

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

(See Attached Form)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5179
DECISION NO.

107

ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Aug 28, 2017
EFFECTIVE Oct 1, 2017
RESOLUTION NO. _____

CALIFORNIA PRODUCER INTERCONNECTION AGREEMENT
between

_____ and
SOUTHERN CALIFORNIA GAS COMPANY

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

RECITALS

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

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

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

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

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

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

SECTION 1
SCOPE OF AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Hinshaw Exemption - SoCalGas is exempt from jurisdiction of the FERC under the Hinshaw Exemption. SoCalGas shall not be required to take any action hereunder, including without limitation to enter into any contracts with third parties transporting Gas on Interconnector’s Facilities to the Interconnection Point, which for any reason jeopardizes or in

SoCalGas' sole opinion could reasonably raise a question regarding SoCalGas' retention of its Hinshaw Exemption under the Natural Gas Act (15 U.S.C. §717(c)). While SoCalGas has the right and obligation to take action to protect its Hinshaw Exemption status, SoCalGas shall notify the Interconnector as soon as SoCalGas becomes aware that any action under the Agreement jeopardizes its Hinshaw Exemption. SoCalGas shall make a good faith effort to allow the Interconnector an opportunity to take such actions as necessary to assist SoCalGas in eliminating the concern.

SECTION 2 **CONDITIONS PRECEDENT**

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

(b) Governmental Authorizations:

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

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

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

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

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

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

SECTION 3 **OPERATION AND MAINTENANCE FEES**

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

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

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

SECTION 4
GAS DELIVERIES

(a) Quality

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Suspension of Deliveries/Receipts –

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

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

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

SECTION 5
ASSIGNMENT

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

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

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

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

SECTION 6
NOTICES

(a) Form of Notice - