires the smallest investment for development and produces the greatest return would qualify as the highest and best use. Before the final option is reached, the appraiser must consider the comparable risk, anticipated income stream, and foreseeable economic lives of alternative improvements.

The subject site has potential for various uses. To analyze the financial feasibility of the subject property, the appraiser must first analyze area growth trends, accessibility to the neighborhood, present occupancy levels, and proposed development of potential competition. Currently, the residential market is sluggish. Single-family residential markets have been depressed for the last few years, with peak foreclosure rates occurring in February 2009. As a result, single-family dwelling space is abundant. There is currently little single family development in the area. With a large shadow single family inventory, it is not financially feasible to develop homes. Single family developments would suffer immediate obsolescence. Consequently, developing the land with single family improvements in the short term does not appear financially feasible.

This site's use for public utilities however is unique because of its underground characteristics and abilities to store natural gas. This ultimately supports single family development surrounding the site. Its continued use for public gas utilities is an interim use until its ultimate use as open space.

Highest and Best Use (Maximally Productive)

In surveying the demand for agricultural and residential acreage within the area, the appraiser notes that demand for all types of real estate currently is sluggish, as an abundant amount of agricultural and residential acreage is available on the market today. As such, it is common for investors to hold their property "as is" until economic conditions and market demand improves. As long as interest rates remain reasonable and the local population continues to grow, the demand for large agricultural acreage for future large residential development will grow as demand increases in the long term. These developments require public utilities such as the type that is currently being used on the site; therefore, it is our opinion that the subject's highest and best use is its continued interim use for public gas utilities until its ultimate long term use as open space.

Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at fair market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market.⁹ My opinion of a reasonable exposure time is based on statistical information about days on the market, information gathered through sales verification and interviews with market participants.

Both a reasonable number of potential purchasers and a relatively level supply of properties appear available. In my opinion, the market exposure time and the projected marketing time for comparable properties similar to the subject is approximately 12 to 16 months.

⁹ USPAP, 1999 edition, p. 65.

Developing a reasonable opinion of value of the real property generally involves considering three appraisal techniques:

The **Cost Approach** considers the current cost of reproducing a property, less accrued depreciation in the property. A summation of the fair value of the land assumed vacant and the depreciated replacement cost new (RCN) of the improvements provides an indication of the total value of the property.

The **Income Capitalization Approach** is based on an estimate of the subject property's possible net operating income. The net operating income is capitalized to arrive at an indication of value from the standpoint of an investment. This method measures the present worth of anticipated future benefits (net income) derived from the property.

The **Sales Comparison Approach** produces an estimate of value by comparing the sales and/or listings of similar properties in the same area as the subject property or in competing areas. This technique is used to indicate the value established by informed buyers and sellers in the market.

The scope of the assignment includes appraising the fair market value of the proposed take area, considering severance damages and benefits to assist the client in negotiating the acquisition of non-exclusive easements. As such, we considered the legal uses, physical characteristics, financially feasible uses, and maximally productive uses of the subject property before it is encumbered by another 12 kilovolt overhead power line and the value of the remainder subsequent to the take.

The most common way of developing an estimate of fair market value for land involves collecting and analyzing sales and listings of vacant land comparable to the subject. Such sales and listings are commonly called comparables or "comps." The appraiser adjusts prices to a common unit of comparison, such as price per acre or price per square foot, and then adjusts the prices for market conditions, location, physical characteristics, available utilities, zoning, highest and best use, and other relevant variations; such comparable adjustment characteristics applicable in the analysis of vacant land are generally described in the Sales Comparison Approach. Finally, the appraiser analyzes this information and arrives at estimating the unit value of the subject's land. In this case the unit of comparison is the price per acre, because of the relationship of the size of the subject's larger parcel and how they market such properties.

An investigation of land comparables in the subject's general vicinity disclosed various sales of agricultural land. But it was incumbent upon us to expand our search to other parts of California to realize comparable agricultural lands with similar size. As noted previously, slow economic conditions contributed to fewer transactions of agriculturally zoned properties. I believe these sales will provide a reliable indication of the fair market value of land based on the Principle of Substitution.

Characteristics and elements of comparison concluded in this approach follow:

Real Property Rights Conveyed. A transaction price is always predicated on the real property interest conveyed. Many types of real estate, particularly the income-producing property, are sold subject to existing leases. The revenue-generating potential of a property is often fixed or limited by terms of the existing leases. In the valuation process, adjustments must be made to reflect the difference between properties leased at market rent and those leased at rent either below or above market levels. When verifying the comparable sales data, I found that none of the comparables included long-term lease agreements, as all of them transferred to fee simple interest, thus warranting no adjustments for real property rights.

Financing Terms. The transaction price of one property may differ from that of an identical property due to financing arrangements. A financing adjustment may or may not include an adjustment for conditions of sale. The comparable sales used in the analysis are either all cash transactions or include financing with market interest rates.

Conditions of Sale. Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. Adjustments may be required for a transaction not being an arm's length agreement caused by an acquisition from a family member, tax considerations, lack of exposure, or by eminent domain.

Expenditures after Sale. This considers curable, physical deterioration that should be corrected immediately, although work did not commence prior to the transaction. Deferred maintenance implies the need for immediate expenditures, but it does not necessarily suggest inadequate maintaining in the past.

Marketing Conditions. Generally, prices rise over time due to inflation and due to the decreasing supply of land. However, in September 2008 the bankruptcy of Lehman Brothers Investment Bank and the bailout of AIG Insurance Company were followed by a sharp economic contraction that pitched the general economy into a recession, negatively impacting the value of all types of real estate.

The following CoStar Trend Report conclusions are a compilation of large residential/agricultural acreage in Los Angeles, Riverside, San Bernardino, and Ventura Counties of sales ranging from 100 acres to 20,000 acres in size. This trend is a good indication of Los Angeles County, too.

Agricultural/Residential Acreage Land Trends					
Year	Median Sale Price/Acre	% Annual Change	Average Sale Price/Acre	% Annual Change	Reconciled % Annual Change
2007	\$11,991.00	---	\$31,354.00	---	
2008	\$12,400.00	3.41%	\$15,269.00	-51.30%	-10
2009	\$1,884.00	-84.81%	\$10,620.00	-30.45%	-40
2010	\$13,750.00	629.83%	\$16,286.00	53.35%	60
2011	\$11,262.00	-18.09%	\$10,712.00	-34.23%	-20
2012	\$16,555.00	47.00%	\$10,812.00	0.93%	10

We will utilize the foregoing trends in this appraisal report for adjusting each of the comparable sales.

Location, Frontage, Access. This, in my opinion, is the most important factor affecting property values in the subject's area. Those locations accessible to freeways and with evidence of low crime warrant the higher values.

Physical Characteristics. If the physical characteristics of the comparable property and the subject property differ, each of these differences may require comparison adjustments. The physical differences may include variances in size, shape, access, and topography. Comparables were sought that were deemed to be the most physically similar to the subject in these attributes.

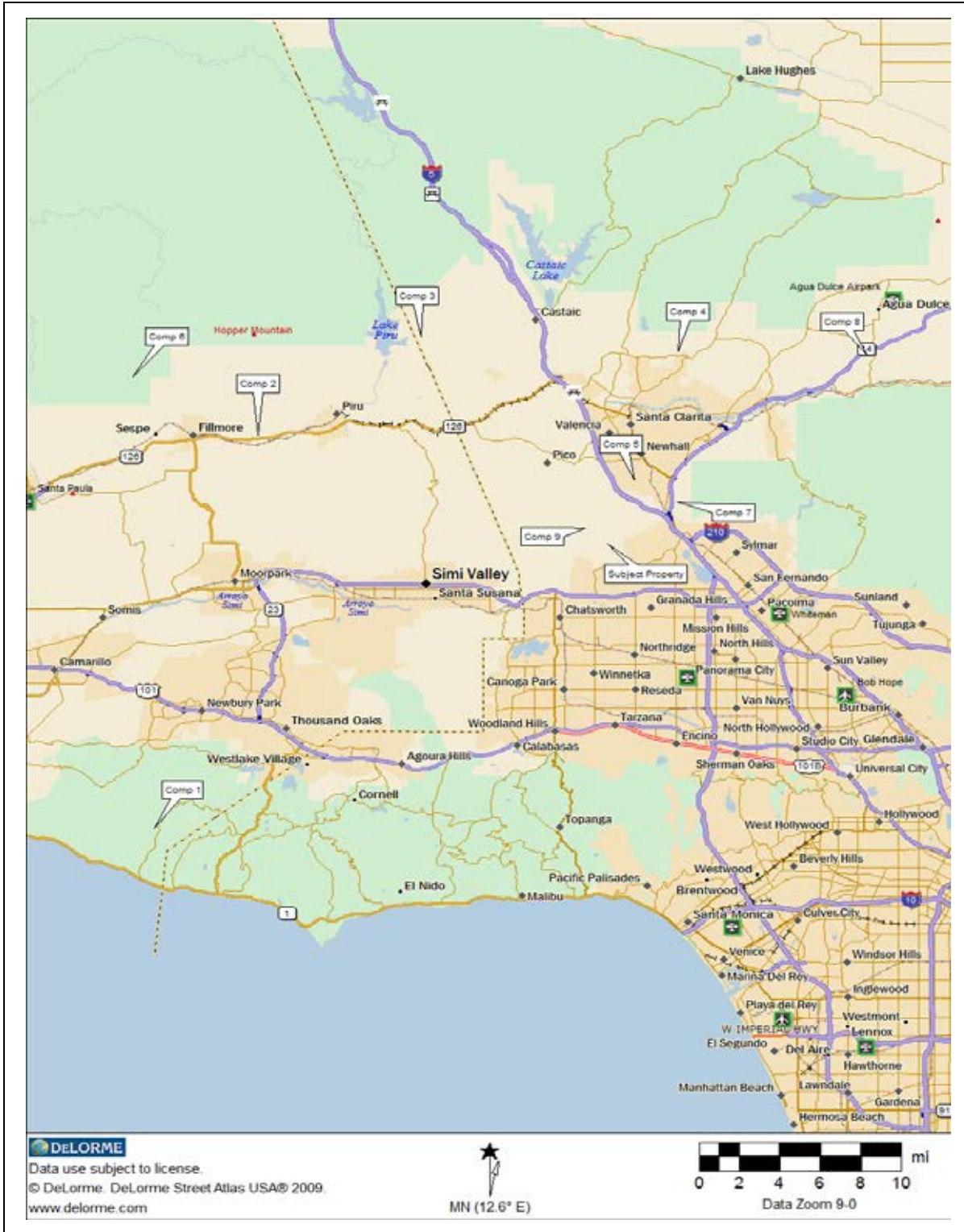
Utilities and Off-site Improvements. The cost of installing public water and sewer services is significant. Properties sold with public utility services command significantly higher prices than properties without. For rural areas, acreage with water wells typically sells for more than those without operating wells. As such, adjustments for utility availability and for off-site improvements were necessary.

Zoning. Government land management policies determine the ultimate utility and development density of a site. The less restrictive density policies permit more intensive development design and consequently, the more valuable the site due to greater financial rewards from development. Comparable sales were sought with similar zoning, and any major differences were adjusted accordingly.

An investigation of land comparables in the subject's vicinity and beyond disclosed several sales that were useful in my analysis. A map of the land comparables and their analysis appear on the following pages.

COMPARABLE LAND SALES CHART							
No.	Location	Sale Date	Sale Price	Land Size	Price / Acre	Zoning	Comments
1	Cotharin Road Malibu, Los Angeles Co., CA	4/12	\$2,425,000	124.35	\$19,501	COS	APN: 701-0-030-360 Doc #: 71914 Grantor: Salvation Army Grantee: Yerba Buena Ranch LLC Financing: All Cash Confirmed by: Grand deed Verification Date: 10/12
2	Telegraph Road Fillmore, Ventura Co., CA	12/11	\$1,875,000	285.90	\$6,558	AE-40	APN: 055-0-150-315, 295, 305; 055-0-260-635 Doc #: 192474 Grantor: Roman Catholic Archbishop of LA Grantee: Ronald CA LLC Financing: All Cash Confirmed by: Marie Ubach, Roman Catholic Diocese Verification Date: 10/12
3	1 Lechler Canyon Piru, Ventura Co., CA	7/11	\$675,500	257.09	\$2,627	OS-160/SLR	APN: 055-0-090-010 Doc #: 103720 Grantor: Piru Mountain Ranch, Inc. Grantee: Wyatt McCrea, et al. Financing: \$125,000 1st TD; Terms & conditions N/A Confirmed by: Karen Hodges, Century 21 Verification Date: 10/12
4	Haskell Canyon Los Angeles, Los Angeles Co., CA	6/11	\$3,135,000	526.00	\$5,960	A-1-1, A-1-1DP, R-1-10,000-DP, A-2-1, & A-2-2	APN: 2812-007-270-273; 2813-010-270-272; 3244-031-272, 275, 276 Doc #: 857501 Grantor: Southern California Land Company LLC Grantee: City of Santa Clarita Financing: All-Cash Confirmed by: Barbara Blankenship, City Rep.
5	Widwood Canyon Area Los Angeles, Los Angeles Co., CA	03/11	\$450,000	90.00	\$5,000	RL, RLV, RE	APN: 2827-018-903; 2827-026-901-903 Doc #: 415242 Grantor: Hemminack Land and Development Grantee: City of Santa Clarita Financing: All-Cash Confirmed by: Barbara Blankenship, City Rep. Verification Date: 10/12
6	Sycamore Road Fillmore, Ventura Co., CA	11/10	\$3,958,000	1,594.00	\$2,483	OS-160 AE-40	APN: 041-0-010-045; 041-0-150-105, 015; 041-0-140-225; 041-0-090-065, 052, 051, 045, 035; 041-0-010-081 Doc #: 182968 Grantor: Lords Creek LLC Grantee: Beans Ranch LLC Financing: All Cash Confirmed by: Deed Verification Date: 10/12
7	Elsmere Canyon Area Los Angeles, Los Angeles Co., CA	10/10	\$6,000,000	842.00	\$7,126	A-1	APN: 2848-015-272-275; 2581-001-276-296 Doc #: 1552982 Grantor: Elsmere Canyons LLC Grantee: City of Santa Clarita Financing: All Cash Confirmed by: Barbara Blankenship, City Rep. Verification Date: 10/12

8	Soledad Canyon Area Los Angeles, Los Angeles Co., CA	10/10	\$1,492,595	243.00	\$6,142	A-1-1	APN: 3210-002-270; 3210-003-270, 271, 272 Doc #: 1539584 & 1539583 Grantor: George Roda, Agua Dulce Canyon Associates Grantee: City of Santa Clarita Financing: All-Cash Confirmed by: Barbara Blankenship, City Rep. Verification Date: 10/12
9	Orcutt Ranch Oat Mountain Motorway, Los Angeles Co., CA	12/09	\$1,970,000	137.81	\$14,295	A-2-2	APN: 2826-017-050 & 051 Doc #: 1968726 Grantor: William Orcutt Grantee: LT-WRLLC Financing: \$1,470,000 first trust deed, private party Confirmed by: Scott Dunbar, Troop Real Estate, Inc. Verification Date: 10/12
Subj.	Aliso Canyon Area Los Angeles Co., CA	N/A	N/A	2,677.27	N/A	A-2-2	APN: See Site Data section Doc #: N/A Grantor: Pacific Lighting Service Company, et al. Grantee: N/A Financing: N/A Confirmed by: N/A Verification Date: 10/12



COMPARABLE LAND SALES MAP

Comparable 1 is located in Malibu, approximately 28.6 miles southwest of the subject property. The property is 124.35 acres, irregular shape, typical access for a large parcel, rolling and sloping terrain, and limited utilities are available.

Comparable 2 is located in Fillmore, approximately 19.4 miles northwest of the subject property. This is a 285.90-acre site, typically shaped, good interior access, rolling and some sloping terrain, and limited utilities available to the site. I understand the buyers acquired the property for speculative purposes.

Comparable 3 is located on Lechler Canyon in Piru, approximately 34 miles east of the subject property. This is a 257.09 acre site, irregular shape, typical access for a large parcel, rolling to sloping terrain, and limited utilities. Some structures are located on the site, but I estimate those to be at the end of their economic lives and contribute nominally to the site's value.

Comparable 4 is located approximately 12.3 miles northeast of the subject property. It ranges from level to sloping terrain and is located along the Las Padres Forest boundary on the north side of town. The developer originally planned to build 515 homes on this 526-acre site which would have significantly impacted traffic in the area, already burdened by adding another 500 trips per day on Copper Hill Road, Bens Road, and Bouquet Canyon Road. The purchase of this property by the City will enhance its continuous efforts to preserve open space and provide additional trail opportunities for residents.

Comparable 5 is located in the Wildwood Canyon area approximately 5.4 miles north of the subject property. This comparable was purchased by investors from Lancaster initially and then approached the City to sell it for approximately \$5,000 per acre. Negotiations were approximately a year in length, and there were no environmental issues or entitlements at the time of sale. The intended use of this property is for perpetual open space.

Comparable 6 is located on Sycamore Road in Fillmore, approximately 26.8 miles northwest of the subject property. This is a 1,594 acre parcel, irregular shape, typical in access, rolling to sloping terrain, and limited utilities.

Comparable 7 is located approximately 4.5 miles northeast of the subject property. This property was purchased for open space by the city of Santa Clarita. It was acquired from the seller who purchased it for speculative purposes but decided to limit their liability thus selling it to the City.

Comparable 9 is located approximately 16.5 miles northeast of the subject and is part of a multi-agency collaboration with the Soledad Canyon Conservation Area Protection Plan (CAPP) acquisition project which endeavor is to preserve critical habitat in the upper Santa Clarita watershed and conserve lands considered important to maintaining conductivity. It was purchased primarily to provide open space. This comparable was in negotiations for two years with the city of Santa Clarita. The Riverside Land Conservancy provided great assistance in acquiring this property. It is located on the east side of the town of Santa Clarita and has already connected to wildlife corridors/preservation areas.

Comparable 9 is located approximately 3.5 miles east of the subject property on Orcutt Ranch on Oat Mountain Motorway in Los Angeles County. This is a 137.81-acre parcel irregular in shape with average access, rolling to sloping terrain, limited access to utilities, and zoned A-2-2. This property was originally owned by Mr. Orcutt, the original founder of Union Oil. He quietly bought many acres in the area and had a hunting lodge that eventually burned in a fire. The buyer acquired the property for \$1,970,000 which included a \$500,000 business value including trade fixtures. The net price of the 1,470,000 is a net value to the real property. The business value equates to approximately \$3,628 per acre.

Based on the above market data, I have elected to give most weight to Comparables 2, 4, 5, and 7. The remaining comparables act as supporting data. Comparable 2 was weighted for its similar available utilities, recent sale date, and shape. Compared to the subject, however, a downward adjustment is warranted for its superior location and with a further downward adjustment warranted for its terrain. Comparable 4 was weighted for its similar locational characteristics, shape, available utilities, and recent sale date. Compared to the subject, however, a downward adjustment is warranted for its superior location. Comparable 5 was weighted for its proximity to the subject, available utilities, and shape. No adjustments were warranted in comparison to the subject. Comparable 7 was weighted for its available utilities, shape, size, and proximity to the subject. A downward adjustment, however, is warranted for its superior location.

Qualitative analysis recognizes the inefficiencies of real estate markets and the difficulty in expressing adjustments with mathematical precision. As such, I will utilize a relative comparison analysis in addition to a ranking analysis in arriving at the fair market value of the subject's land.¹⁰

Relative comparison analysis is the study of the relationships indicated by market data without recourse to quantification. Many appraisers use this technique because it reflects the imperfect nature of real estate markets. The appraisers analyze comparable sales to determine whether the comparable property's characteristics are inferior, superior, or similar to those of the subject property. The appraiser must search the market diligently to obtain and analyze sufficient pertinent data to bracket the value of the subject property.

¹⁰ *Appraisal of Real Estate*, 13th edition.

COMPARABLE SALES ADJUSTMENT GRID									
Comparable #'s:	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8	Comp 9
Sale Price/Acre	\$19,501	\$6,558	\$2,627	\$5,960	\$5,000	\$2,483	\$7,126	\$6,142	\$14,295
Real Property Rights Conveyed	-	-	-	-	-	-	-	-	-\$3,628
Price After Adjustment	\$19,501	\$6,558	\$2,627	\$5,960	\$5,000	\$2,483	\$7,126	\$6,142	\$10,667
Financing Terms	-	-	-	-	-	-	-	-	-
Price After Adjustment	\$19,501	\$6,558	\$2,627	\$5,960	\$5,000	\$2,483	\$7,126	\$6,142	\$10,667
Condition of Sale (Motivation)	-	-	-	-	-	-	-	-	-
Price After Adjustment	\$19,501	\$6,558	\$2,627	\$5,960	\$5,000	\$2,483	\$7,126	\$6,142	\$10,667
Expenditures After Sale	-	-	-	-	-	-	-	-	-
Price After Adjustment	\$19,501	\$6,558	\$2,627	\$5,960	\$5,000	\$2,483	\$7,126	\$6,142	\$10,667
Market Conditions (Sale Date)	04/12	12/11	07/11	06/11	03/11	11/10	10/10	10/10	12/09
Market Adjustment	7.00%	8.33%	0.00%	-1.67%	-6.67%	0.00%	5.00%	5.00%	-46.66%
Price After Adjustment	\$20,866	\$7,104	\$2,627	\$5,860	\$4,667	\$2,483	\$7,482	\$6,449	\$5,690
Other Adjustments									
Location	---	-	+	-	0	++	--	-	0
Physical Characteristics	-	-	0	0	0	0	0	-	-
Available Utilities	0	0	0	0	0	0	0	0	0
Zoning Density	0	0	++	0	0	++	0	0	0
Economic Characteristics	0	0	0	0	0	0	0	0	0
Total Other Adjustments	----	--	+++	-	0	++++	--	--	-

The adjusted unit values of the above comparable sales prior to physical characteristic adjustments ranged from \$2,483 to \$20,866 per acre.

The following is an overall comparison chart which reflects the ranking analysis of the before-mentioned comparable land sales after marketing condition adjustments but before physical characteristic adjustments, versus the subject property.

Overall Comparison Chart After Marketing Condition (time) Adjustments		
Sale No.	Overall Comparability	\$ / Acre
4	Inferior	\$1,867
6	Inferior	\$2,483
3	Inferior	\$2,627
5	Inferior	\$4,667
Subject	---	\$5,000
11	Superior	\$5,690
8	Superior	\$6,449
2	Superior	\$7,104
7	Superior	\$7,482
1	Superior	\$20,866

Therefore, it is our opinion that the fair market value of the subject's larger parcel as though vacant, as of October 9, 2012, is \$5,000 per acre, or:

$$2,677.27 \text{ Acres @ } \$5,000/\text{Acre} = \underline{\$13,386,350}$$

Value of Take As Part of the Whole

An analysis was made as the value of the part taken parcel as a component of the larger parcel. In order to adequately compensate the property owner, it is incumbent upon us to recognize that the easement is located on level to sloping terrain. While in theory, zones of value may exist in larger ownership parcels due to street proximity, existing or proposed land use, or environmental constraints, we do not observe market participants recognizing such zones of value. It is therefore concluded that the value of the part taken would be of proportionally equal value to the concluded value of the larger ownership parcel of \$5,000 per acre.

The air rights for the over head electrical transmission lines and towers proposed easement leave little of the bundle of rights for the underlying fee owner. Further, limited surface rights are retained by the underlying fee owner, in that they are able to traverse from one side to the other, with only a nominal number and types of uses or activities permitted in the electrical easement area. Continuous open physical access is required to maintain and service the electrical lines. Additionally, the building of habitual improvements outside of the easement area but in close proximity to the droop lines is precluded by fire code. Finally because of limited access, few of the subterranean bundle of rights is retained by the underlying fee owner. Because only a nominal portion of the bundle of rights is retained by the underlying fee owner within the take areas is tantamount to fee.

The size of the take area includes the 30-foot wide non-exclusive easement equaling 7.7628 acres and the 17 four-foot wide with varying length anchor easements totaling 0.0312 acres for a total of:

Main proposed easement	7.7628 Acres
17 anchor easements	<u>0.0312 Acres</u>
Total	7.7940 Acres

Please note that the access roads include the existing roads that are in place and new proposed access roads located within the 30-foot wide easement which we already considered as tantamount to a fee take.

$$7.7940 \text{ Acres @ } \$5,000/\text{Acre} = \underline{\$38,970}$$

Remainder Value as Part of Whole

Upon arriving at this value, it is just a mathematical calculation to arrive at the remainder value (2,669.4760 acres) as part of the whole, by subtracting the value of the take area from the value of the larger parcel, or:

$$\$13,386,350 \text{ less } \$38,970 = \underline{\$13,347,380}$$

Value of the Remainder Parcel Before Condition

This analysis takes into consideration the take area extracted from the larger parcel. As such, the remainder parcel in a before condition is the valuation of the remainder parcel before considering benefits of the project and the project improvements that may benefit the subject's remainder parcel. Subsequent to the take area, the remainder parcel equals 2,669.476 acres (2677.27 acres less 7.794 acres). The remainder parcel before condition remains typically shaped, level to sloping terrain, with limited utilities, and zoning which allows for public utility and residential units the same as the larger parcel. Prior to the easement going in, there is no towers for the 12k electrical transmission lines allowing unobstructed viewing, however, the proposed project includes placing electrical transmission towers to transmit and distribute electrical energy within the easement area and to grant ingress and egress to and from and along the area via routes currently established across the property for general maintenance to the line. In the before condition, these lines currently are not in place and do not bisect the larger parcel along its northern side, however, the electrical supply benefits are not in place. In order to avoid a redundant analysis found in the valuation of the larger parcel, we will use \$5,000 per acre.

$$2,669.476 \text{ Acres @ } \$5,000/\text{Acre} = \underline{\$13,347,380}$$

Value of the Remainder Parcel After Condition Including Benefits

Upon appraising the remainder parcel after condition, including benefits, and reviewing the attached drawings, I considered how the proposed projects alter the remainder site utility. As such, it appears that in the after condition the remainder parcel does not experience any significant benefits. Therefore, in order to avoid a redundant analysis, please refer to the valuation of the larger parcel once again, as the remainder equals \$5,000 per acre.

$$2,669.476 \text{ Acres @ } \$5,000/\text{Acre} = \underline{\$13,347,380}$$

Severance Damages and Benefits

Severance damages are calculated by the difference in values between the remainder parcel before benefits and the remainder parcel including benefits. As a result of certain uneconomic remnants, the partial taking is created after considering the project's impact on the remainder area, including access, drainage, maintenance, parking, site visibility, size, shape, soils, topography, traffic counts, view, impact on utilities, transportation, and the impact of new high-power transmission lines, we conclude that there are no damages and no benefits. Please note that benefits can only offset damages and not offset the value of the part taken parcel. Therefore, the total amount of the severance damages equals \$0.

The Sales Comparison Approach uses a number of value indicators, both physical and economic, including investors' strategies and attitudes reflected in documented market transactions. The Principle of Substitution - the basis of this approach - states that a prudent investor will pay no more to buy a property than the cost to buy a comparable or substitute property. In the valuation of the subject property, the Sales Comparison Approach is the best measurement of value, reflecting activity of buyers and sellers.

We appraised the subject property in accordance with the contract for services rendered, and made an examination of the subject property for the purpose of estimating just compensation for the partial taking of the proposed high power transmissions line access road easements. As a result of this investigation and an analysis of the matters pertinent to the property value, we have concluded that the total just compensation for the proposed taking as of October 9, 2012 is as follows:

1. Value of Larger Parcel	\$13,386,350
2. Value of the Take as Part of the Whole	\$38,970
3. Remainder Value as Part of the Whole (No. 1 – No. 2)	\$13,347,380
4. Remainder After the Acquisition, Before Consideration of Benefits	\$13,347,380
5. Damages (No. 3 – No. 4)	\$0
6. Remainder After the Acquisition, After Consideration of Benefits	\$13,347,380
7. Benefits (No. 6 – No. 3)	\$0
8. Severance Damages	\$0
9. Total Just Compensation	\$38,970
10. Rounded	\$40,000

As a result of this investigation and analysis of matters pertinent to the property's value, we have concluded that total just compensation for the proposed taking of a portion of the fee simple interest of the before-mentioned subject property, as non-exclusive and exclusive easements, as of October 9, 2012, is:

FORTY THOUSAND DOLLARS

\$40,000

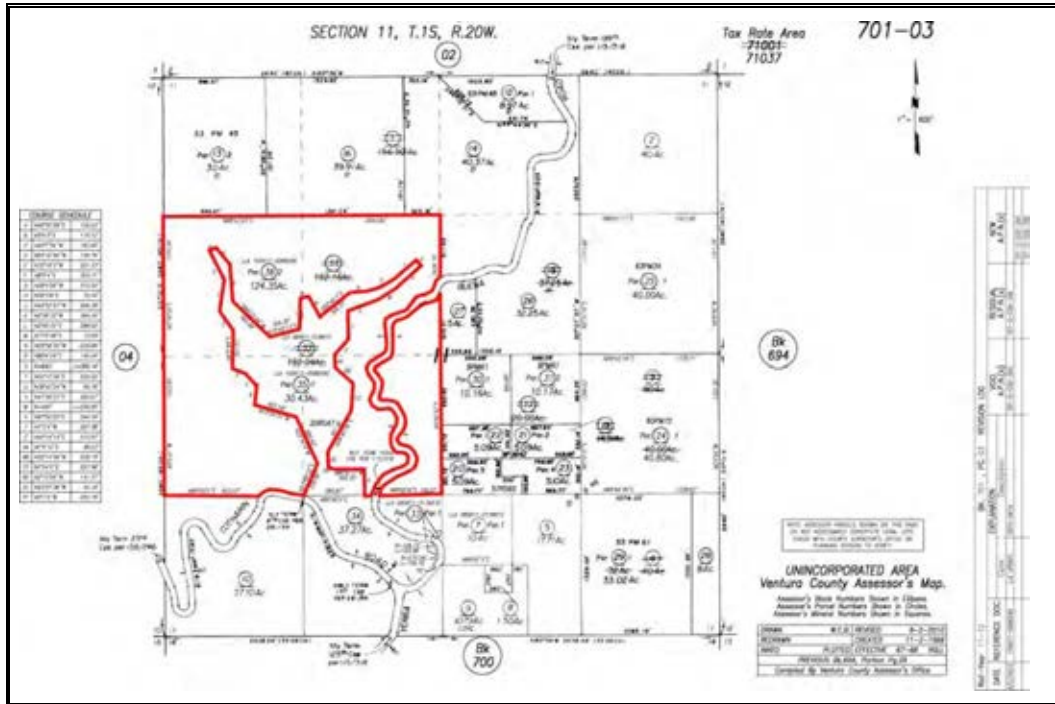
ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise indicated in the body of this report, no investigation of legal title was made, and I render no opinion as to ownership of the properties or condition of the title. I assume the following:
 - a. The title to the property is marketable;
 - b. Unless otherwise indicated in this report, the property is free and clear of all liens, encumbrances, easements, and restrictions;
 - c. The property does not exist in violation of any applicable codes, ordinances, statutes, or other government regulations;
 - d. The property is under responsible ownership and competent management and is available for its highest and best use.
2. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject properties' title should be sought from a qualified title company that issues or insures title to real property.
3. It is assumed that all factual data furnished by the client, property owner, or persons designated by the client, are accurate. Unless otherwise specifically noted in the appraisal report, Valentine Appraisal & Associates, Inc. has no reason to believe that any of the data furnished contains any material error. The provided factual data could have significant impact on conclusions reported. Therefore, if errors do exist in the factual data provided to the appraiser, Valentine Appraisal & Associates, Inc. reserves the right to revise the report upon receiving the revised factual data. Accordingly, the client shall review the report within 30 days from the date of delivery and immediately notify Valentine Appraisal & Associates, Inc. of any errors.
4. Unless otherwise stated in this report, the existence of any hazardous material which may or may not be present on the property was not observed by the appraisers. The appraiser for Valentine Appraisal & Associates, Inc. has no knowledge of the existence of such materials on or in the property, and we are not qualified to detect such substances. The presence of hazardous materials such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. Valentine Appraisal & Associates, Inc. assumes that the subject property has no hazardous materials on the site. The client is urged to retain an expert in this field, if desired. Based on our visual inspection only, employees of Valentine Appraisal & Associates, Inc. appraised the subject property as thoroughly as possible. However, it was not possible to inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specified otherwise in the report.
5. This report and supporting notes are confidential. Neither any part nor whole of this appraisal shall be copied or disclosed to any party or conveyed to the public in spoken or written form through advertising, public relations, news, sales, or any other means without the prior written consent and approval of both the appraiser and its client.
6. No opinion is intended to be expressed on matters beyond that which is customarily employed by real estate appraisers. Unless otherwise stated, values and opinions expressed presume that environmental and other governmental restrictions and conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels, noise envelopes, fire hazards, hillside ordinances, density allowable uses, building codes, permit, license, etc. No survey, engineering study, or architectural analysis has been made to Valentine Appraisal & Associates, Inc.,

unless otherwise stated within the body of this report. Valentine Appraisal & Associates, Inc. assumes no responsibility for any costs or consequences arising due to the absence of permits or lack of insurance coverage.

7. Unless otherwise noted in the report, it is assumed that the existing improvements of the property or properties being appraised are structurally sound, seismically safe and conforming to governmental building codes, including building systems (mechanical/electrical, HVAC, etc.), are in good working order with no major maintenance or repair requirements, the roof and exterior are in good condition, and the property or properties conform to all applicable building codes and ordinances. Employees of Valentine Appraisal & Associates, Inc. are not engineers and are not qualified in matters of engineering. In addition, Valentine Appraisal & Associates, Inc. has not retained independent engineers in connection with this appraisal. Valentine Appraisal & Associates, Inc. was not furnished any engineering studies by the owner or client. If questions in these areas are critical to the decision process of the reader, Valentine Appraisal & Associates, Inc. recommends securing the services of an independent engineering consultant for certainty. In addition, we reserve the right to revise this report if an engineering study becomes available to us.
8. All furnishings, fixtures, equipment, and going concern, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, as well as any alterations or repairs considered, are assumed to be completed in a typical workmanlike manner according to the information submitted to Valentine Appraisal & Associates, Inc. This report may be subject to revision upon re-inspection of the subject property subsequent to repairs, modifications, alterations, and completed new construction.
9. The date of value of the appraisal is based upon the United States dollar on that date, unless otherwise stated.
10. The allocation of values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal. Otherwise, this report shall be invalid.
11. Unless otherwise stated in this report, it is assumed that no changes in the present zoning ordinance for the subject property or properties are being considered as of the date of value of this report. The property is appraised assuming that all required permits have been or can be obtained or renewed by any use on which the value estimates contained in this report are based.
12. Unless stated otherwise, nothing in the report shall be a recommendation by Valentine Appraisal & Associates, Inc. to buy, sell, or hold the properties at the value stated. These decisions are provided through Valentine Appraisal & Associates, Inc. consultation services after an in-depth investment analysis, specific to the client.
13. No survey of the boundaries of the property was taken. All areas and dimensions are assumed to be correct, and we also assume that there are no encroachments unless otherwise stated in the report.
14. It is assumed that there is full compliance with all applicable governmental agencies and laws, unless stated otherwise.
15. Because earthquakes are not uncommon in the area, no responsibility is assumed for their possible effect on individual properties unless detailed geologic reports are made available to us.
16. Testimony or attendance in court by reason of this appraisal shall not be required unless arrangements for such services have previously been made.

17. Unless previously stated in the report, the value estimate applies to the entire property, and any proration or division of the title into fractional interests will invalidate the value estimate.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Aside from any discussion of possible readily achievable barrier removal construction items in this report, Valentine Appraisal & Associates, Inc. has not made a specific compliant survey and analysis of the subject to determine whether it is in conformance with the ADA. It is possible that a compliant survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance. If so, it could have a negative effect on its value. Since Valentine Appraisal & Associates, Inc. is not qualified to make such an assessment, any possible non-compliance with the requirements of the ADA was not considered in the value estimate.
19. If the client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, it may result in damages to the appraisal. The client shall indemnify and hold the appraiser harmless from any claims which may arise as a result of the client's misrepresentation of the appraisal report. In the event of any litigation between the parties, the prevailing party in litigation shall be entitled to recover from the other any reasonable attorney fees and costs.
20. Acceptance and/or use of this report constitutes full acceptance of the Limiting Conditions and Assumptions in this report. Neither the appraiser nor Valentine Appraisal & Associates, Inc. assumes responsibility for any situation arising out of the client's failure to read and understand the attached Limiting Conditions and Assumptions. The client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession.
21. I assume that there has been no change in condition of the subject which would affect the property value between the date of my inspection and the date of value nor has there been a change in marketing conditions between my inspection date and the date on value of this appraisal report.



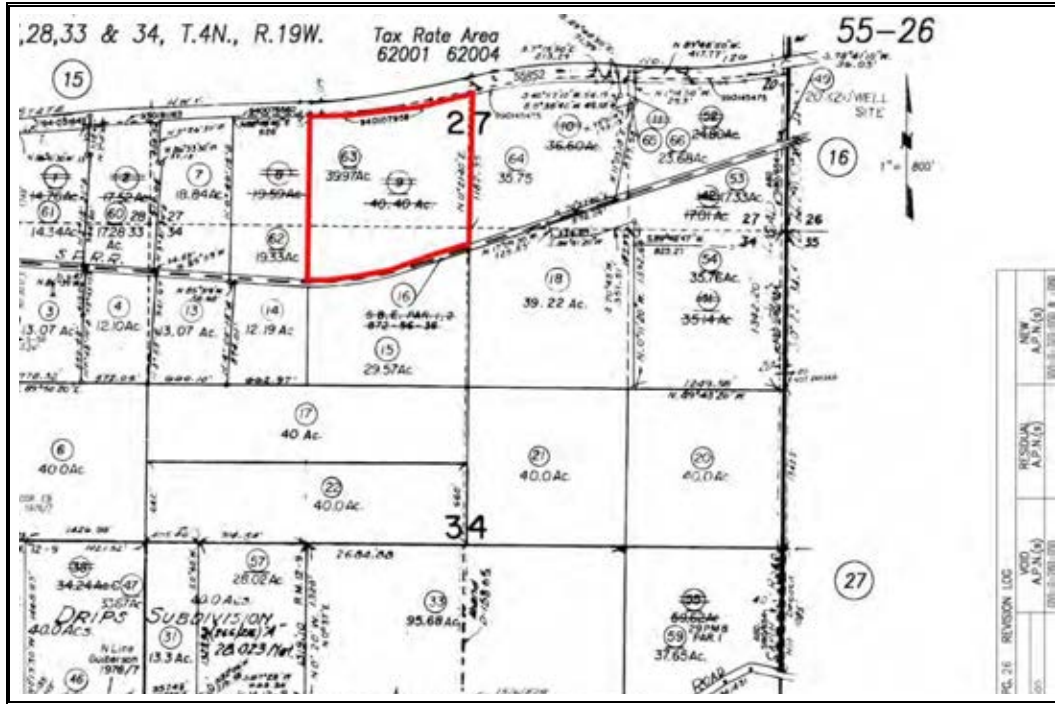
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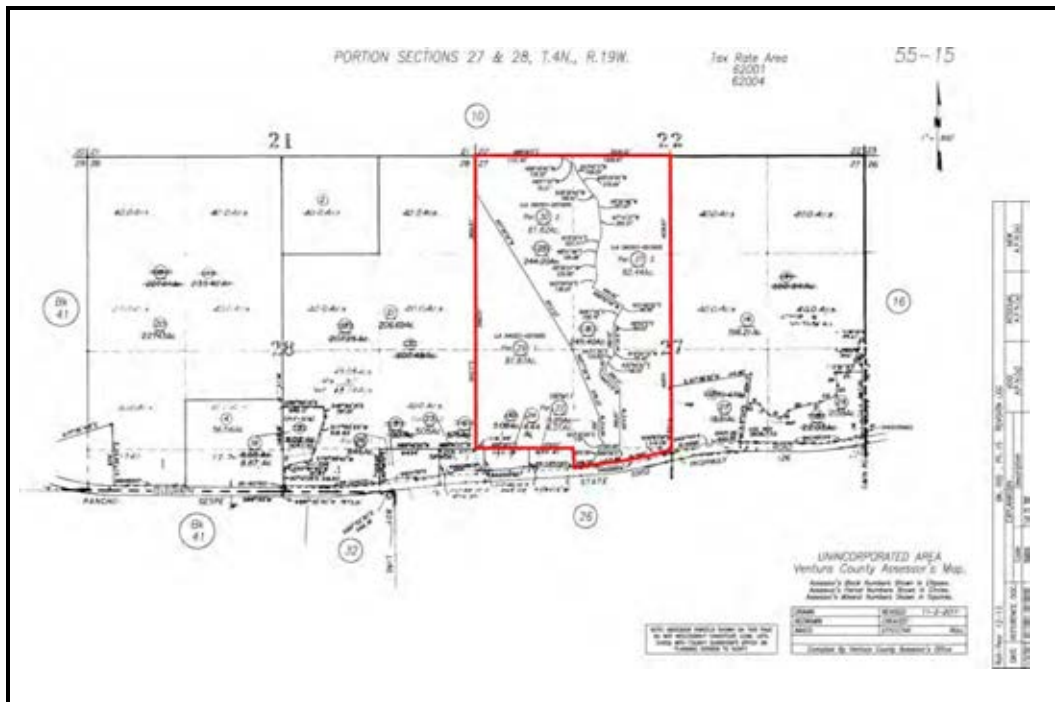
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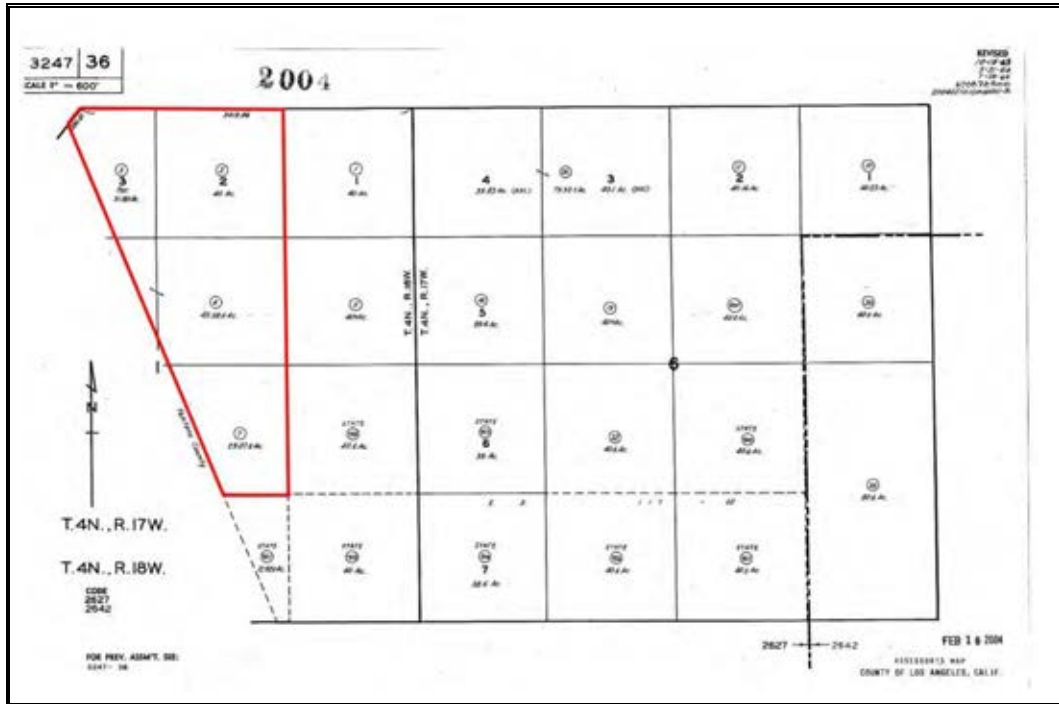
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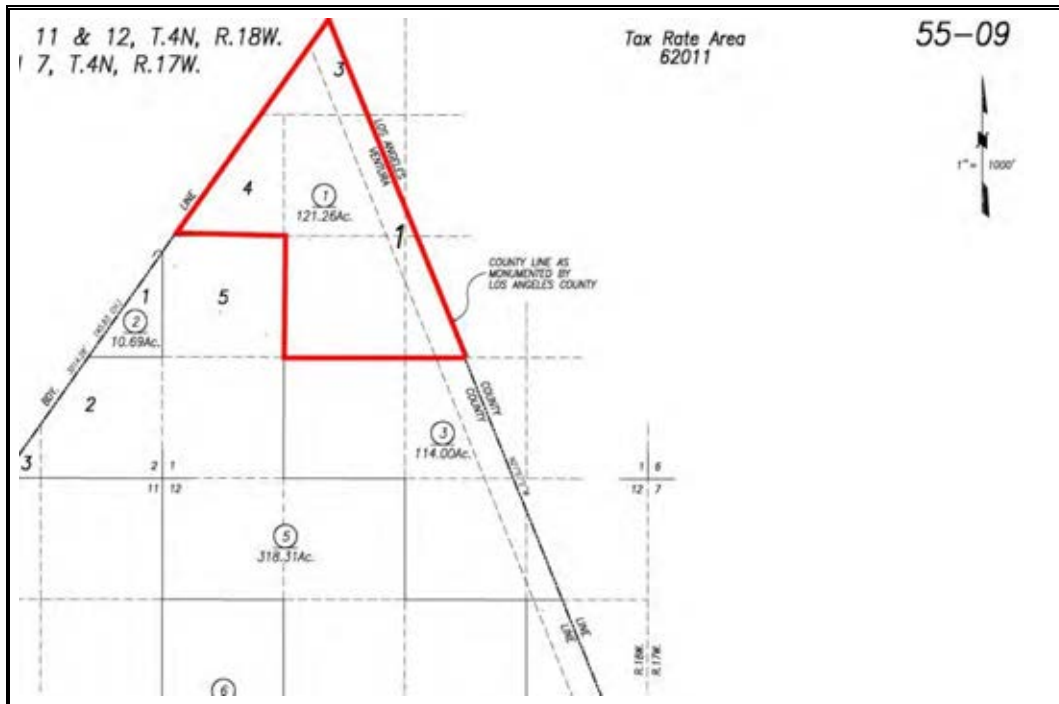
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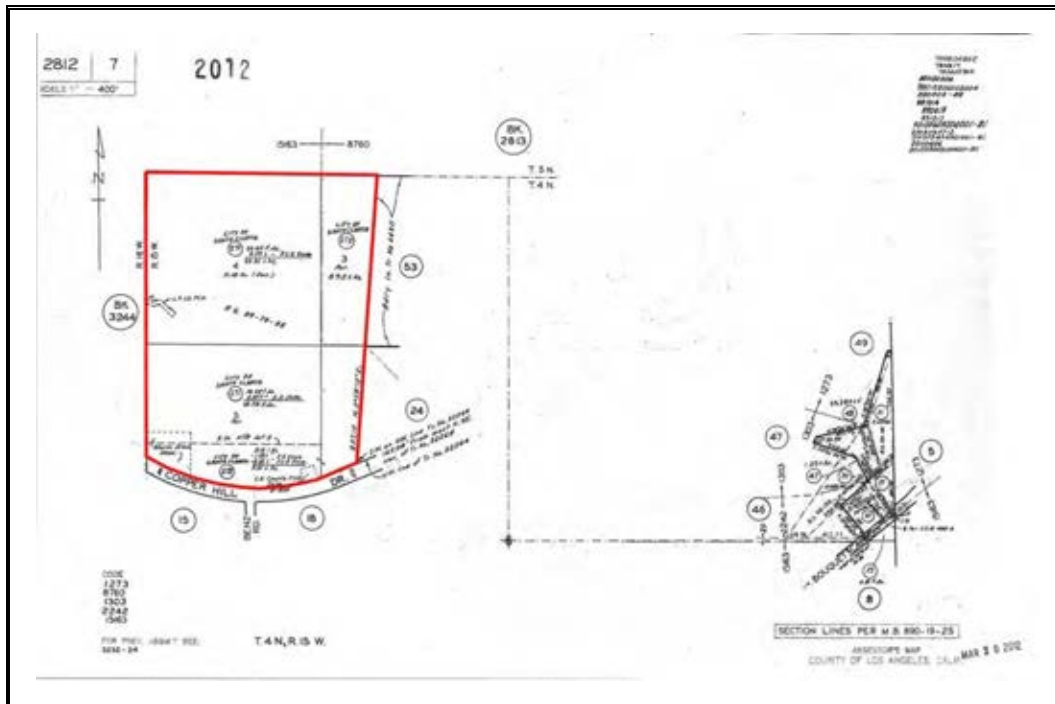
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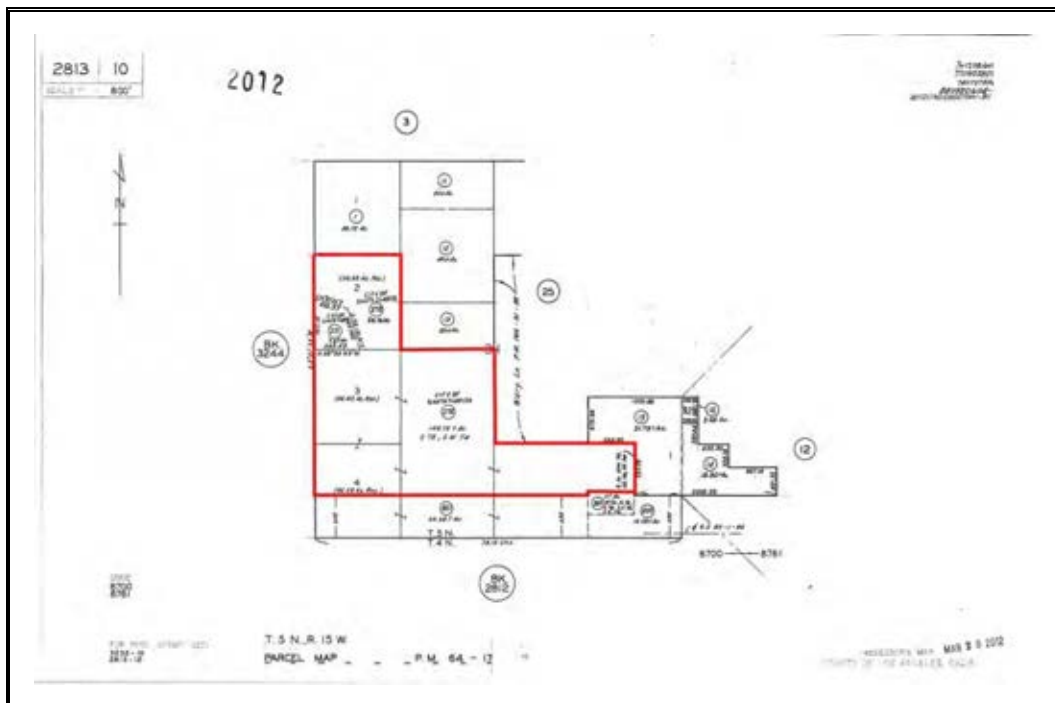
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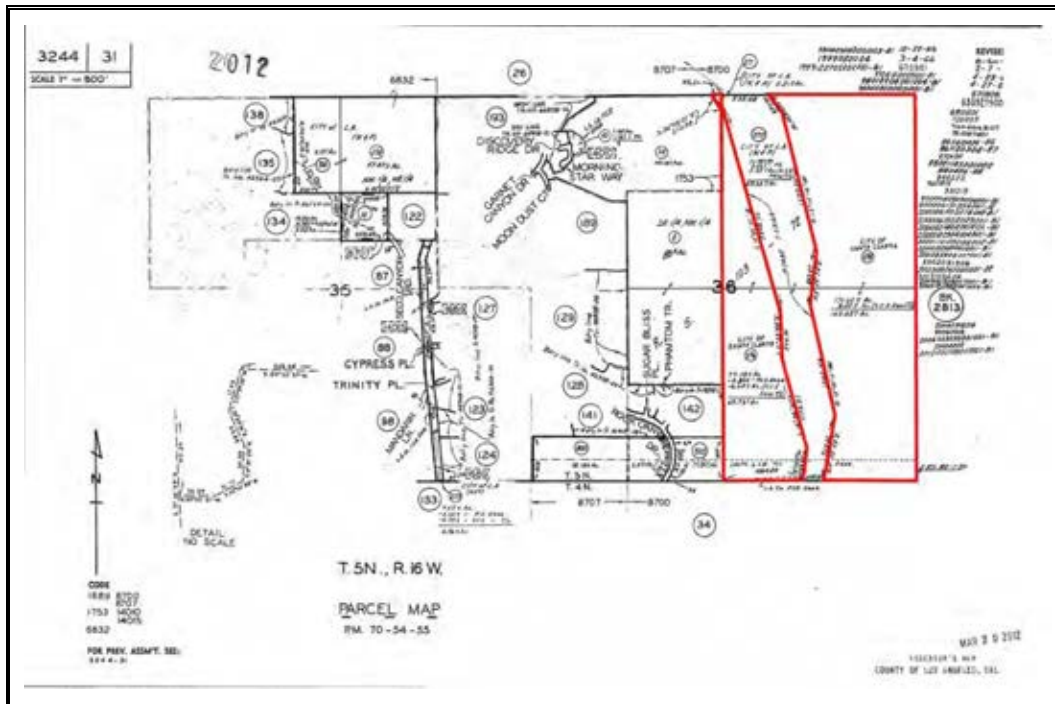
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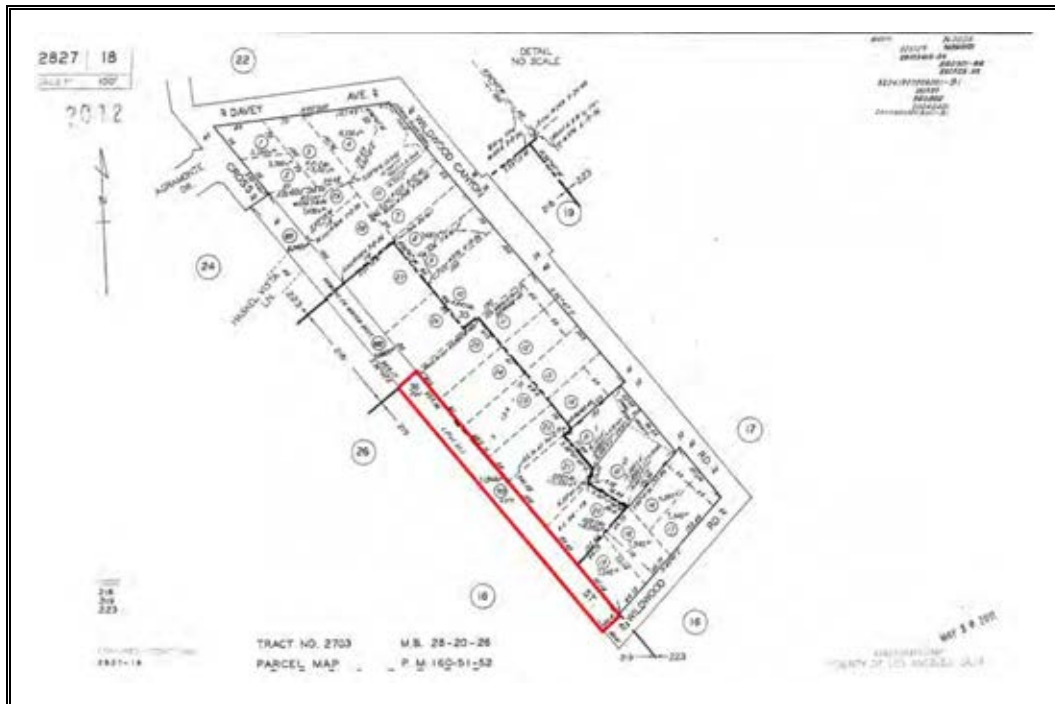
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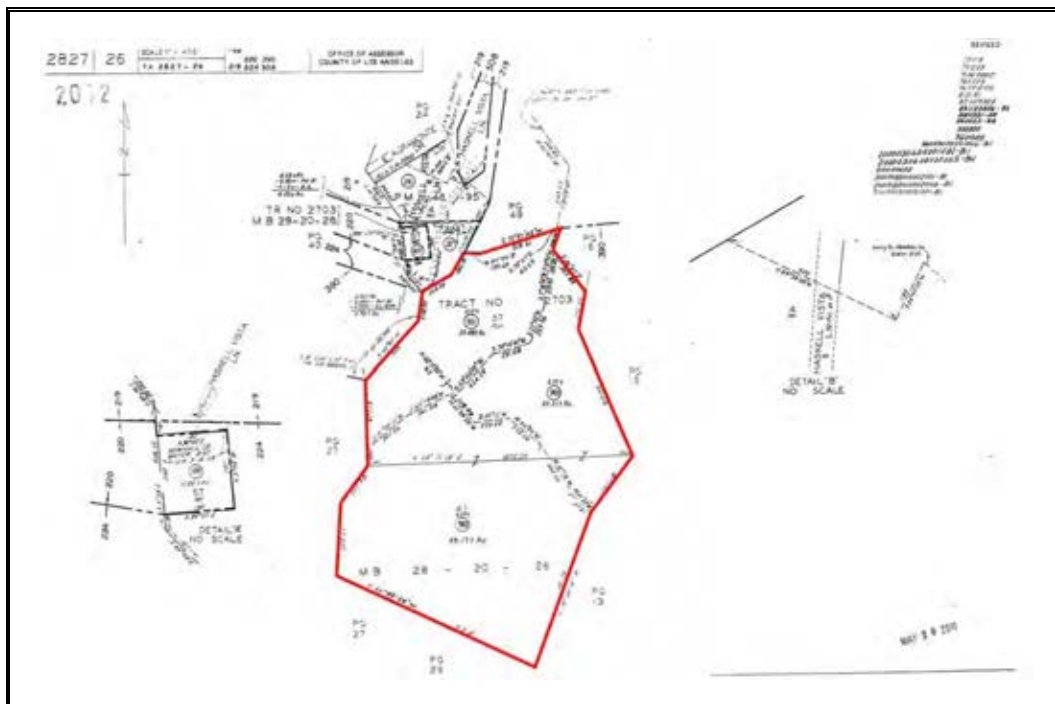
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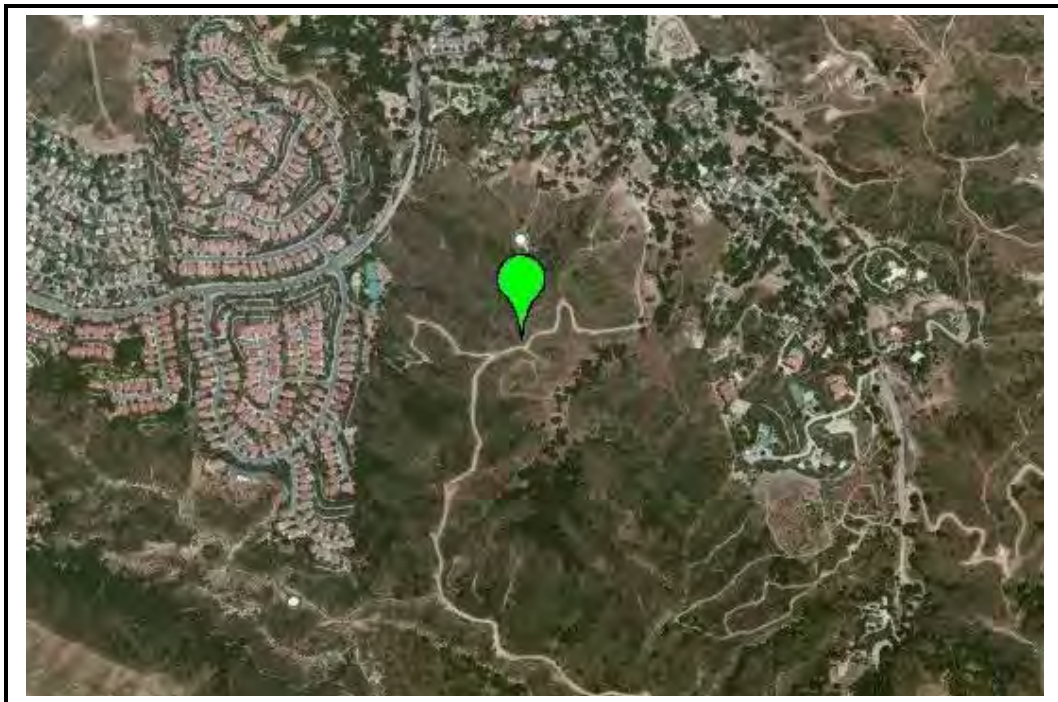
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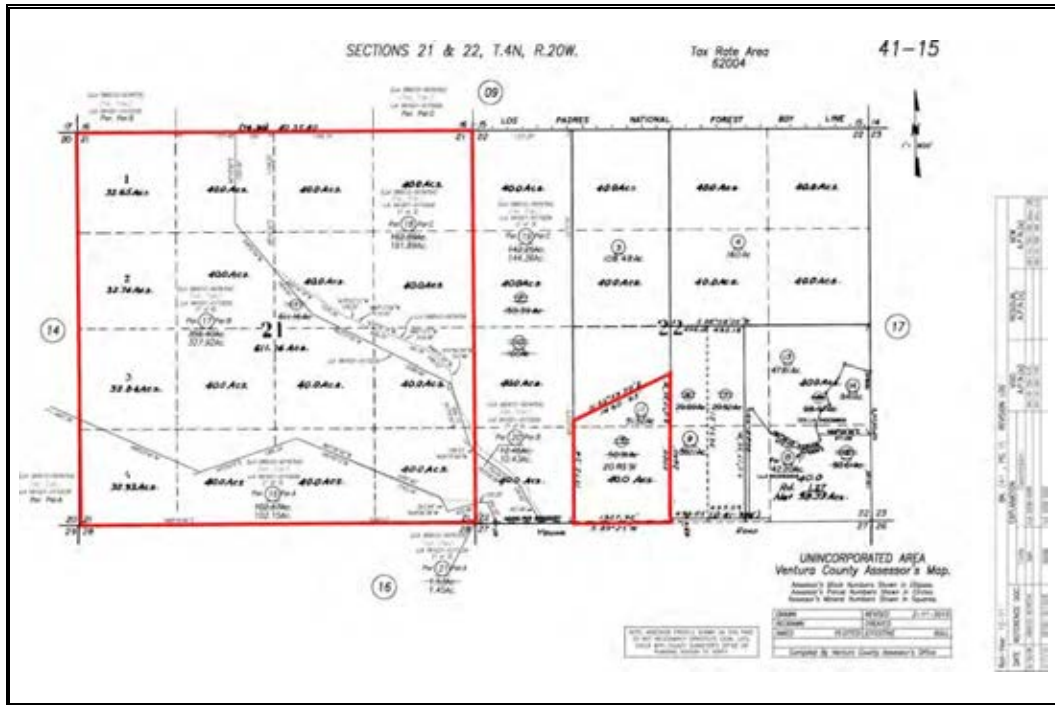
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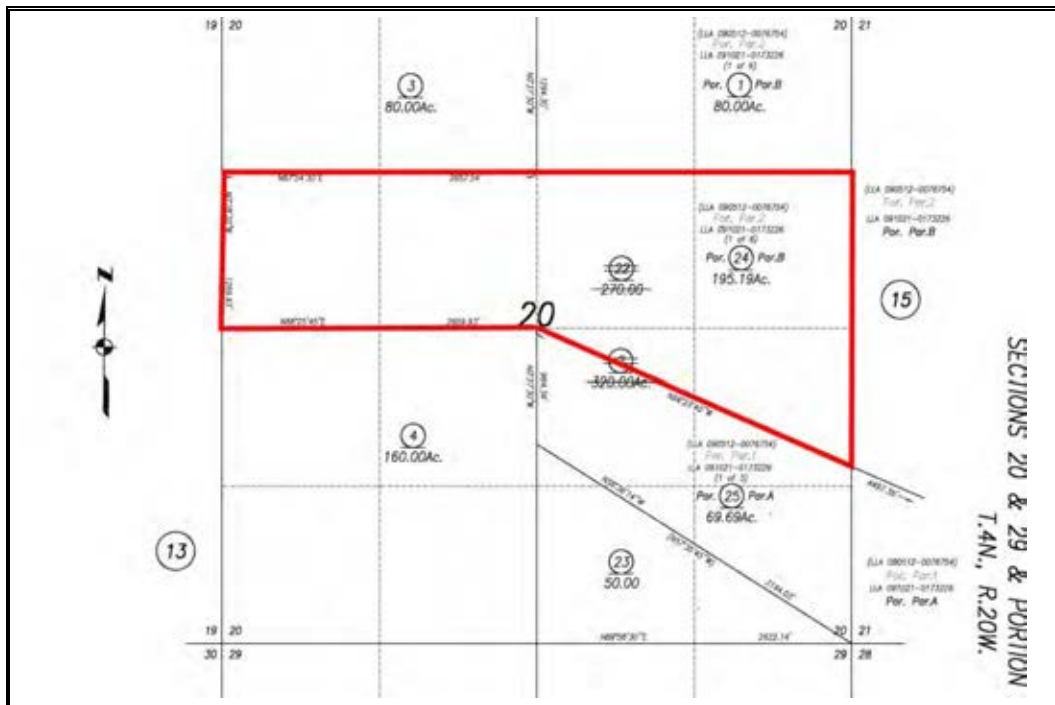
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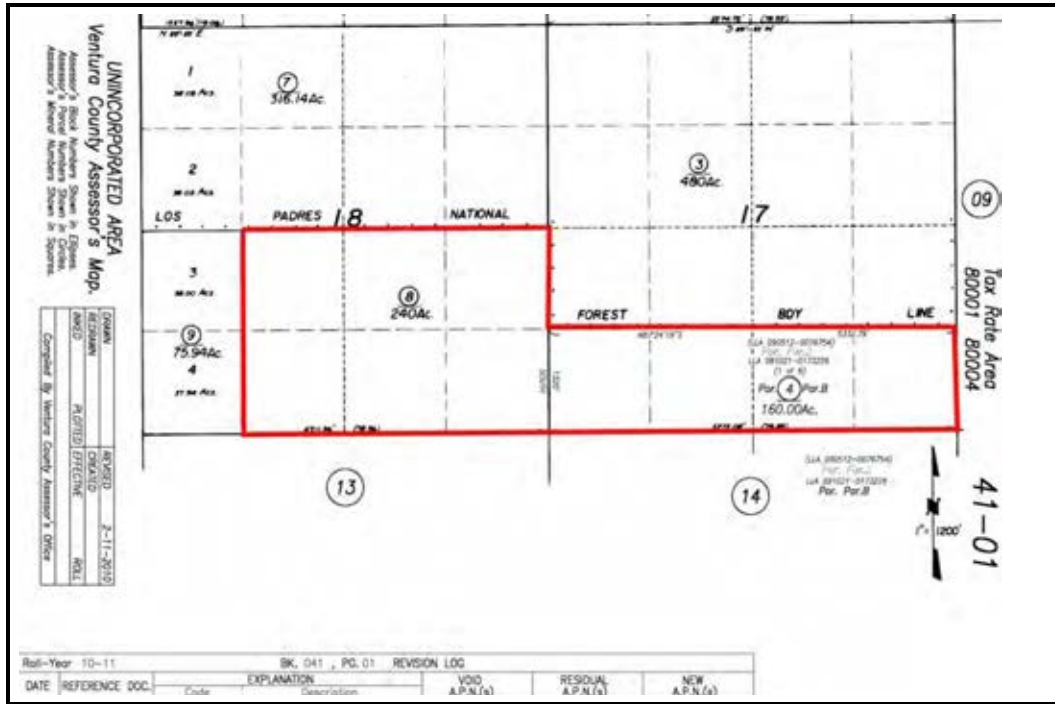
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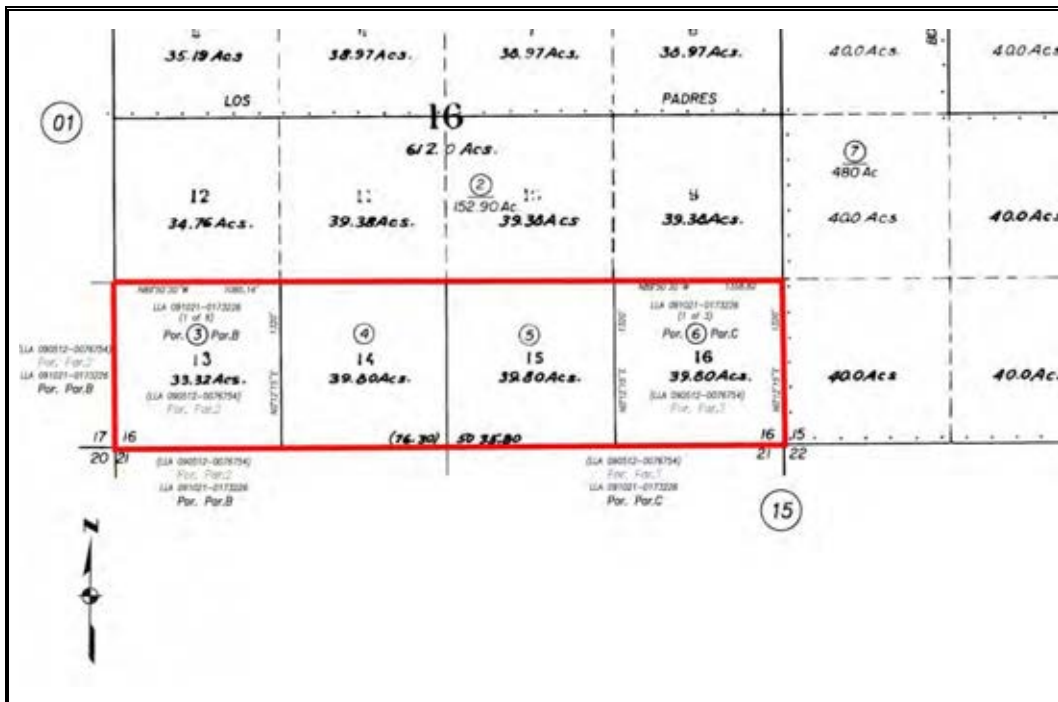
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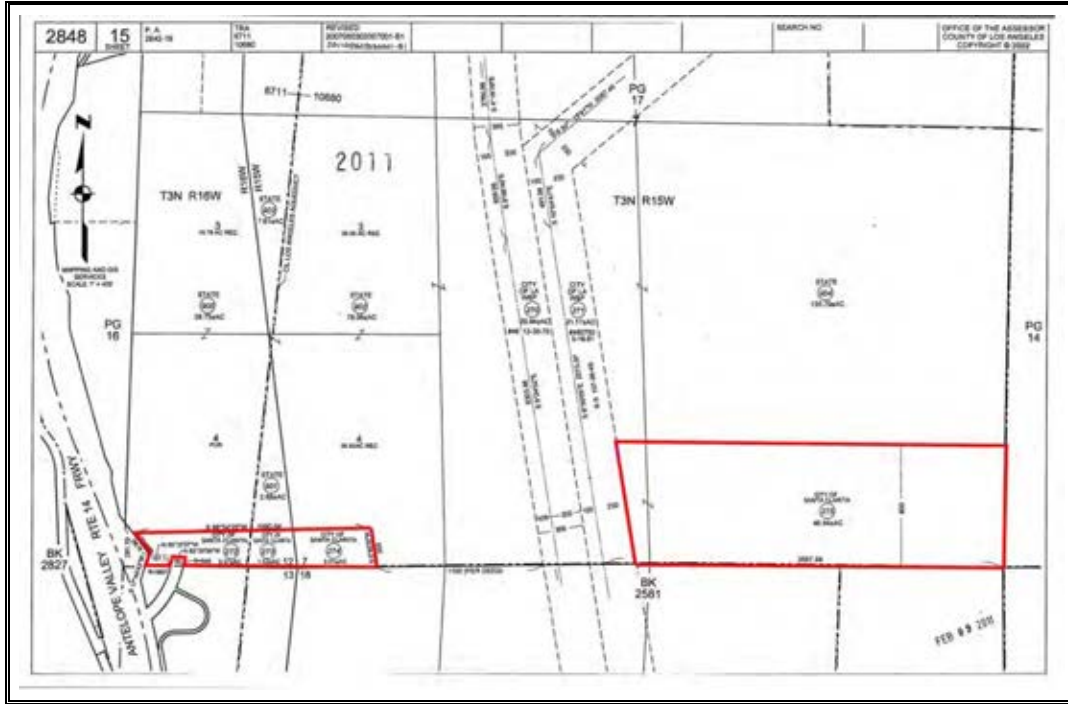
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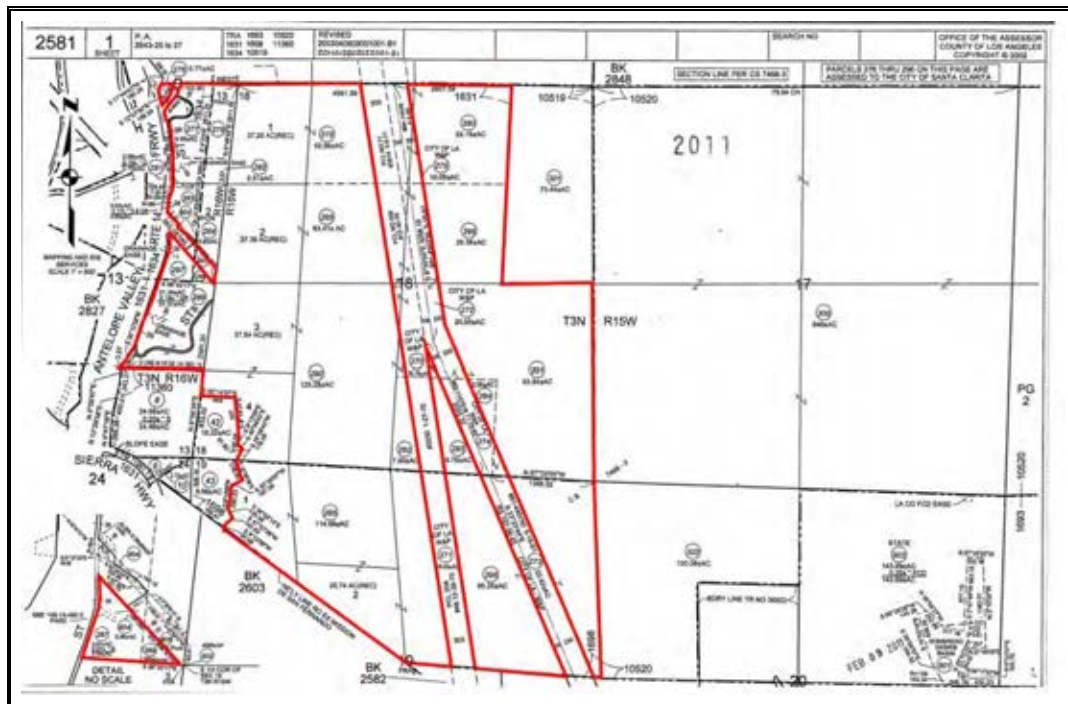
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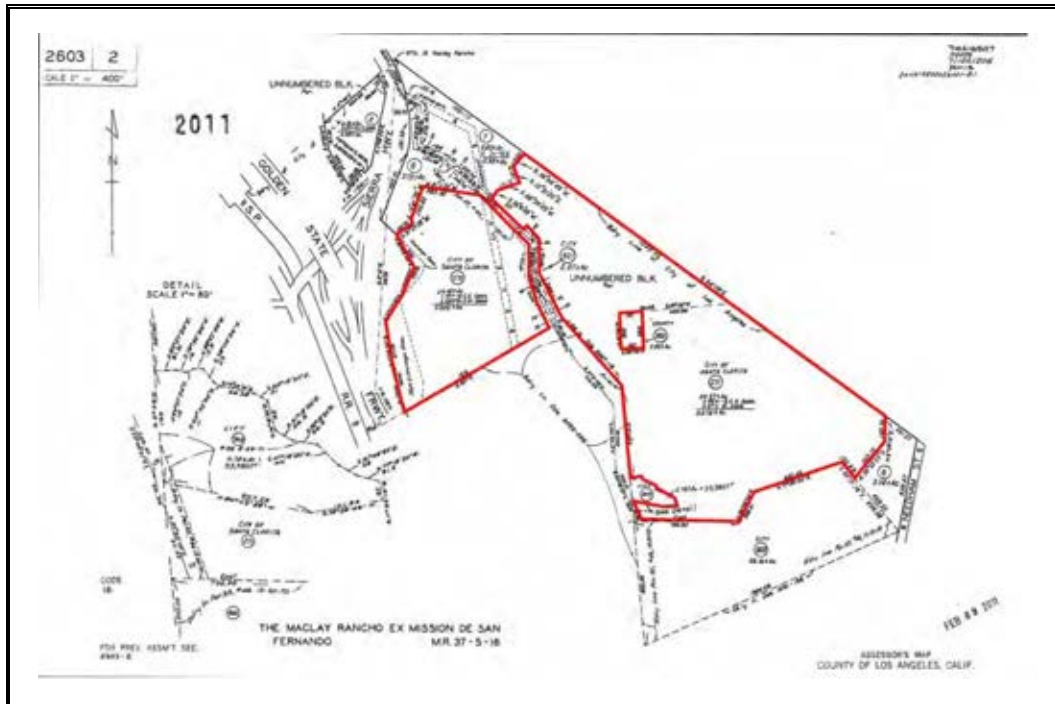
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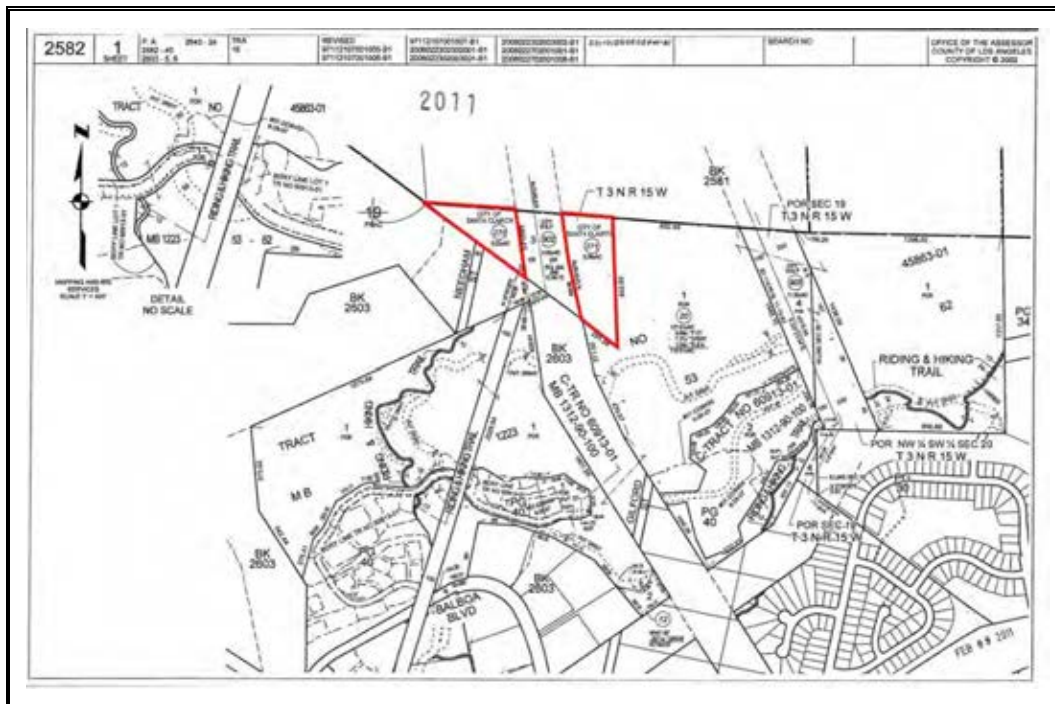
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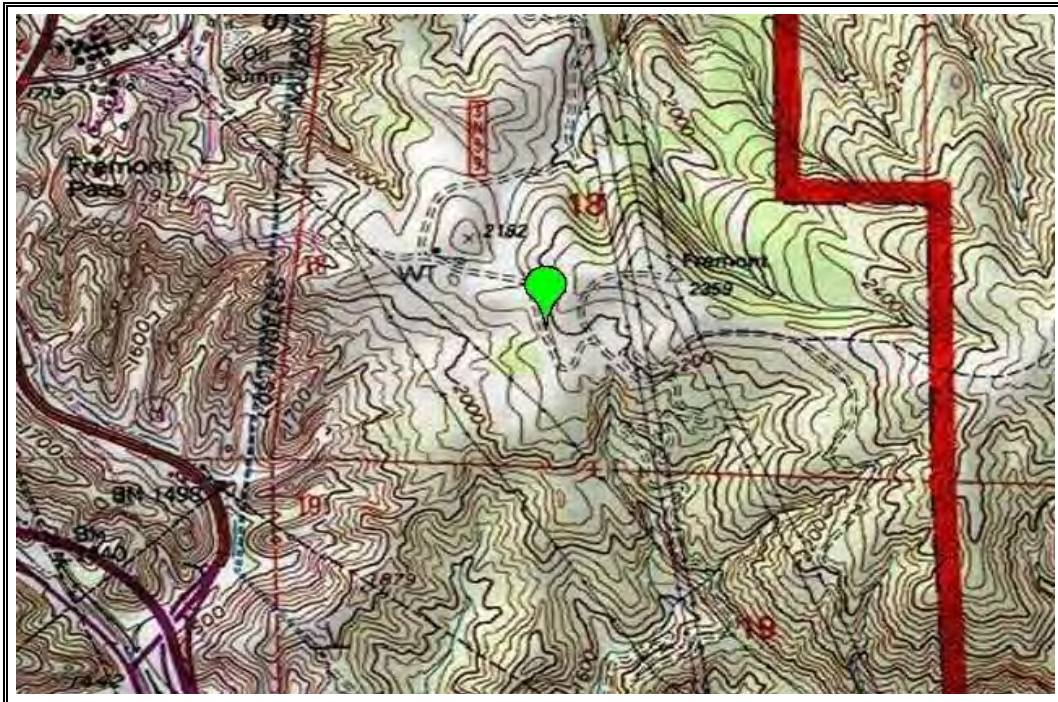
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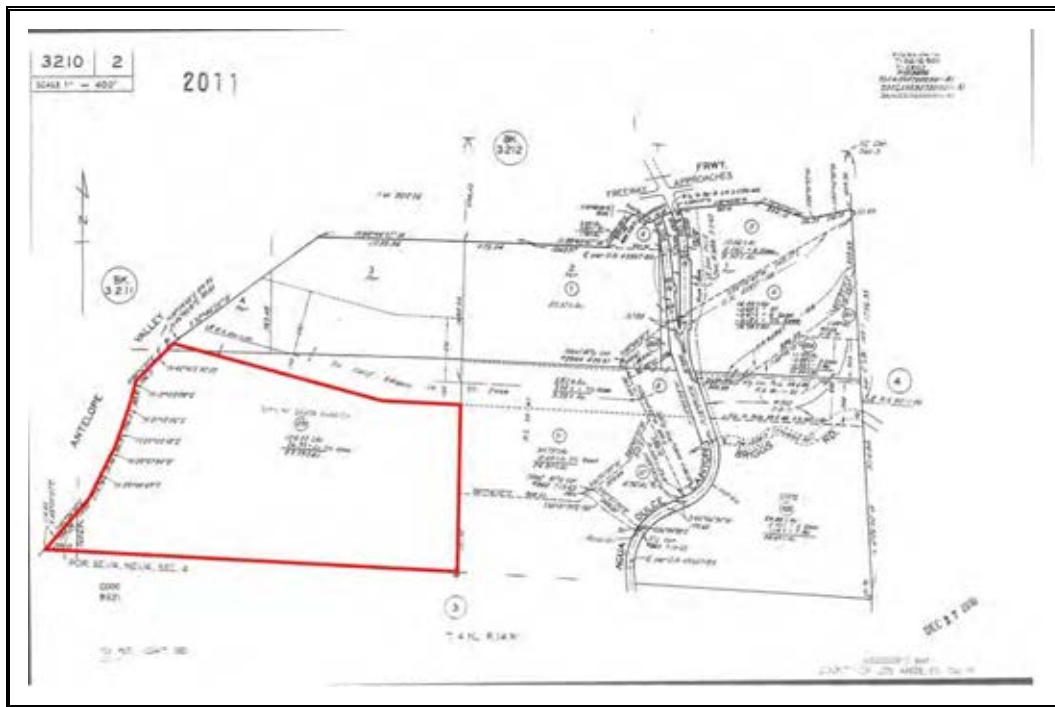
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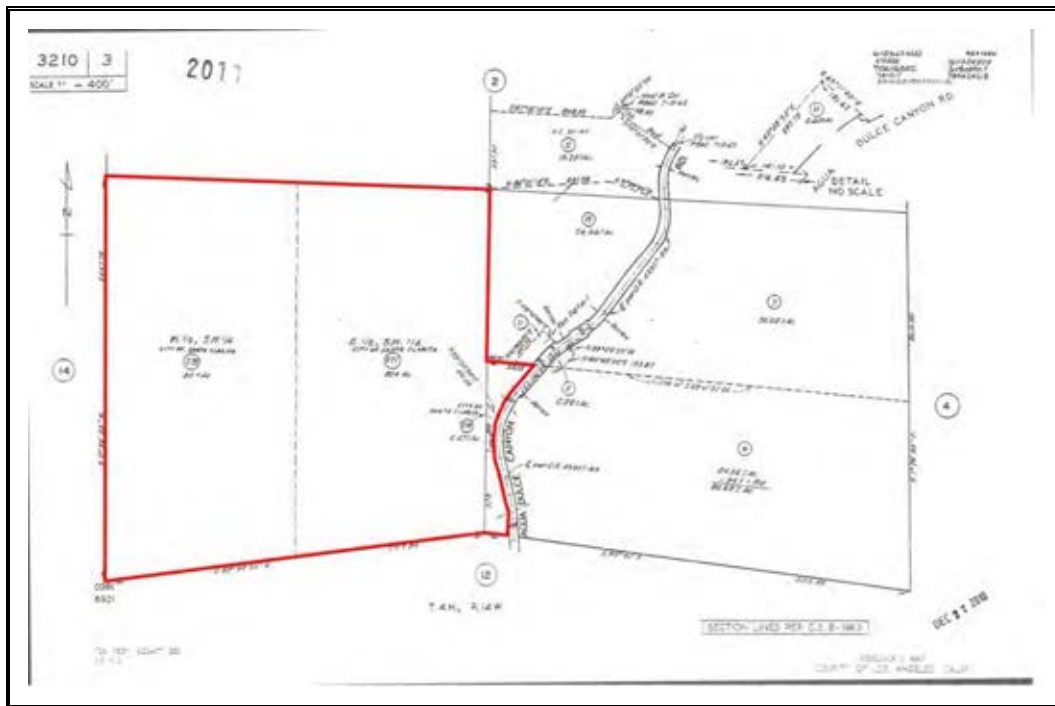
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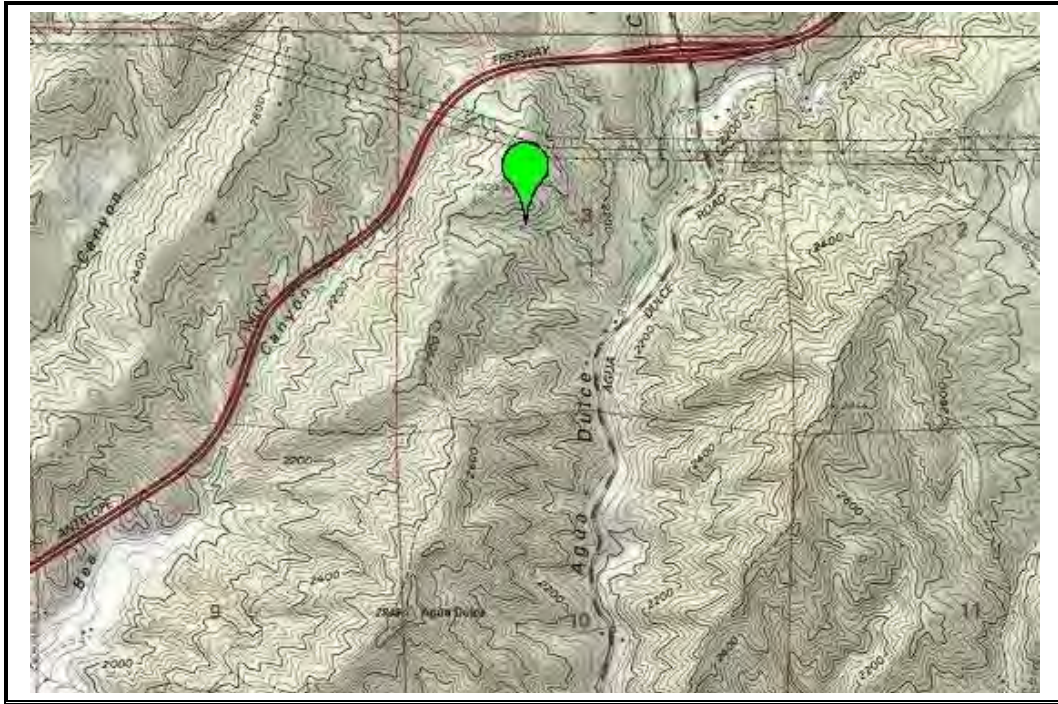
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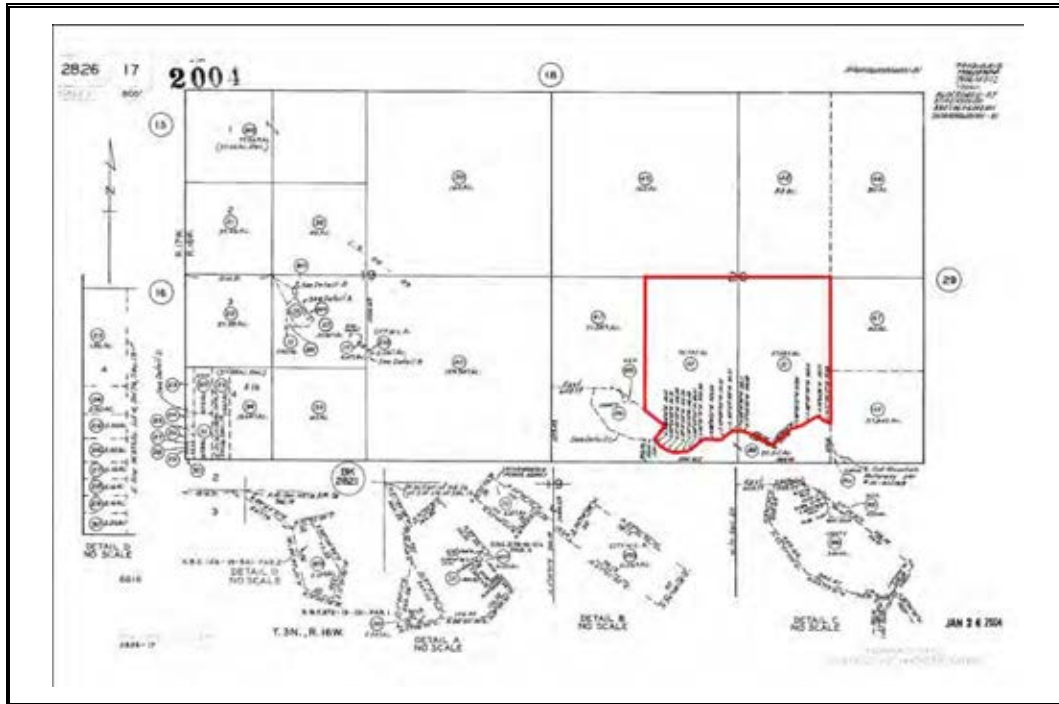
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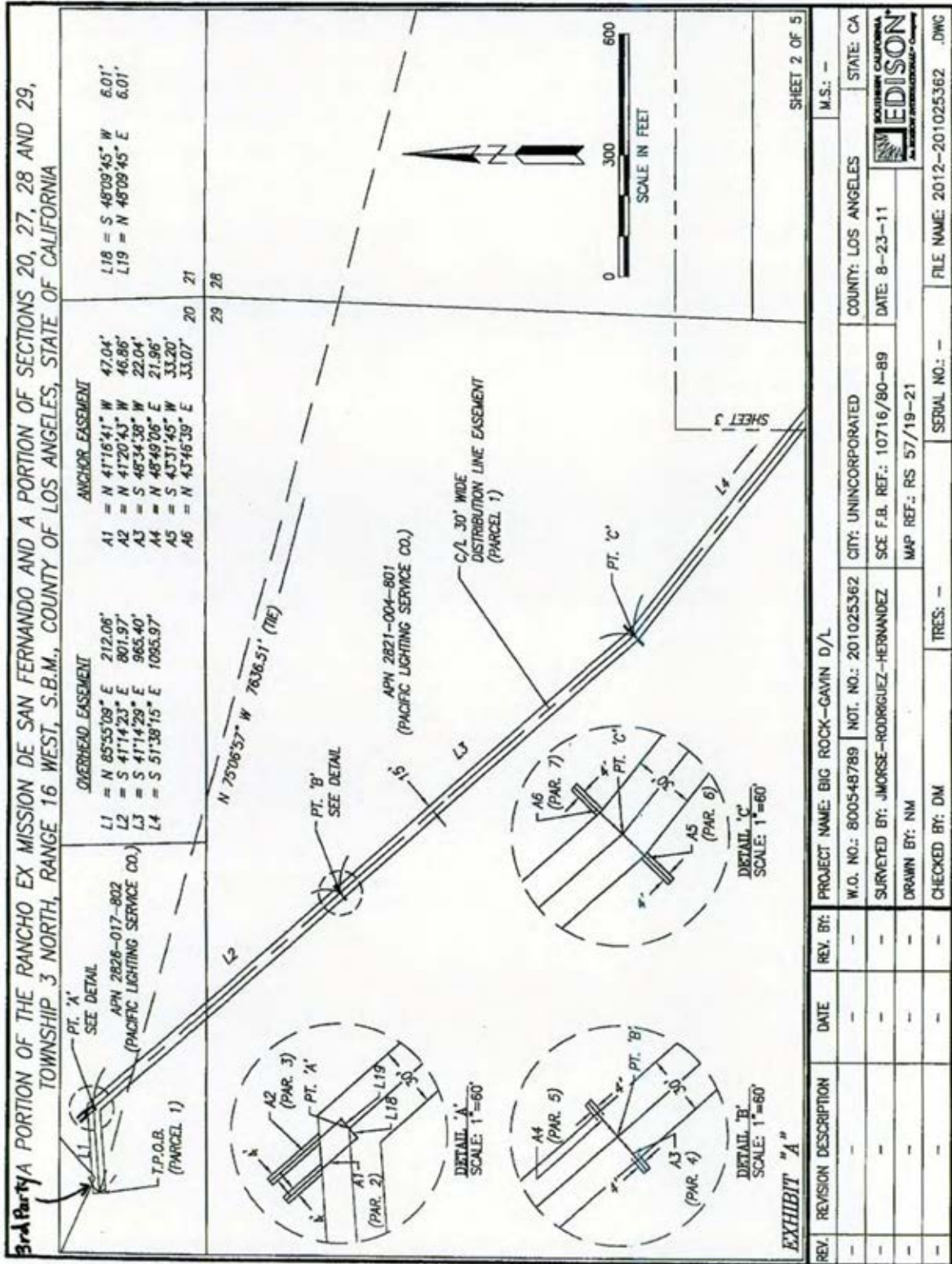
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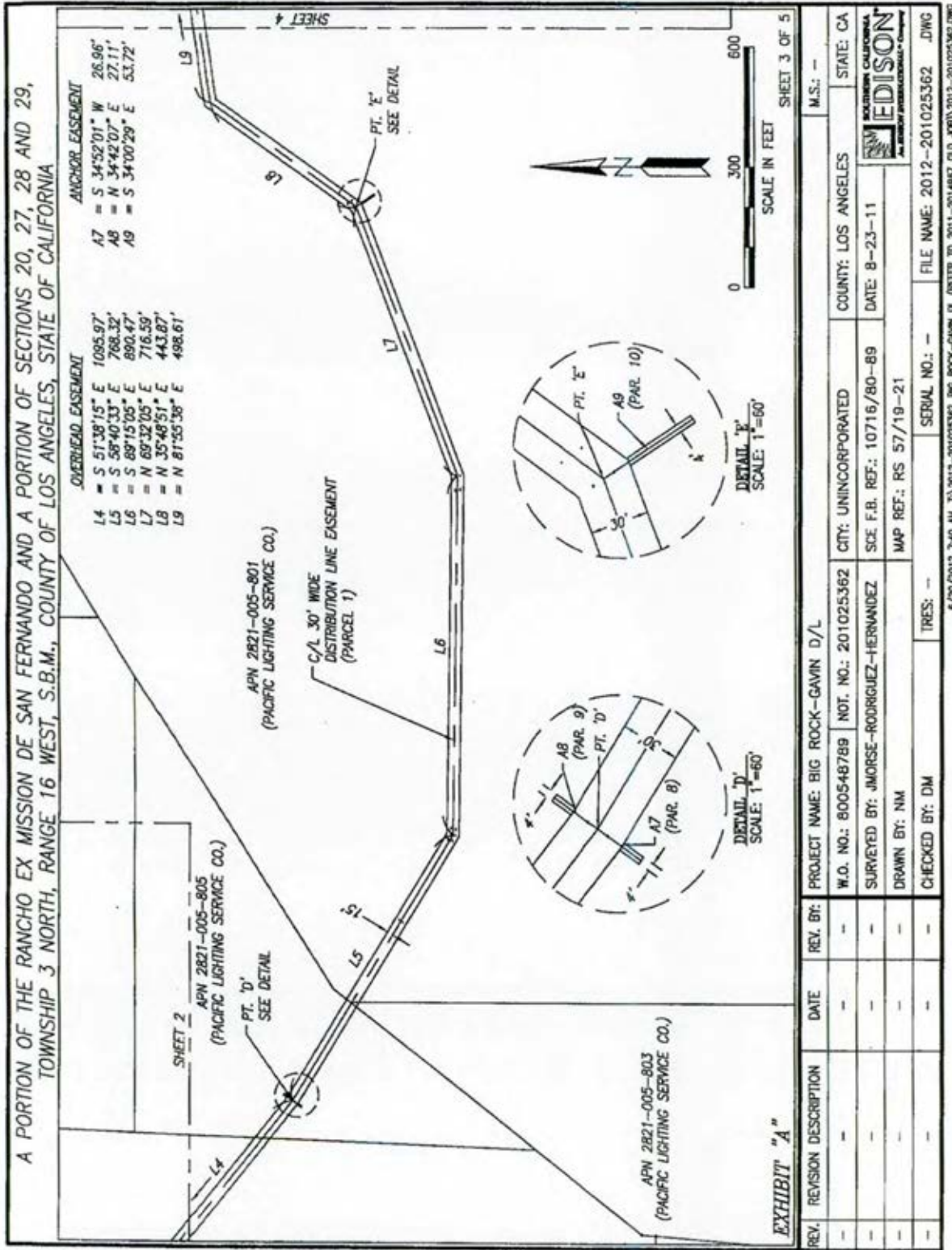
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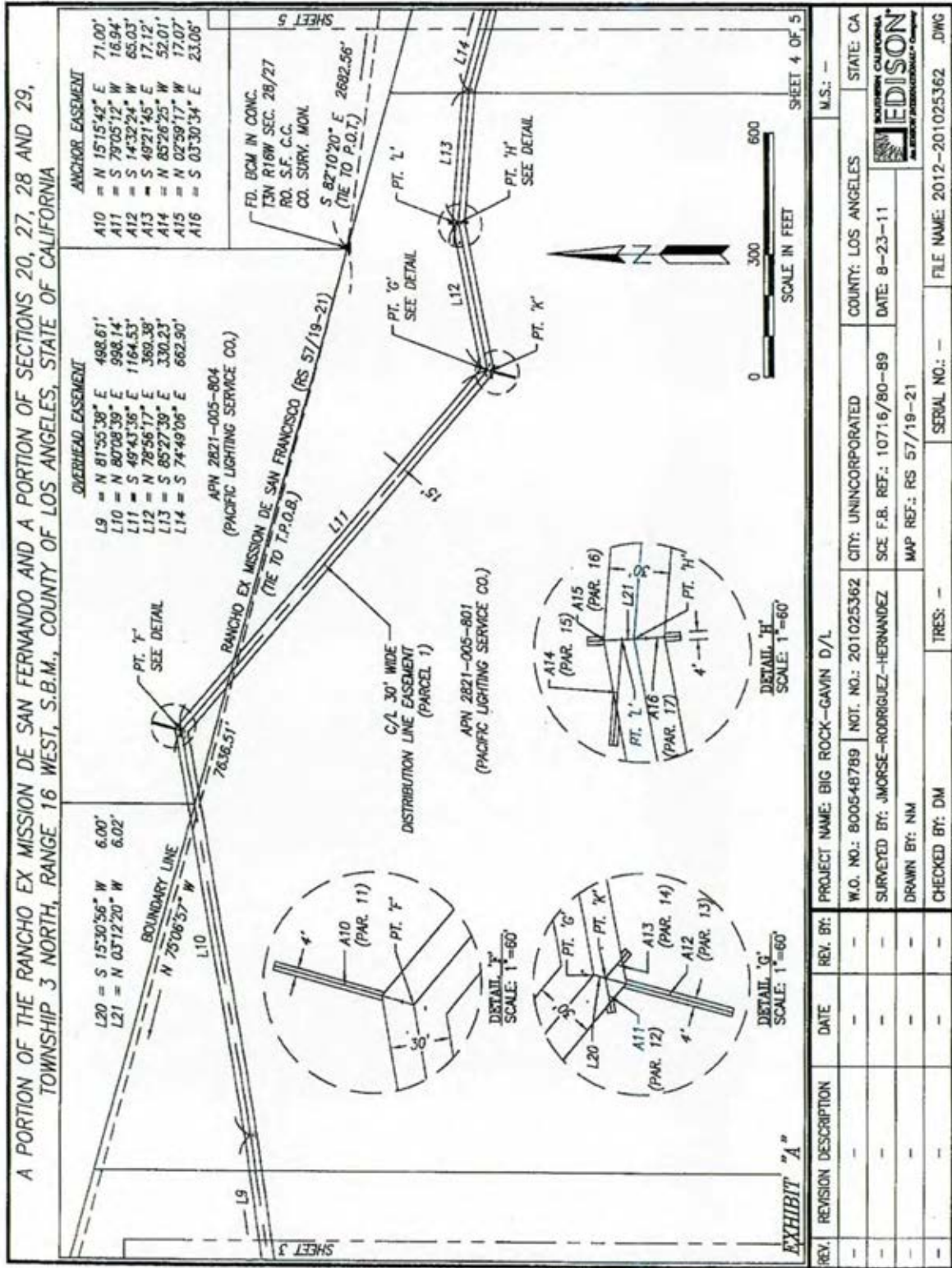


REV.	REVISION DESCRIPTION	DATE	REV. BY:	PROJECT NAME: BIG ROCK-GAVIN D/L	W.O. NO.: 800548789	NOT. NO.: 201025362	CITY: UNINCORPORATED	COUNTY: LOS ANGELES	STATE: CA
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SURVEYED BY: JMORSE-RODRIGUEZ-HERNANDEZ DRAWN BY: NM CHECKED BY: DM	DATE: 8-23-11 SCE F.B. REF.: 10716/80-89 MAP REF.: RS 57/19-21 SERIAL NO.: -- FILE NAME: 2012-201025362 .DWG

6/20/2012 7:40 AM, I:\2012-201025362_BIG ROCK-GAVIN D.L. (REFER TO 2011-2014667 OLD JOB)\2012-201025362.DWG





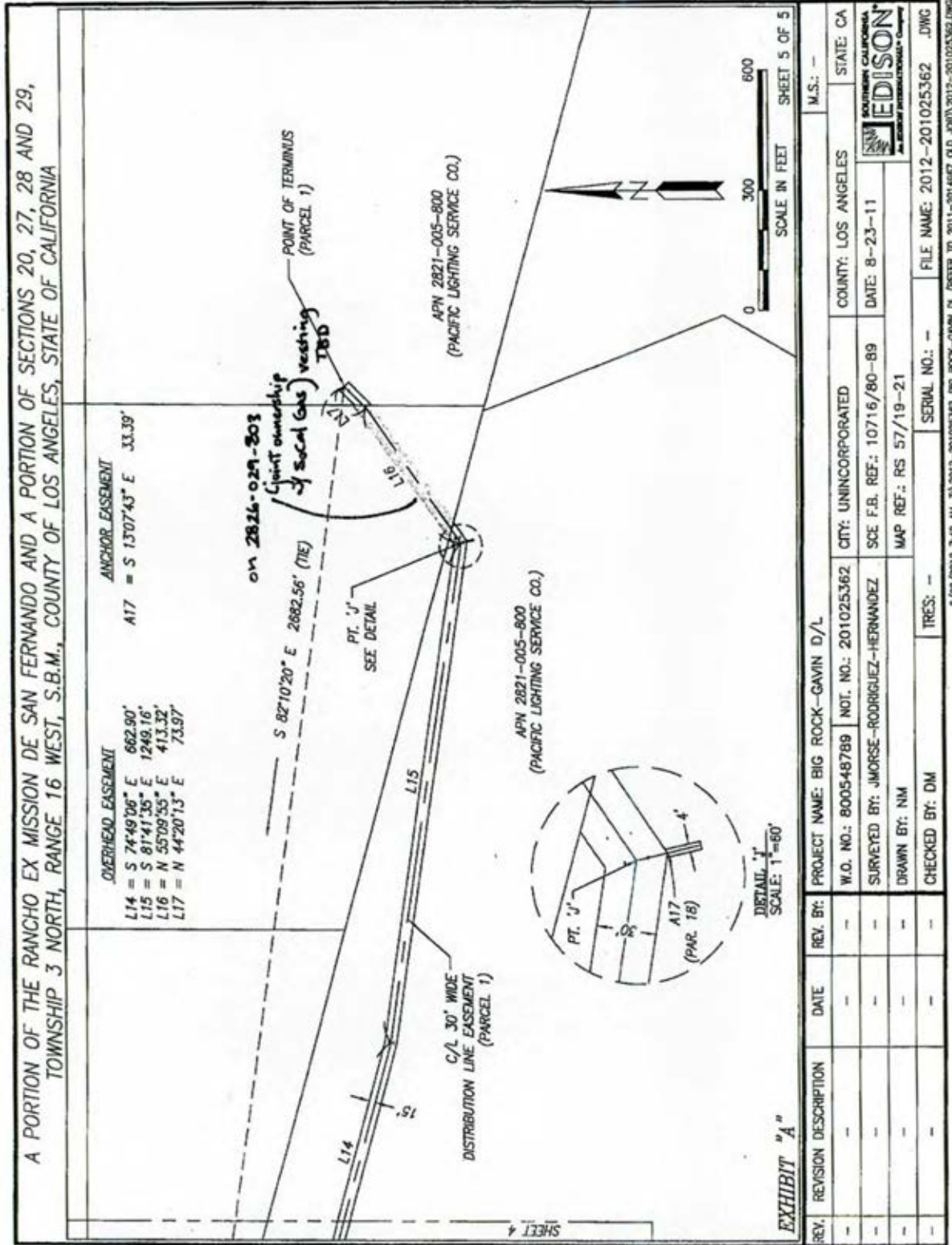


EXHIBIT "B"
LEGAL DESCRIPTION
BIG ROCK-GAVIN 12KV D/L

THOSE PORTIONS OF RANCHO EX MISSION DE SAN FERNANDO, ALONG WITH SECTIONS 20, 27, 28 AND 29, TOWNSHIP 3 NORTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND, AS LOCATED WITHIN THE LANDS OF THE GRANTOR, LYING WITHIN MULTIPLE STRIPS OF LAND OF VARIED WIDTHS DESCRIBED INDIVIDUALLY AS FOLLOWS:

PARCEL 1 - DISTRIBUTION LINE EASEMENT

A STRIP OF LAND 30.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT AT THE COUNTY SURVEYOR MONUMENT FOR THE CLOSING CORNER OF SAID SECTIONS 28 AND 27 WITH THE RANCHO LINE OF SAID RANCHO, SAID COUNTY MONUMENT BEARS NORTH 74°38'50" WEST, 6539.09 FEET FROM THE CITY OF LOS ANGELES SURVEY MONUMENT FOR RANCHO CORNER 16 OF SAID RANCHO, AS PER RECORD OF SURVEY, FILED IN BOOK 57, PAGES 19 THROUGH 21, INCLUSIVE, RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE NORTH 75°06'57" WEST, 7636.51 FEET TO THE TRUE OF BEGINNING;

THENCE NORTH 85°55'09" EAST, 212.06 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "A";

THENCE SOUTH 41°14'23" EAST, 801.97 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "B";

THENCE SOUTH 41°14'29" EAST, 965.40 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "C";

THENCE SOUTH 51°38'15" EAST, 1095.97 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "D";

THENCE SOUTH 58°40'33" EAST, 768.32 FEET;

THENCE SOUTH 89°15'05" EAST, 890.47 FEET;

THENCE NORTH 69°32'05" EAST, 716.59 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "E";

THENCE NORTH 35°48'51" EAST, 443.87 FEET;

THENCE NORTH 81°55'38" EAST, 498.61;

THENCE NORTH 80°08'39" EAST, 998.14 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "F";

THENCE SOUTH 49°43'36" EAST, 1164.53 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "G";

THENCE NORTH 78°56'17" EAST, 369.38 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "H";

THENCE SOUTH 85°27'39" EAST, 330.23 FEET;

THENCE SOUTH 74°49'06" EAST, 662.90 FEET;

THENCE SOUTH 81°41'35" EAST, 1249.16 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "J";

THENCE NORTH 55°09'55" EAST, 413.32 FEET;

THENCE NORTH 44°20'13" EAST, 73.97 FEET TO A POINT, SAID POINT BEARS SOUTH 82°10'20" EAST, 2682.56 FEET FROM THE POINT OF BEGINNING, SAID POINT ALSO BEING THE TERMINUS OF HEREIN DESCRIBED CENTERLINE.

PARCEL 2 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "A" DESCRIBED IN PARCEL 1 ABOVE; THENCE SOUTH 48°09'45" WEST, 6.01 FEET TO THE TRUE POINT OF BEGINNING;
THENCE NORTH 41°16'41" WEST, 47.04 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 3 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "A" DESCRIBED IN PARCEL 1 ABOVE; THENCE NORTH 48°09'45" EAST, 6.01 FEET TO THE TRUE POINT OF BEGINNING;
THENCE NORTH 41°20'43" WEST, 46.86 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 4 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "B" DESCRIBED IN PARCEL 1 ABOVE; THENCE SOUTH 48°34'38" WEST, 22.04 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 5 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "B" DESCRIBED IN PARCEL 1 ABOVE; THENCE NORTH 48°49'06" EAST, 21.96 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 6 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "C" DESCRIBED IN PARCEL 1 ABOVE; THENCE SOUTH 43°31'45" WEST, 33.20 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 7 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "C" DESCRIBED IN PARCEL 1 ABOVE; THENCE NORTH 43°46'39" EAST, 33.07 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 8 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "D" DESCRIBED IN PARCEL 1 ABOVE; THENCE SOUTH 34°52'01" WEST, 26.96 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 9 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "D" DESCRIBED IN PARCEL 1 ABOVE; THENCE NORTH 34°42'07" EAST, 27.11 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 10 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "E" DESCRIBED IN PARCEL 1 ABOVE; THENCE SOUTH 34°00'29" EAST, 53.72 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 11 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT POINT "F" DESCRIBED IN PARCEL 1 ABOVE; THENCE NORTH 15°15'42" EAST, 71.00 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 12 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:
BEGINNING AT POINT "G" DESCRIBED IN PARCEL 1 ABOVE; THENCE SOUTH 15°30'56" WEST, 6.00 FEET TO A POINT HERENAFTER REFERRED TO AS POINT "K", SAID POINT "K" BEING THE TRUE POINT OF BEGINNING;
THENCE SOUTH 79°05'12" WEST, 16.94 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 13 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:
BEGINNING AT POINT "K" DESCRIBED IN PARCEL 12 ABOVE; THENCE SOUTH 14°32'24" WEST, 65.03 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 14 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:
BEGINNING AT POINT "K" DESCRIBED IN PARCEL 12 ABOVE; THENCE SOUTH 49°21'45" EAST, 17.12 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 15 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:
BEGINNING AT POINT "H" DESCRIBED IN PARCEL 1 DISTRIBUTION LINE EASEMENT ABOVE; THENCE NORTH 03°12'20" WEST, 6.02 FEET TO A POINT HERENAFTER REFERRED TO AS POINT "L", SAID POINT "L" BEING THE TRUE POINT OF BEGINNING; THENCE NORTH 85°26'25" WEST, 52.01 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 16 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:
BEGINNING AT POINT "L" DESCRIBED IN PARCEL 15 ANCHOR EASEMENT ABOVE; THENCE NORTH 02°59'17" WEST, 17.07 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 17 - ANCHOR EASEMENT

A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:
BEGINNING AT POINT "H" DESCRIBED IN PARCEL 1 ABOVE; THENCE SOUTH 03°30'34" EAST, 23.06 FEET TO A POINT OF TERMINUS.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

PARCEL 18 - ANCHOR EASEMENT

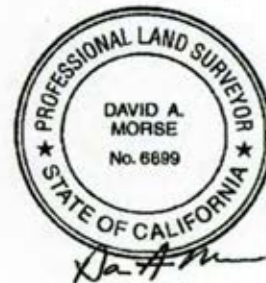
A STRIP OF LAND 4.00 FEET IN WIDTH, THE CENTERLINE IS DESCRIBED AS FOLLOWS:
BEGINNING AT POINT "J" DESCRIBED IN PARCEL 1 ABOVE; THENCE SOUTH 13°07'43" EAST, 33.39 FEET TO A POINT OF TERMINUS.

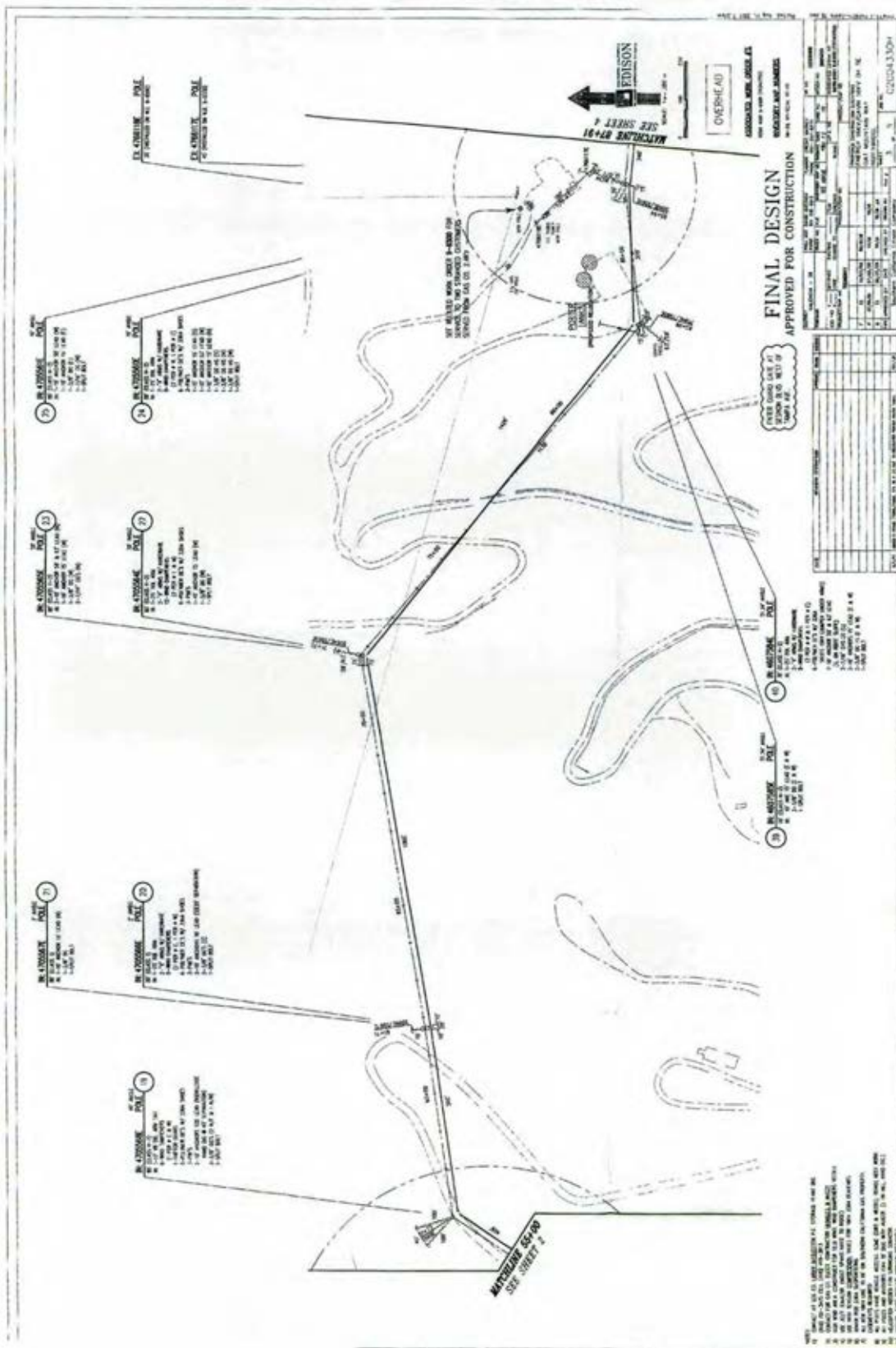
EXCEPTING THEREFROM THAT PORTION LYING WITHIN SAID PARCEL 1.

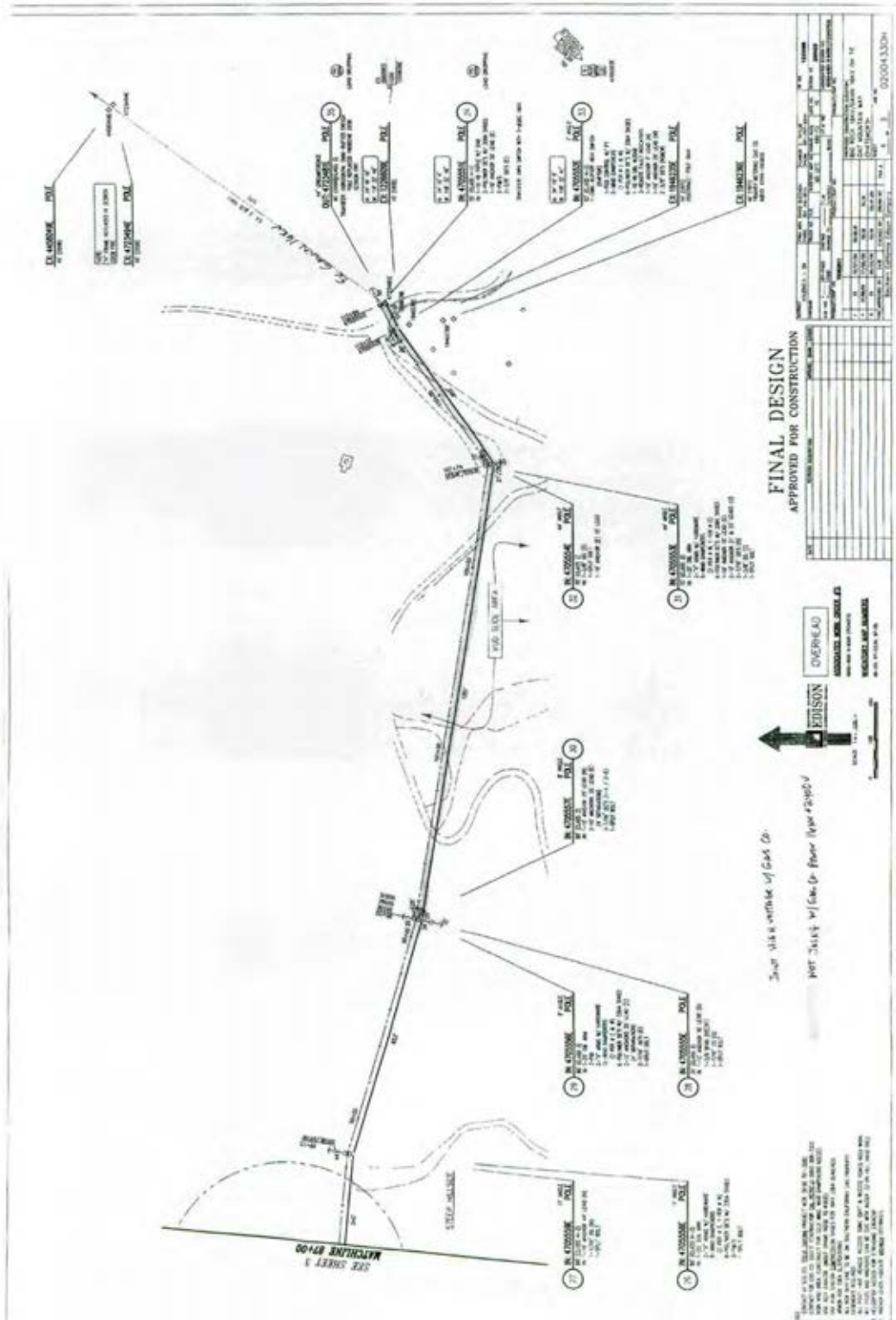
ALL FOUND MONUMENT DESCRIPTIONS, BASIS OF BEARINGS, COURSES, ETC. ARE AS SHOWN ON EXHIBIT "A" ATTACHED HERewith AND MADE A PART HEREOF.

PREPARED BY ME OR UNDER MY DIRECTION

David A. Morse DATE 6.20.12
DAVID A. MORSE, P.L.S. No. 6899
SOUTHERN CALIFORNIA EDISON COMPANY









Southern California Gas Company

Recording Requested by and

NOTE: Southern California Gas Company's legal Counsel has not approved this draft version as to form and is still subject to review and changes by our legal department.

When recorded mail to:
Southern California Gas Company
9400 Oakdale Avenue
Chatsworth, CA 91313
Attn.: Gas Storage Land

Atlas Sheet No. xx-x
APN: 2821-007-001

Documentary Transfer Tax \$ _____
_____ Computed on full value of property conveyed
_____ Computed on full value less liens and encumbrances remaining at time of sale
Southern California Gas Company

JDM 09-14-2012

**GRANT OF EASEMENT
(Electrical Transmission)**

R.W. xxx,xxx

THIS GRANT OF EASEMENT (this "Agreement") is made and entered into as of _____, 20__ (the "Effective Date") by and between Southern California Gas Company, a California corporation ("Grantor"), and Southern California Edison Company, a California corporation ("Grantee"). Grantor and Grantee are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties".

RECITALS

- A. Grantor owns certain real property located in the County of Los Angeles, California, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").
- B. Grantor holds fee interests, including but not limited to surface and sub-surface rights, to said Property, within which Grantor owns, operates and maintains oil and gas operations; underground gas storage facilities; and aboveground and underground utility fixtures, which utility fixtures may be electric lines or pipelines, or both; including all related equipment, facilities and operations related thereto, which are collectively referred to as "Facilities," known as the Aliso Canyon Underground Storage Facilities.
- B. Grantee desires to acquire a certain overhead easement rights in, on, over, and across that certain portion of the Property for the sole purpose of constructing, operating and maintaining an electrical and communications overhead line and appurtenances as set forth more fully below (the "Permitted Purposes").



C. Grantee has requested from Grantor, and Grantor has agreed to grant to Grantee, the easement in, on, over and across the Property for the Permitted Purposes on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, incorporating the above recitals and in consideration of the mutual covenants and benefits contained herein, the Grantor and Grantee hereby agree as follows:

1. Grant of Easement:

Grantor hereby grants to Grantee an easement thirty foot (30) in width in, on, and over the Property, as described in Exhibit B and depicted in Exhibit C, each attached hereto and incorporated herein by this reference (the "Easement Area") for the sole purpose of granting to Grantee the right to construct, reconstruct, use, maintain, operate, alter, repair, replace, inspect and remove one overhead electrical supply system, together with all necessary equipment and appurtenances, including but not limited to H Frame towers, with wires and cables suspended thereon and supported thereby, including a communications system for the Grantee's internal and sole use only, (collectively as same will be situated within the Easement Area, "Transmission Facilities"), all necessary or useful for Grantee to transmit and distribute electrical energy within the Easement Area for the Permitted Purposes. Grantee is further granted the right of ingress and egress to, from and along the Easement Area via routes currently established across the Property ("Access Routes"). Grantee is further granted the right, upon the prior written consent of Grantor, which shall not be unreasonably withheld, conditioned or delayed, to use Grantor's abutting Property during construction, reconstruction and repair of the Transmission Facilities, provided, that Grantee shall exercise such foregoing easement rights granted hereinabove in a reasonable manner in order to avoid interference with any of Grantor's activities within the Property; but Grantee shall have no right to construct new roads or routes to the Easement Area. Grantor may designate changes to the location of such established Access Routes across the Property at any time and from time to time to locations mutually agreed upon by the Grantor and Grantee. ~~The foregoing shall not serve as a limitation on any rights Grantee possesses independent of this Agreement.~~

2. Grantee's Improvements and Repairs; Ground Surface Elevation:

(a) The initial construction of the Transmission Facilities in, on, over and across the Property shall not commence without the prior written approval of the plans and specifications for the Transmission Facilities by Grantor, which shall not be unreasonably withheld, delayed or conditioned. Grantee shall submit to Grantor the plans and specifications for the Transmission Facilities not less than sixty (60) days prior to the scheduled commencement of the initial construction of the Transmission Facilities. In the event that any subsequent material construction, reconstruction and/or reconfiguring of the Transmission Facilities are required that is not in conformance with the plans and specifications previously approved by Grantor (each, a "Material Alteration"), such Material Alteration shall not commence without Grantor's prior written approval of the



plans and specifications for such Material Alteration, which approval shall not be unreasonably withheld, conditioned or delayed. Grantee shall submit to Grantor the plans and specifications for any Material Alteration not less than sixty (60) days prior to the scheduled commencement of such Material Alteration. Other than any Material Alteration, subsequent repairs and maintenance of the Transmission Facilities shall not require Grantor's prior approval; provided that Grantee shall use commercially reasonable efforts to deliver to Grantor prior notice of such repairs or maintenance to minimize interference with Grantor's activities within the Easement Area. In the case of emergency repairs, Grantee shall immediately commence repairs and give Grantor written notification within ten (10) days of the commencement of said emergency repair so that Grantor can inspect the Easement Area solely for compliance with the terms and conditions of this Agreement. The Transmission Facilities installed pursuant to this Agreement shall be constructed in a good and workmanlike manner and shall conform in all respects to all Applicable Laws (as defined below).

(b) Grantor's approval of plans and specifications shall be construed as representing or implying ~~Grantor's endorsement of the plans for any purpose other than providing Grantee with assurance that the plans and specifications if followed would not constitute an interference with Grantor's operations and/or facilities that such plans or specifications will, if followed, result in the properly designed Transmission Facilities.~~ The Grantor's approval of any proposed plans and specifications for any work done or proposed or in connection with any other matter requiring the Grantor's approval pursuant to this Agreement shall not be deemed to constitute a waiver of the Grantor's right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or other matters whatsoever subsequently or additionally submitted for approval or consent.

(c) In making any excavations within the Easement Area, Grantee shall use its best efforts to make the excavation in a manner designed to cause the least injury to the surface of the ground around such excavation, and shall replace the earth so removed by it and restore the surface of the ground and any improvement thereof to as near the same condition as existed immediately prior to such excavation to the extent it is practicable to do. ~~However, the Grantee shall be liable for any erosion resulting directly from Grantee's construction and operations within and outside the Easement Area or Access Routes.~~ **Addressed in 5(c)**

(d) Grantee shall not increase or decrease the ground surface elevations within the Easement Area Access Routes without obtaining the prior written consent of Grantor.

3. Applicable Laws:

Grantee shall comply with all applicable federal, state, county, municipal and other local laws, statutes, codes, ordinances, rules, regulations, directives, policies, decisions, guidelines, permits, approvals, authorizations, decrees, edicts and orders now or hereafter applicable to Grantee's activities within the Easement Area or Access Routes at all times (collectively, "Applicable Laws"). Grantee shall deliver written notice of any violation of Applicable Law to Grantor within five (5) business days after receiving actual notice of such violation. Grantee shall commence to resolve any violation of any Applicable Law arising from Grantee's activities within the Easement Area or Access Routes within forty-

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five (45) days after receiving actual notice of such violation and shall diligently prosecute such resolution to completion.

4. Mechanic's Liens:

Grantee shall keep the Property free from and shall promptly discharge all mechanic's or materialman's liens arising from any work performed, material furnished or obligations incurred in connection with any of Grantee's activities within the Easement Area and/or Access Routes.

5. Maintenance:

(a) Grantee shall (i) keep the Easement Area free and clear of (A) any trash, rubbish, flammable and non-flammable material, waste or debris, (B) any buildings, structures, improvements, or walls not consistent with the Permitted Purposes, other than those approved in writing; and (ii) not commit or perform any activity within the Easement Area or Access Routes that constitutes waste or public or private nuisance.

(b) Without the prior written consent of Grantor, Grantee shall not place, park or store any machinery, vehicles, equipment, flammable or non-flammable materials, supplies or other personal property (collectively, "Equipment") within the Easement Area, except that Grantee may temporarily place, park or store Equipment within the Easement Area to the extent necessary for use of the Easement Area for the Permitted Purpose ("Permitted Equipment").

(c) Grantee shall be responsible and liable for all other maintenance and repairs required with respect to the Easement Area and Access Routes. Grantee shall repair any damage to the Property caused by and arising from any of Grantee's activities within or outside the Easement Area or Access Routes. Grantee shall commence to repair such damage within forty-five (45) days after receiving notice of such damage and shall diligently prosecute such repair to completion.

6. Environmental Compliance:

(a) The term "Environmental Law" shall mean any Applicable Law pertaining to environmental conditions, environmental quality or policy or human health and safety and the regulations, permits, judgments, agreements and authorizations promulgated or issued pursuant thereto, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 43 U.S.C. §9601 et seq., (ii) the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. §6901 et seq., (iii) the Toxic Substances Control Act of 1976 (TSCA), 15 U.S.C. §2601 et seq., (iv) the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq., (v) the Clean Water Act, 33 U.S.C. §1251, et seq., the Porter-Cologne Water Quality Control Act, California Water Code § 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code § 25249.5 et seq., the Hazardous Substance Account Act, California Health & Safety Code § 25300 et seq., the Hazardous Waste Control Act, California Health & Safety Code § 25100 et seq. and the California Clean Air Act, California Health & Safety Code § 39000 et seq.

(b) The term "Hazardous Substance" shall mean any chemical, substance, material, object, condition, waste or combination thereof that is or may be hazardous to human health or safety or the environment due to its radioactivity, ignitability, corrosivity,



reactivity, toxicity or other properties or effects, including but not limited to oil, petroleum, petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), urea formaldehyde insulation, lead paints and coatings, toxic mold and all of those chemicals, substances, materials, objects, conditions, wastes or combinations thereof that are now or in the future are listed, defined or regulated in any manner by any Environmental Law.

(c) Except for those Hazardous Substances set forth on Exhibit D, which Grantor may maintain within the Easement Area, but excluding Access Routes, in accordance with the terms and conditions of this Agreement and all Applicable Laws, Grantee shall not place, use, generate, treat, store, handle or release any Hazardous Substance within, on, over, under or about the Easement Area and Access Routes or the underlying ground water or transport or permit the contamination or migration of any Hazardous Substance to or from the Easement Area (collectively, a "Release"). If any of Grantee's activities within the Easement Area or Access Routes causes any Release of the Property or underlying ground water, Grantee shall, at Grantee's sole expense, promptly take such actions necessary to mitigate or remediate such Release in accordance with all Applicable Laws and other requirements of Governmental Authorities.

(d) During the term of this agreement, Grantor or its designated representatives shall have the right to conduct any inspections, tests or measurements over and on the Easement Area or Access Routes that Grantor deems necessary to determine if a Release of Hazardous Substances from Grantee has occurred. Such tests shall be conducted in a manner so as to attempt to minimize any inconvenience and disruption to Grantee's operation as is practicable. If such tests indicate a Release of Hazardous Substances by Grantee may have occurred, then Grantor, at Grantor's sole discretion, may require Grantee, at Grantee's sole expense, to have additional tests for Hazardous Substances conducted by a qualified third party or parties over and on the Easement Area or Access Routes. To the extent such testing reveals no Release or that the Release is attributable to Grantor and/or Grantor's facilities, then Grantor shall reimburse Grantee for any monies paid for such tests. If Grantor has reason to believe any Hazardous Substances originated from a Release on and over the Easement Area or Access Routes have contaminated any area outside the Easement Area or Access Routes including but not limited to surface and groundwater, then Grantor, at Grantor's sole discretion, may require Grantee, at Grantee's sole expense and at any time during the term of this Agreement, to have tests for such Hazardous Substances conducted by a qualified third party or parties on said area outside the Easement Area or Access Routes. To the extent such testing reveals no Release or that the Release is attributable to Grantor and/or Grantor's facilities, then Grantor shall reimburse Grantee for any monies paid for such tests. Grantor's failure to inspect, test or take other actions pursuant to this Section regarding the Easement Area or Access Routes shall in no way relieve Grantee of any responsibility for a Release.

7. "As-Is" Nature of Grant:

Grantee hereby accepts the Easement Area and Access Routes "as is" with all faults and conditions, whether patent or latent, known or unknown, and acknowledges that Grantor has not made and specifically disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind, character or nature, whether express or implied, written or oral, with respect to the Easement Area and Access Routes.

8. Insurance and Compliance:



At all times, Grantee may substitute a certificate evidencing Grantee program of self insurance in the amounts as set forth in this section, otherwise, Grantee shall maintain in effect all the insurance requirements set forth in Section 8.

(a) At all times, Grantee shall maintain in effect the following insurance coverages in amounts not less than the following minimum limits: (i) *Comprehensive General Liability Insurance*, including but not limited to products-completed operations and contractual liability coverage, with limits of not less than \$5,000,000.00 [Five Million Dollars] per occurrence and \$5,000,000.00 [Five Million Dollars] in the aggregate for bodily injury and property damage, and (ii) *Automobile Liability Insurance*, with limits of not less than \$5,000,000.00 [Five Million Dollars] combined single limit, and (iii) *Worker's Compensation and Employers' Liability Insurance* in accordance with statutory requirements and employer's liability insurance with limits of not less than \$1,000,000.00 [One Million Dollars] and (iv) *Pollution Liability Insurance* if applicable with limits not less than \$5,000,000.00 [Five Million Dollars] per occurrence, and (v) *Professional Liability Insurance* (including Design - Build), in an amount of not less than \$1,000,000.00 (One Million Dollars) per claim, if the policy maintains a policy aggregate, such aggregate shall not be less than twice the per occurrence limit, and (vi) *Builders Risk Insurance or Installation Floater Insurance* "all risk" builders risk insurance or installation floater insurance equal to 100% of the value of the project.

(b) Grantee shall accept total responsibility to require all other persons, firms and corporations engaged or employed by Grantee in connection with the performance of the construction and operations of the Transmission Facilities, and to carry and maintain coverages with limits not less than those required in this Section 8. Grantee shall incorporate insurance requirements by reference within any contract executed by Grantee and its subcontractors, sub-subcontractors, suppliers, and agents and shall cause each subcontractor, sub-subcontractor, supplier, and agent to comply with the terms of this Agreement. Grantee will obtain and verify accuracy in their entirety of certificates of insurance evidencing required coverage prior to permitting its subcontractors, sub-subcontractors, suppliers, and agents from performing work or services on the Property. Grantee will furnish original certificates of insurance and additional insured endorsements from all its subcontractors, sub-subcontractors, suppliers, and agents as evidence thereof as Grantor may reasonably request.

(c) On or prior to the Effective Date, Grantee shall provide insurance policies or certificates evidencing the insurance coverages required to be maintained by Grantee under Sections 8(a) above, and on or prior to the commencement of any activities relating to the construction of the Transmission Facilities, Grantee shall provide insurance policies or certificates evidencing the insurance coverages required to be maintained by Grantee's contractors and subcontractors under Sections 8(a) and 8(b) above, showing Grantee's coverage for:

- i) Workers Compensation and Employers Liability, and
- ii) Comprehensive General Liability Insurance, Automobile Liability Insurance, Pollution Liability Insurance, Professional Liability Insurance Builders and Risk Insurance or Installation Floater Insurance,



Valentine Appraisal & Associates

and providing that such policies or certificates in sub-section ii) above shall name Grantor and its parent company and its subsidiaries, affiliates and their respective officers, directors, employees, agents, representatives, successors and assigns shall be named as an additional insured, shall contain a waiver of subrogation clause and shall state that such insurance coverage may not be modified, amended or cancelled except upon not less than thirty (30) calendar days' written notice to Grantor.

(d) **Additional Requirements**

i) **As Contribution from Grantee.**

The required policies and any of Grantee's policies providing coverage in excess of the required policies shall provide that the coverage is primary for all purposes and Grantee shall not seek any contribution from any insurance or self-insurance maintained by Grantor.

ii) **Rating.**

All required policies of insurance shall be written by companies having an A.M. Best rating of "A - , VII" or better, or equivalent.

iii) **Deductible.**

Grantee shall be solely responsible for any deductible or self-insured retention on insurance required hereunder this Agreement.

iv) **Reports.**

Grantee shall immediately report to Grantor, and promptly thereafter confirm in writing, the occurrence of any injury, loss or damage incurred by Grantee or its consultants, subcontractors, sub-subcontractors, suppliers, agents or Grantee's receipt of notice or knowledge of any claim by a third party of any occurrence that might give rise to such a claim over \$100,000.00.

v) **Compliance with Policies.**

Grantee shall not violate nor knowingly permit to be violated any condition of the policies required under Section 8 of this Agreement.

9. **Release and Indemnity:**

(a) Grantee hereby releases, waives and forever discharges Grantor and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns from any and all past, present and future Claims (as defined below), known or unknown, that Grantee now has or may have against Grantor and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns arising from (i) the physical condition of the



Easement Area or Access Routes, (ii) Grantee's exercise of its rights under this Agreement, or (iii) Grantee's use of or presence within the Easement Area and Access Routes; provided, however, that the foregoing release shall not apply to and shall not be construed to waive or discharge any Claims arising directly from Grantor's breach or default of this Agreement. As part of this release, Grantor represents that it has no actual knowledge (without a duty to inspect) of any defects with regard to the physical condition of the Easement Area or Access Routes or any other claims or issues which would prevent Grantee from enjoying the rights conferred herein.

(b) Grantee shall indemnify, defend and hold harmless Grantor and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns from and against any and all Claims arising or resulting from (i) Grantee's exercise of the rights granted to Grantee under this Agreement, (ii) Grantee's use of or presence within the Easement Area or Access Routes, or (iii) Grantee's breach or default of this Agreement; provided, that the foregoing indemnity shall not include Claims to the extent arising or resulting from Grantor's sole negligence or willful misconduct.

~~(c) Grantor shall indemnify, defend and hold harmless Grantee and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns from and against any and all Claims arising or resulting from (i) Grantor's exercise of any of its rights under this Agreement, (ii) Grantor's use of or presence within the Easement Area or Access Routes, or (iii) Grantor's breach or default of this Agreement; provided, that the foregoing indemnity shall not include Claims to the extent arising or resulting from Grantee's negligence or willful misconduct.~~

(b)

(c)(d) "Claims" shall mean all claims, rights, demands, liabilities, actions, lawsuits, liens, causes of action, costs, losses, damages, expenses, attorneys' fees, expert fees, consulting fees, judgments, fines, penalties, awards, fees, interest and all other obligations.

10. Notices:

(a) Any notice required or permitted to be given by either party to the other in connection with this Agreement, shall be given either by electronic delivery or by US mail, postage pre-paid, with confirmation of delivery and receipt, or by commercial delivery service, with confirmation of receipt, in any case sent to the other party as set forth below.

If to Grantee: Southern California Edison Company
1234 Main Street
Rosemead, CA 12345

Attn: John Doe, Right of Way Agent
Facsimile No. (123) 456-7890
Email:

With copy to: John R. Doe, Esq., Senior Counsel
1234 Main Street

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Rosemead, CA 12345
Facsimile No. (123) 456-7890
Email:

If to Grantor: Southern California Gas Company
Corporate Real Estate
Paul P. Sochiratna
555 West 5th Street
Los Angeles, CA 90013-1011
Email: psochiratna@semprautilities.com

Facsimile:

With copy to: Albert J. Garcia, Esq., Senior Counsel
555 West 5th Street, GT14E7
Los Angeles, CA 90013
Email: ajgarcia@semprautilities.com
Facsimile No. (213) 244-2976

With copy to: Southern California Gas Company
Joe Munsey, RPL, Senior Land Advisor
9400 Oakdale Avenue
Chatsworth, CA 91313
Email: jmunsey@semprautilities.com
Facsimile No. (213) 226-4005

Either party may from time to time, by written notice to the other, designate a different address, which shall be substituted for the one above specified. If any notice from one party to the other is given by registered or certified mail, usual time for transmission of mail shall be computed and at the end of such time service of notice will be considered made.

11. Surrender of Easement Area:

(a) Unless otherwise extended by the parties, this Agreement and the rights and privileges herein granted shall terminate if the Grantee has not begun its initial construction of the Transmission Facilities **two (2) years from the date of this Agreement.**

(b) Within sixty (60) days after any termination of this Agreement, Grantee shall, **upon written request,** execute and record a good and sufficient quitclaim deed, quitclaiming to Grantor all of Grantee's right, title and interest in and to the Easement Area and Access Routes or under this Agreement, with the County Recorder for the County of Los Angeles **on a form mutually acceptable to Grantee and Grantor.**

(c) Upon termination of this Agreement, Grantee shall provide Grantor with a written proposal regarding Grantee's proposed course of action with respect to the removal and/or-abandonment of the Transmission Facilities within the Easement Area. Grantor shall use commercially reasonable efforts to approve or disapprove such course of action within one hundred eighty (180) days. In the event that Grantor disapproves the proposed course of action, Grantee shall diligently work with Grantor to develop a course of action acceptable to

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Grantor with respect to the removal and/or abandonment of the Transmission Facilities. Upon completion of removal and/or abandonment of the Transmission Facilities, Grantee shall restore the Easement Area and Access Routes to the same or as good a condition as that which existed prior to the grant of this Agreement, to the extent practicable, and deliver the premises free and clear from any trash, rubbish, waste, debris, Equipment and Hazardous Materials.

12. Termination of Easement:

~~(a) If Grantee, in its sole discretion, determines that this Agreement is no longer required for the conduct of its business or if either the Easement Area Access Route are intentionally abandoned by Grantee, upon receipt of written request from Grantor, Grantee shall furnish Grantor a good and sufficient quitclaim deed in recordable form, quitclaiming to Grantor all of Grantee's right, title and interest in and to (as applicable) either the Easement Area or Access Routes or under this Agreement at no cost, including any administrative fees, to the Grantor. Notwithstanding the foregoing, if Grantee does not use the Transmission Facilities for the Permitted Purpose or intentionally abandons the Transmission Facilities for a continuous period of two (2) years (periods of repair work, facility upgrades, and maintenance excluded) Grantor shall have the right to terminate both the Easement Area and Access Routes and this Agreement, and upon receipt of written request from Grantor, Grantee shall provide Grantor a quitclaim deed as described above at no cost, including administrative fees, to the Grantor.~~

~~(b) The Parties agree that no permanent rights, in connection with such foregoing rights granted in this Agreement affecting the Property, will survive should either the Transmission Facilities be surrendered, terminated or abandoned, whether or not the Grantee expressly reserves such rights in any instrument of surrender or any quitclaim deed.~~

13. Transmission Facilities Relocation:

If, during the term of this Agreement, Grantor determines that Grantee must relocate all or part of its Transmission Facilities due to a conflict or interference between the Transmission Facilities and Grantor's use of the Property or business operations, then Grantor shall provide another easement in a location satisfactory to Grantee for the placement of its Transmission Facilities upon the same terms and conditions of this Agreement, except for property location, and Grantee shall relocate the affected Transmission Facilities at Grantor's sole cost and expense. Grantee shall reconvey the portion of the Easement Area previously required for such relocated Transmission Facilities upon completion of such relocation.

14. Default:

Upon any breach or default of any Party under this Agreement, the non-defaulting Party may pursue any right or remedy available at law or in equity.

15. Assignment:

The Easement Area and Access Routes granted in this Agreement shall run with the land and shall be binding upon and inure to the benefit of Grantor's and Grantee's successors-in-interest. Grantee may not assign the Easement Area and Access Routes, this Agreement or any of the rights granted to Grantee under this Agreement, in whole or



in part, to any other person or entity without the prior written consent of Grantor, which shall not be unreasonably withheld, and any such purported assignment without Grantor's prior written consent shall be null and void. No consent shall be required for an assignment of the rights granted herein to a wholly owned subsidiary of Grantee or Edison International or to another publicly regulated utility.

16. Attorney's Fees:

If either Party files any action or brings any proceeding against the other arising from or related to this Agreement, the Prevailing Party shall be entitled to recover from the other Party (as an element of its costs of suit and not as damages) reasonable attorneys' fees (including both in-house and outside attorney's fees), costs and expenses incurred by the Prevailing Party in such action or proceeding (including any appeals). For the purposes of this Section 16, the term "Prevailing Party" shall mean the Party that is entitled to recover its costs of suit for the proceeding, whether or not the same proceeds to final judgment.

17. Time of the Essence:

Time is of the essence of each and all of the terms and provisions of this Agreement.

18. Governing Law and Venue:

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its conflicts of law principles.

(b) The Parties hereby agree that any legal action or proceeding arising out of this Agreement shall be brought in a state court of competent jurisdiction in Los Angeles, California. By execution and delivery of this Agreement, each of the Parties hereby irrevocably accepts and submits to the jurisdiction of such courts, generally and unconditionally, in connection with any such legal action or proceeding.

19. Rules of Construction:

(a) Headings contained in this Agreement are solely for the convenience of the Parties and are not a part of and shall not be used to interpret this Agreement. The singular form of any word shall include the plural form and vice versa. Any reference to "days" shall mean calendar days unless expressly designated as "business days".

(b) This Agreement has been prepared, examined, negotiated and revised by each Party and its counsel, and no implication shall be drawn and no provision shall be construed against any Party hereto by virtue of the purported identity of the drafter of this Agreement.

20. No Prescriptive Rights:

In no event shall any party acquire any interest in the Property or the Easement Area and Access Routes, including but not limited to any prescriptive rights, by virtue of this Agreement or any holding over on or failure to vacate or surrender the Easement Area and Access Routes after the termination of this Agreement.

21. Reservations:

(a) This Agreement is made subject to all valid and existing licenses, leases, grants, exceptions, reservations or other matters of record, or not of record, affecting the

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Easement Area and Access Routes. To Grantor's actual knowledge, without a duty to inspect, Grantor is unaware of any such items which would preclude Grantee from the use and enjoyment of the rights herein granted.

(b) Grantor reserves the full enjoyment of the Easement Area and Access Routes for all purposes except those expressly granted herein to Grantee and which do not interfere with the rights granted to the Grantee. Without limiting the foregoing, Grantor expressly reserves all rights relating to i.) aboveground and underground utility fixtures, which utility fixtures may be electric lines or pipelines, or both; including all related equipment, access routes, facilities and operations related thereto, that be in, on, under or upon the Easement and Access Routes, and ii.) oil, gas and all other associated hydrocarbons, geothermal steam, naturally heated waters, thermal energy and gases, underground water and other minerals not covered hereby; and the exclusive right to prospect and explore for and to extract and produce same without any interference or obstruction by the Grantee that may be in, on, under or upon the Easement Area and Access Routes; provided that any operations shall not be conducted from or upon the surface of the Easement Area. Grantee agrees to review and discuss Grantor's need(s) for any of its operations described in this Section which may affect the surface of the Easement Area at any time and from time to time when so requested by Grantor. Grantee's consent to the Grantor conducting such operations upon the surface of the Easement Area shall be evidenced in writing; such consent shall not be withheld.

(c) Grantee is fully aware the Grantor operates an underground gas storage facility and Grantee acknowledges and agrees Grantor owns all rights, title and interest in and under the Easement Area Access Routes to i.) any and all storage rights and zones; and ii.) any and all gas which has been introduced, stored, cycled, in or removed or produced from Grantor's operations, and reserves the right to continue such operations.

(d) Grantee shall not assail or resist Grantor's title or interest in the Property with the exception of defending any of the rights conferred herein Easement Area and Access Routes, whether by the exercise of the rights granted herein or otherwise. Other than the rights expressly granted herein, this Agreement shall not be construed to alter any of Grantor's rights, title and interest in and to the Easement Area and Access Routes.

(e) Grantor acknowledges and agrees that no royalties, production payments, rentals or any other consideration shall ever be due the Grantor resulting from the rights granted herein and from any of the Minerals in or under or which may be saved and produce on or from the land, or any lands adjacent thereto or other lands in the general vicinity; that the Grantor has no interest in any such well or wells drilled under the provisions of this Grant of Easement.

(f) Grantee is fully aware the Property has third parties who hold rights and operate certain facilities which could affect the Easement Area and Access Routes. The Grantor is not responsible for any damages to the Transmission Facilities or its use of the Access Routes caused by or related by third parties. The Grantor shall be released and indemnified from any third party acts using the language as written in Paragraph 9 as though said Paragraph 9 had been written in its entirety herein. **[NOTE FOR SCE-HAVE WE PULLED A PTR AND SOUGHT SUBORDINATIONS?]**

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22. Taxes:

Grantee shall pay all taxes levied upon or assessed against its improvements, fixtures and personal property lying within the Easement Area and Access Routes.

23. Warranties

Grantor make no warranties, either express or implied, as to the title, possession, quiet enjoyment, right of use, or any other warranty unless otherwise set forth herein.

24. Entire Agreement; Amendment:

This Agreement contains the entire agreement of the Parties with respect to the matters set forth in this Agreement and supersedes all prior agreements, oral or written, between the Parties with respect to the matters set forth in this Agreement. This Agreement may not be amended except by a written instrument signed by the Parties.

25. Counterparts:

This Agreement may be executed in counterparts, each of which shall be an original and all of which, taken together, shall constitute one and the same instrument.

SEE NEXT PAGE FOR SIGNATURES



IN WITNESS WHEREOF, Grantor and Grantee have executed this Agreement as of the Effective Date.

Grantor:

Southern California Gas Company, a California corporation, by

X

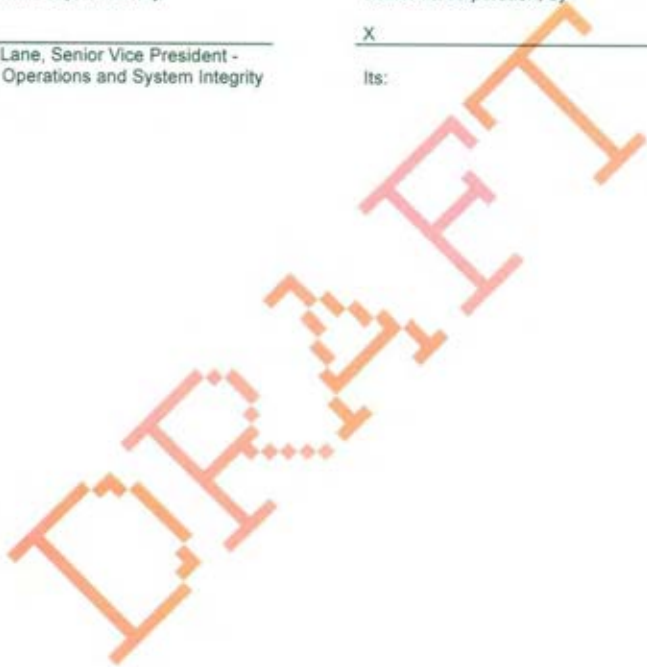
J. B. Lane, Senior Vice President -
IGas Operations and System Integrity

Grantee:

Southern California Edison Company, a California corporation, by

X

Its:





ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF _____)ss

On _____, 20__ before me, _____
(Insert Name and Title of Officer Here),

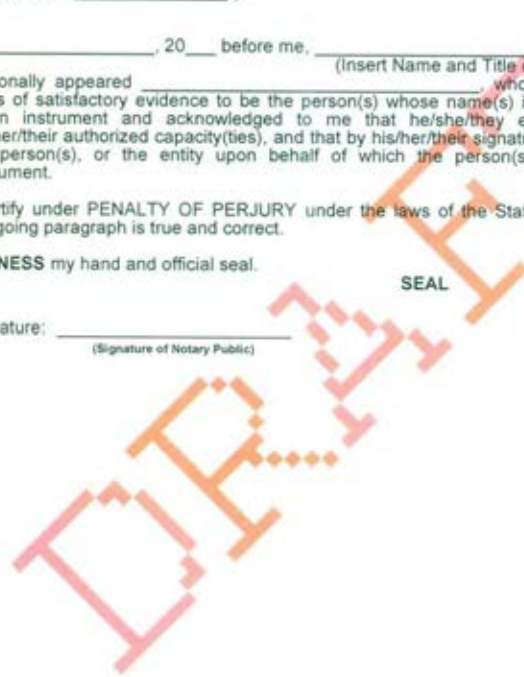
personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SEAL

Signature: _____
(Signature of Notary Public)





ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF _____) ss

On _____, 20__ before me, _____
(Insert Name and Title of Officer Here),

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SEAL

Signature: _____

(Signature of Notary Public)

Commission #: _____

Commission Expiration: _____

Recording Requested by and when recorded mail to:
SDG&E / Sempra Energy Utilities
For
Southern California Gas Company
P. O. Box 513249 - ML GT11A1
Los Angeles, CA 90051-1249
Attn.: Land & Right of Way

Atlas #: _____ DOCUMENTARY TRANSFER TAX \$ _____
APN: _____ Computed on full value of property conveyed
_____ Computed on full value less liens and encumbrances remaining at time of sale
_____ Southern California Gas Company

GRANT OF EASEMENT (RIGHT OF WAY)

R.W.

FOR VALUABLE CONSIDERATION, , ("Grantor"), hereby grants to Southern California Gas Company, a California corporation, its successors and assigns ("Grantee"): an exclusive easement ("Parcel 1") and a non-exclusive easement ("Parcel 2") to lay, construct, maintain, operate, repair, replace, patrol, change the size of, add to, or remove from time to time, as Grantee deems necessary, one or more pipelines and conduits, together with metering, measuring, regulating, cathodic protection, communications and other appurtenances (all hereinafter referred to as the "Facilities") for the transportation of natural gas, over, under, through, along, and together with the reasonable right of ingress and egress to and from the easement Facilities and the right to use Grantor's abutting property during construction and maintenance of the Facilities. Parcel 1 and Parcel 2 are located in the County of Ventura, California, described in Exhibit "A" and depicted in Exhibit "B" (together "The Easement") attached hereto, and made a part of this agreement.

Grantor, for its heirs, successors and assigns, agrees that no change of grade of the Easement shall be made, that it shall not be inundated, that it shall be kept free of trees, deep-rooted shrubs, buildings and structures of all kinds (except for Grantee's Facilities), and that nothing shall be done that unreasonably interferes with Grantee's use of the Easement.

Grantee shall have the right to fence or place barricades within Parcel 1.

This Easement shall be binding upon and inure to the benefit of successors, heirs, and assigns of Grantor and Grantee.

IN WITNESS WHEREOF, these presents are hereby signed this ____ day of _____, 20__.

GRANTOR:

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF _____ }
 }ss
COUNTY OF _____ }

On _____, 200__ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

Signature _____
Commission #: _____
Commission Expiration: _____

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF _____ }
 }ss
COUNTY OF _____ }

On _____, 200__ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

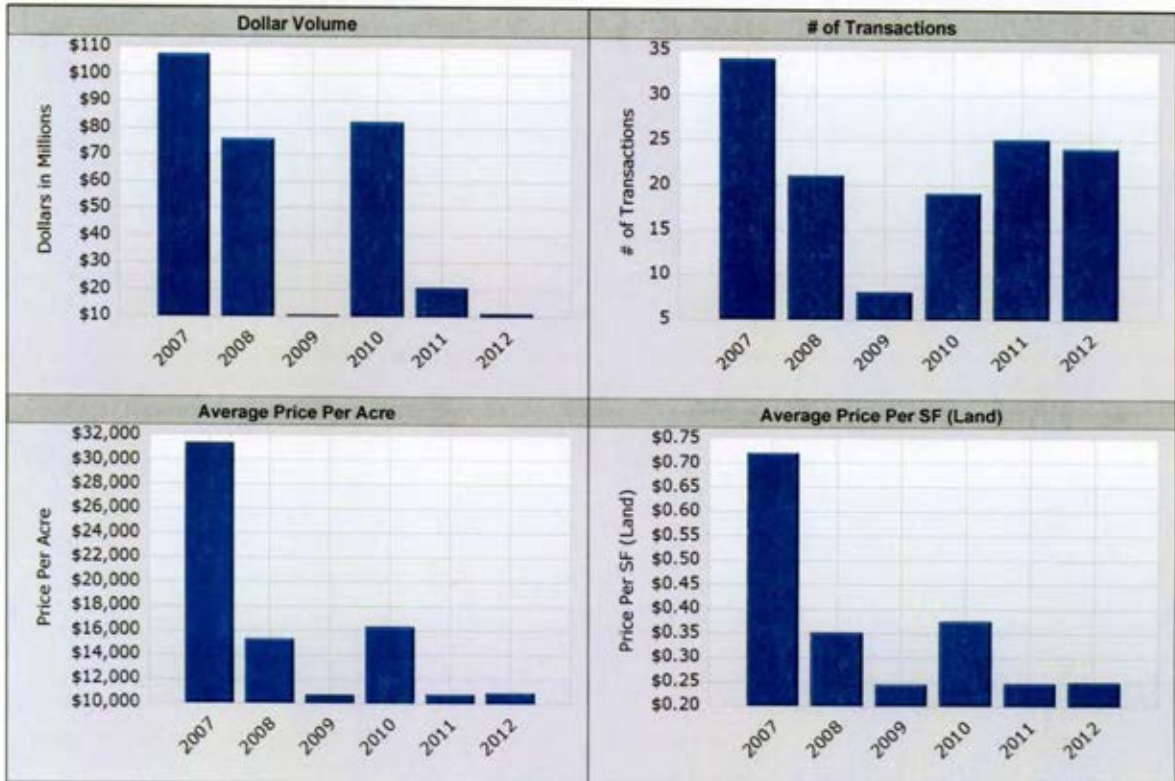
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

Signature _____
Commission #: _____
Commission Expiration: _____

Trend Report



Legend:		Report Time Frame: 01/01/2007 - 10/09/2012	
		Sale Date: 1/1/2007 - 10/9/2012	
		Sold Transactions	For Sale & UC/Pending
Current Survey	Sold Transactions	131	4
	Time Interval - Annual		
Number of Transactions		131	4
Total Dollar Volume		\$306,930,587	\$1,920,000
Total Bldg Square Feet		0	0
Total Land in Acres		52,290.73	825.00
Total Land in SF		2,277,784,199	35,937,000
Average Price		\$5,031,649	\$480,000
Average Number of SF		0	0
Average Price Per Bldg SF		-	-
Median Price Per SF		-	-
Average Number of Acres		399.17	206.25
Average Number of SF(Land)		17,387,666	8,984,250
Average Price Per Unit		-	-
Median Price Per Unit		-	-
Average Number of Units		-	-
Average Price Per Acre		\$17,707	\$2,327
Average Price Per SF(Land)		\$0.41	\$0.05
Median Price Per Acre		\$11,991	\$2,218
Median Price Per SF(Land)		\$0.28	\$0.05

Survey Criteria

Location: Location method - County; Counties - Los Angeles (CA), Riverside (CA), San Bernardino (CA), Ventura (CA)

Basic Criteria: Sale Status - Sold, Under Contract; Property Type - Land; Secondary Type - Residential; - Exclude Detrimental Conditions; Sale Date - 1/1/2007 - 10/9/2012; Land Area (AC) - 100.00 - 20,000.00; - Include Public Record Comps

Trend Report

	07		08	
	Sold Transaction	For Sale & UC/Pending	Sold Transaction	For Sale & UC/Pending
Number of Transactions	34	0	21	0
Total Dollar Volume	\$107,056,500	\$0	\$75,877,633	\$0
Total Bldg Square Feet	0	0	0	0
Total Land in Acres	7,464.60	-	5,518.06	-
Total Land in SF	325,157,976	-	240,366,694	-
Average Price	\$7,137,100	-	\$3,993,560	-
Average Number of SF	0	0	0	0
Average Price Per Bldg SF	-	-	-	-
Median Price Per SF	-	-	-	-
Average Number of Acres	219.55	-	262.76	-
Average Number of SF(Land)	9,563,470	-	11,446,033	-
Average Price Per Unit	-	-	-	-
Median Price Per Unit	-	-	-	-
Average Number of Units	-	-	-	-
Average Price Per Acre	\$31,354	-	\$15,269	-
Average Price Per SF(Land)	\$0.72	-	\$0.35	-
Median Price Per Acre	\$11,991	-	\$12,400	-
Median Price Per SF(Land)	\$0.28	-	\$0.28	-

	09		10	
	Sold Transaction	For Sale & UC/Pending	Sold Transaction	For Sale & UC/Pending
Number of Transactions	8	0	19	0
Total Dollar Volume	\$10,210,454	\$0	\$82,148,000	\$0
Total Bldg Square Feet	0	0	0	0
Total Land in Acres	4,865.17	-	6,862.31	-
Total Land in SF	211,926,805	-	298,922,224	-
Average Price	\$2,552,614	-	\$8,214,800	-
Average Number of SF	0	0	0	0
Average Price Per Bldg SF	-	-	-	-
Median Price Per SF	-	-	-	-
Average Number of Acres	608.15	-	361.17	-
Average Number of SF(Land)	26,490,851	-	15,732,749	-
Average Price Per Unit	-	-	-	-
Median Price Per Unit	-	-	-	-
Average Number of Units	-	-	-	-
Average Price Per Acre	\$10,620	-	\$16,286	-
Average Price Per SF(Land)	\$0.24	-	\$0.37	-
Median Price Per Acre	\$1,884	-	\$13,750	-
Median Price Per SF(Land)	\$0.04	-	\$0.32	-

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Trend Report

	11		12	
	Sold Transaction	For Sale & UC/Pending	Sold Transaction	For Sale & UC/Pending
Number of Transactions	25	0	24	4
Total Dollar Volume	\$20,693,000	\$0	\$10,945,000	\$1,920,000
Total Bldg Square Feet	0	0	0	0
Total Land in Acres	20,075.12	-	7,505.47	825.00
Total Land in SF	874,472,227	-	326,938,273	35,937,000
Average Price	\$2,586,625	-	\$2,189,000	\$480,000
Average Number of SF	0	0	0	0
Average Price Per Bldg SF	-	-	-	-
Median Price Per SF	-	-	-	-
Average Number of Acres	803.00	-	312.73	206.25
Average Number of SF(Land)	34,978,889	-	13,622,428	8,984,250
Average Price Per Unit	-	-	-	-
Median Price Per Unit	-	-	-	-
Average Number of Units	-	-	-	-
Average Price Per Acre	\$10,712	-	\$10,812	\$2,327
Average Price Per SF(Land)	\$0.25	-	\$0.25	\$0.05
Median Price Per Acre	\$11,262	-	\$16,555	\$2,218
Median Price Per SF(Land)	\$0.26	-	\$0.38	\$0.05

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HISTORY

Valentine Appraisal & Associates was founded by Gary Valentine, MAI, ASA, SR/WA, CCIM, provide valuations of real estate, closely held businesses and consulting for agricultural, commercial, industrial, land, residential, right-of-way, and special purpose properties.

Mr. Valentine began his career in Fresno, California, where he specialized in residential and agricultural valuations, including closely held businesses. After two years in Fresno, he moved to San Francisco and was hired as an associate appraiser for Southern Pacific Transportation Company, specializing in right-of-way valuation for sale, purchase, lease, easement, and condemnation purposes.

After five years with Southern Pacific Transportation Company, he accepted an offer to work as a senior appraiser with Marshall and Stevens, one of the largest appraisal firms in the United States. There he appraised all types of real properties in both the United States and Mexico, and he appraised closely held businesses including auto dealerships, gas stations, hospitals, hotels/motels, restaurants, adult care facilities, and more.

In 1994, Mr. Valentine joined Valentine and Valentine, later to be known as Valentine Appraisal & Associates. Bringing with him over 11 years of appraisal experience, he specializes in all types of real estate valuations and consulting.

Active in the right-of-way industry, he is a Past President of the Los Angeles Chapter of the International Right-of-Way Association with 300 local members.

Mr. Valentine has been an expert witness in the Superior Court, Administrative Boards Hearings, and has been successful at challenging property taxes in front of the Los Angeles and Orange County Assessor's Boards of Appeal.

WE SERVE

The clients include many of the nation's most distinguished corporations, institutions, and governmental agencies.

The company also serves the appraisal and consulting needs of individual entrepreneurs, commerce and industry, health and educational institutions, land developers, taxing authorities, and local, state and federal governments, as well as foreign industries.

VALENTINE APPRAISAL & ASSOCIATES

CONSULTING

Valentine Appraisal & Associates works closely with diversified groups.

ACCOUNTANTS AND FINANCIAL CONSULTANTS: Pre-acquisition or merger valuation counseling, allocation of purchase price, property records and control, return on investment.

ATTORNEYS: Estate planning, eminent domain and condemnation proceedings, ad valorem issues, bankruptcy and foreclosure.

BANKERS AND TRUST OFFICERS: Financing areas, inheritance and estate cases, gift tax services.

CORPORATE OFFICERS: Pre-acquisition or merger valuation counseling, allocation of purchase price, tax purposes (federal and ad valorem), sale or purchase, insurance, condemnation.

GOVERNMENT OFFICIALS: Fixed assets accounting for real estate; valuation of property administered by agencies of the government; real estate to be acquired by eminent domain, public highways, urban renewal, public parks and easements; and valuation consulting to state and local property assessment and appraisal offices.

INSURANCE AGENTS, BROKERS, ADVISORS, AND COMPANIES: Correct amount of insurance for placement purposes, proper valuation of varying assets for rate-making purposes, and assistance at the time of casualty to prove the amount of loss.

MANAGEMENT CONSULTANTS: Feasibility studies, plant site selection, analyses in acquisition studies, and other areas where property economics become a part of the management consultant's contracted services.

WE APPRAISE

Valentine Appraisal & Associates appraises real estate, closely held businesses, and provides consulting.

BUILDINGS: Industrial complexes, commercial buildings, multi-family residential property, housing developments, hotels, hospitals, schools, and institutional and public property.

CLOSELY HELD BUSINESSES: Farms, dealerships, retail stores, general and professional service, industrial distribution, manufacturing,

VALENTINE APPRAISAL & ASSOCIATES

hospitals, adolescent and senior care facilities, recreation and other businesses for gift, estate, inheritance taxes, estate planning, selling, merging, acquiring, or divesting, marital, partnership, corporate dissolutions, damage cases, and bankruptcy reorganizations.

LAND AND LAND IMPROVEMENTS: Industrial, commercial, and residential sites; potential industrial, commercial, and residential acreage; farm land and ranch lands; large government tracts; and land improvements such as paving, water, sewage, drainage systems, and transportation corridors.

LEASEHOLD IMPROVEMENTS: Items of a structural nature built by a lessee.

PROPERTY RIGHTS: Right-of-way, easements, nonconforming use, water, air access, subterranean, and partial interest.

PROFESSIONAL QUALIFICATIONS FOR GARY S. VALENTINE, MAI, ASA, SR/WA, CCIM

Valentine Appraisal & Associates
23942 Lyons Avenue, Suite 212
Santa Clarita, CA 91321
www.valentineappraisal.com

Ph 661-288-0198 (wk)
Ph 661-288-0197 (fax)
gsv@valentineappraisal.com

PRESENT POSITION

As owner/appraiser of Valentine Appraisal and Associates, I specialize in real estate and closely-held business valuations.

PROFESSIONAL AFFILIATIONS

I am a certified general appraiser in California (AG006526), an MAI designated member of the Appraisal Institute, an accredited senior appraiser, real property/urban, of the American Society of Appraisers, and a senior member of the International Right of Way Association, a designated Certified Commercial Investment Member, and a member of the Forensic Expert Witness Association. I served as President in 1996 of the International Right of Way Association, Chapter 1, Los Angeles. I am a licensed real estate broker in California.

EXPERIENCE

I have been exclusively appraising real estate and closely-held businesses since 1983. My experience includes reviewing and appraising residential, commercial, industrial, agricultural, transportation corridors, and other special use properties in California, other parts of the United States and in Mexico.

Appraisals are prepared for sale, purchases, insurance, lease, financing, income tax, assessment appeals, condemnation, allocation of purchase price, estate and corporate planning. I have also performed extensive economic feasibility studies, business valuations and real estate market analyses for proposed development of urban real estate, real estate investments, cash flow analyses, and economic projections.

EMPLOYMENT

I am owner of Valentine Appraisal & Associates and have been a Professor, teaching appraisal classes, at the College of the Canyons in Santa Clarita, California. Prior experience includes thirteen years of being owner/partner of a Valentine Appraisal & Associates, four years with Marshall and Stevens in Los Angeles, the second largest appraisal firm in the Country, five years with Southern Pacific Transportation Company appraisal departments in San Francisco and Los Angeles, and two years with a private valuation firm in Fresno, California.

EDUCATION

I hold a B.S. in Business Management from Brigham Young University, Provo, Utah, and have completed numerous courses and seminars sponsored by the

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American Society of Appraisers, and by the Appraisal Institute including Business Valuation, Real Estate Appraisal Principles; Basic Valuation Procedures; Standards of Professional Practice; Capitalization Theory and Techniques (Parts A and B), Case Studies in Real Estate Valuations, Discounted Cash Flow in Subdivision Analysis and Valuation Analysis; Report Writing; Advance Partial Acquisition; Highest and Best Use and Market Analysis; Non-Residential Demonstration Appraisal Report Writing; Litigation Appraising: Specialized Topics and Applications; Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets. I have successfully completed courses and seminars sponsored by the International Right of Way Association including Easement Valuation; Right-of-Way Valuation; Engineering; Real Estate Law; Group Communications; Bargaining Negotiations; and Valuation of Contaminated Properties; and Uniform Appraisal Standards for Federal Land Acquisitions. Also, I attended the Expert Witness Summit, a class sponsored by the Forensic Expert Witness Association, and I am certified to use the Yellow Book for federal land acquisitions. I have obtained the Certificate of Completion for the Valuation of Conservation Easements, a Certificate Program developed with the approval of the Land Trust Alliance. And I have also successfully completed CCIM Courses, CI 101, Financial Analysis for Commercial Investment Real Estate; CI 102, Market Analysis for Commercial Investment Real Estate; CI 103, User Decision Analysis for Commercial Investment Real Estate, Investment Analysis for Commercial Investment Real Estate, CI 104, .

INSTRUCTOR

I taught advanced real estate appraisal courses at the College of the Canyons and have presented numerous seminars for the IRWA on various appraisal topics.

PUBLISHED ARTICLES

"Appraising a Transportation Corridor", International Right of Way Magazine, November/December 1998; "A Practical Approach in Appraising a Pipeline Easement", International Right of Way Magazine, March/April 2008; "Fiber Optic Valuation", International Right of Way Magazine, July/August 2011

COURT TESTIMONY

I have been a qualified expert witness in Superior Court and the United States Bankruptcy Court

TAX APPEAL HEARING

I have presented cases before both the Los Angeles and Orange County Boards.

FOREIGN LANGUAGE

I speak Spanish fluently.

PROFESSIONAL QUALIFICATIONS FOR GARY S. VALENTINE, MAI, ASA, SR/WA, CCIM

INDUSTRIAL SPECIALIZATIONS

Agriculture
Automotive dealers and service stations
City, State and Federal Governments
Commercial banks
General building contractors
Golf courses
Hospitals
Hotels and motels
Insurance agents, brokers and service
Legal services
Manufacturing industries
Mortgage bankers and brokers
Office and clinics of medical doctors
Pipelines
Railway
Schools
Subdividers and developers
Transportation corridors

PARTIAL LIST OF CLIENTS PERSONALLY SERVED

Asset Management

Coopers & Lybrand Sigma
Emerson Asset Management Group
Equity Assets Management
Independent One Asset Management

Automotive

Arrow Volvo
Cerritos Ford
Thorson GMC
Toyota Motor Credit Corp.

Financial Institutions

American Security Bank
Antelope Valley Bank
Bank of Santa Clarita
Bank One
Citizens Business Bank
Citizens Commercial Bank
East West Bank
First Financial Credit Union
First Valley National Bank
Foothill Independent Bank
GMAC Mortgage
Home Bank
Santa Barbara Bank & Trust
Sumitomo Bank
Sun Country Bank
Universal Bank
United National Bank

PROFESSIONAL QUALIFICATIONS FOR GARY S. VALENTINE, MAI, ASA, SR/WA, CCIM

Wells Fargo Bank

Government

City of Alhambra
City of Culver City
City of Industry
City of Lancaster
City of Los Angeles
City of Mission Viejo
City of Oxnard
City of Palmdale
City of Pasadena
City of Riverside
City of Santa Barbara
City of Santa Clarita
City of Santa Monica
City of Santa Paula
City of Temecula
Concord Redevelopment Agency
Federal Deposit Insurance Corporation
Helix Water District
Los Angeles County Metropolitan Transportation Authority (LACMTA)
Port of Los Angeles
Riverside County Transportation Commission
State of California

Hospital/MOB

Anaheim General Hospital
Bay Harbor Hospital
Megan Medical Center
Oak Grove Institute
Procto
Unihealth
Westminster Medical Group

Industrial

Aero Kraft Tools, Inc.
Bullet Freight Systems
ConocoPhillips Company
GTE
Memorex/Telex Incorporated
Nalco Chemical
Packaging Corporation of America
Southern California Edison
Southern California Gas Company
Union Pacific Railroad

Legal

Arter and Hadden
Demetriou, Del Guercio, Springer & Moyer
Kane, Ballmer & Berkman
Latham and Watkins

PROFESSIONAL QUALIFICATIONS FOR GARY S. VALENTINE, MAI, ASA, SR/WA, CCIM

Sullivan, Workman & Dee

Retail

Pier 1 Imports
Sears, Roebuck & Co.
Target
Alpine Unified School District
El Segundo Unified School District
La Mirada Unified School District
Mount San Antonio Community College
West Covina Unified School District

Syndication

Cerritos Investment Group
G.E. Capital Investments
MIG Realty Advisors
Property Holding Co.
SHL Properties Realty Advisors
The CIT Group

Miscellaneous

Catellus Development Corp.
Center Land Company
LKS Investment
Pettit & Martin
San Thomas Properties
State Compensation, Inc.
Temple Investments

PARTIAL LIST OF SPECIAL APPRAISAL ASSIGNMENTS

4 Advertising Billboard Signs near LAX – Fair market rent for advertising on the high-end billboard signs and market rents to the land owners to assist the client in new lease negotiations, Los Angeles, CA (LACMTA)

Acreage – 1300 acre parcel, Boy Scouts of America Reservation, Los Angeles County, CA (City of Industry)

Best Western Executive Inn - a 134 room motel built in 1988 and located in Roland Heights, CA, (Textron Financial Corp.)

Car Wash and Two Cell Site Towers- Leased fee interest of two cell site towers, a 2,916 square foot car wash building, land improvements, furniture, fixtures, equipment, going concern value for acquisition purposes, Los Angeles, CA (CRA-LA)

Civic Center – feasibility analysis of 7 buildings equaling 146,747 square feet, built between 1923 and 1977, Corona, CA (City of Corona)

Contaminated Improved Industrial Property- 24,032 square foot industrial building built in 1967 with hydrocarbons in soil and in groundwater, Los Angeles, CA (ConocoPhillips)

PROFESSIONAL QUALIFICATIONS FOR GARY S. VALENTINE, MAI, ASA, SR/WA, CCIM

Countryside - a proposed 53 unit residential planned development on 4.95 acres in West Covina, (East-West Federal Bank)

Eminent Domain for Airport Expansion - 2 parcels and improvements, Riverside, CA. (City of Riverside)

2 Parcels for Eminent Domain – presently improved with a surface parking lot on Hollywood Boulevard, Hollywood, CA (City of Los Angeles)

Multiple Tenant Business Park for Eminent Domain – for a partial take to construct an interchange project for the Golden Valley Road, Santa Clarita, CA (City of Santa Clarita)

Open Space Land for Eminent Domain – for a partial take along the west side of San Fernando Road in order to construct a public road extension at the Via Princessa over pass, Santa Clarita, CA (City of Santa Clarita)

Retail Building and Lumber Yard for Eminent Domain – for the expansion of the Jan Heidt Metrolink Station, Santa Clarita, CA (City of Santa Clarita)

5 Improved Properties and 1 Vacant Lot for Eminent Domain – including two industrial buildings, one retail store, two mixed use properties and one vacant lot along Fair Oaks Avenue in Pasadena for the development of Heritage Square, Pasadena, CA (City of Pasadena)

Industrial Manufacturing Facility for Eminent Domain – for the development of a material recovery transfer station, City of Industry, CA (City of Industry)

Automobile Sales Lot for Eminent Domain – for expansion of the adjacent auto dealership, Alhambra, CA (City of Alhambra)

A portion of an existing Transportation Corridor for Eminent Domain – for an underground transverse crossing, Anaheim, California (The Gas Company)

A portion of an existing Transportation Corridor for Eminent Domain – for a surface and subsurface easement, Salt Works Station, Los Angeles, CA (The Gas Company)

Avigation Easement – including 6 improved properties at the Fullerton Municipal Airport, Fullerton, CA (City of Fullerton)

5 Commercial Properties for Eminent Domain – including a restaurant, an office building, an auto service garage, a cleaners and a parking lot, Alhambra, CA (City of Alhambra)

Car Wash for Eminent Domain – for a proposed library on Sunset Boulevard, Los Angeles, CA (City of Los Angeles)

PROFESSIONAL QUALIFICATIONS FOR GARY S. VALENTINE, MAI, ASA, SR/WA, CCIM

Industrial Property for a Partial Taking for Eminent Domain – at Soto Street and Washington Boulevard for part of the North End Segment of the Alameda Corridor Project (Alameda Corridor Engineering Team)

Manufacturing Facility for Eminent Domain – on Santa Barbara Street for the Santa Paula Branch Line Recreational Trail (City of Santa Paula)

3 Parcels for Eminent Domain – including a residential duplex, single family dwelling and a vacant lot for the development of a court house, Palmdale, CA (City of Palmdale and Kane, Ballmer & Berkman)

25 Parcels a 1 Residential Dwelling for Eminent Domain – for expansion of the Marie Kerr Park, Palmdale, CA (Security Land and City of Palmdale)

36 Parcels for Eminent Domain – for preliminary study, including single family dwellings, multiple residential apartments, and office buildings, Palmdale, CA (City of Palmdale)

Dairy Farm - on an 18.66 acre site with 250 cow milking facility in Fresno, CA. (Vivenzi Family)

Devine Farm - 81 acres of almond and Clingstone peach orchard located in Fresno, CA. (Devine Farms, Inc.)

Fractional Interest - 26.94 acre citrus farm, Redlands, CA.. (Nullin Family Trust)

Golden Cheese Company - one of the largest cheese manufacturing facilities in the western United States encompassing nine buildings equaling 146,011 square feet on 28.47 acres in Corona, CA. (Bank of Tokyo)

Great Western Bank Corporate Campus - four detached buildings built in 1992. They include a ten story Class A office building, a parking structure, an employment center, and a child care center in Chatsworth, CA. (Great Western Bank)

Grocery Store – 48,950 square foot, single story structure built between 1955 and 1988, Covina, CA (Marketplace Properties)

Hudson Respiratory Care Facility - including three detached manufacturing buildings equaling 244,253 square feet on 29.30 acres located in Temecula, CA. (Hudson Respiratory Care, Inc.)

Historical Property – A 2-story, Queen Anne style structure with a gross living area of 3,513 square feet, built in 1892 with a detached 376 square foot fast food restaurant, built in 1959, in Pasadena, CA .(City of Pasadena)

Imperial School - a former school site of 5.66 acres in El Segundo, CA. (El Segundo Unified School District)

Landlocked single family dwellings - 2 detached dwellings built in 1991, Los Angeles, CA. (FDIC)

La Palma Medical Office Center - including two detached Class B medical office buildings on the campus of the La Palma Medical Center in La Palma, CA. (Unihealth America)

Lake Jennings Reservoir - including the reservoir, dam, pumping stations and pipeline right-of-ways located in San Diego, CA. (Helix Water District)

PROFESSIONAL QUALIFICATIONS FOR GARY S. VALENTINE, MAI, ASA, SR/WA, CCIM

Los Angeles Toy District - 21,922 square feet retail building built in 1990, Los Angeles, CA. (Foothill Independent Bank)

Memorex/Telex Research and Development Center - four attached modules containing 367,860 square feet on a 49.99 acre site located in Tulsa, OK. (Davis Polk and Wardwell)

Mexico - Amtech Reliable Elevator Co. manufacturing facility, including four detached buildings equaling 135,251 square feet on a 11 acre site in Rosarito, B.C., Mexico. (ABM Industries)

Oak Gove Institute - a proposed 72,998 square foot adolescent residential treatment center located on 8.87 acres in Murrieta, CA.. (Oak Grove Institute)

Parks - four city parks located in Temecula, CA. (City of Temecula)

Partially completed single family residential developments - Rancho Cucamonga, CA. (FDIC)

Proposed completed single family subdivision - La Canada, CA. (Foothill Independent Bank)

Proposed 34-unit apartment building - Los Angeles, Ca. (Foothill Independent Bank)

Review- appraisal review report of the benchmark land value study of industrial lots, acreage, port frontland, backland and water parcels owned by the Port of Los Angeles (Port of Los Angeles)

Riverside Community Hospital Medical Office Buildings - two detached Class A medical office buildings three and five stories high equaling a total area of 119,204 square feet. (Aid Association for Lutherans)

Shopping Center – 113,879 square foot, two-story structure, built in 1954, El Monte, CA (GMAC Mortgage)

Southmark Financial Center - a ten story Class A office building built in 1984 located in Long Beach, CA. (SHL Properties, Realty Advisors)

1.1 mile taking for a subsurface easement - a proposed 10-foot wide pipeline easement, Blythe, CA. (So. Cal. Gas Company)

1.5 mile transportation corridor - for acquisition purposes, Lakewood, CA. (So. Cal. Edison)

4-Mile Transportation Corridor - for a proposed recreation trail located in Sonoma, CA. (SPTCo)

5-Mile Transportation Corridor - for street widening located in Visalia, CA. (SPTCo)

7.2 mile pipeline - along the So. Cal. Edison transportation corridor, Long Beach, CA. (So. Cal. Gas Company)

37-Mile Transportation Corridor - located between Bakersfield and Taft for proposed freight and passenger service, Kern County, CA. (Kern Council of Governments and ICF Kaiser Engineering & Construction Co.)

87.93-Mile Transportation Corridor – Between Lone Pine, Inyo County and Searles Station, Kern County, CA (Union Pacific Railroad)

13,000-Mile System-wide Transportation Corridor - as part of a small and efficient appraisal team. I personally appraised much of the property in California, Texas, Louisiana, Arkansas and in Missouri for sale purposes for the Southern Pacific Transportation Company. (SPTCo)

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REVIEW APPRAIALS

Waterfront Beach Resort Site - I completed a technical review of the appraisal to estimate the market value rent adjustment for the subject property. (City of Huntington Beach, CA)

125.66 Acres, Angeles National Forest – the land located in the area known as “Lopez Canyon” area, consisted of ten contiguous parcels of land. The purpose of the report was to establish Fair Market Value of the subject. (Mountains Recreation and Conservation Authority)

ExxonMobil Permit in the Port of Los Angeles – I was to evaluate the completeness, accuracy, relevance, appropriateness and reasonableness of the work under review. (Alan, Williford & Sealek Inc)

Single Family Residence – located in Santa Clarita, unincorporated area. I reviewed the appraisal for possible litigation. (Ropers, Majeski, Kohn & Bentley)

18.28 Acres in Baldwin Hills – along the west side of La Cienega Boulevard. The report was to set forth my opinion of the quality, completeness, accuracy, and appropriateness of the work under review. (Buss-Shelger Associates)

19 Single Residence Homes – located in Bakersfield, CA. Evaluation of the methods and procedures utilized by the appraisers to determine if those methods and procedures were sound and reasonable. (Ropers, Majeski, Kohn, & Bentley)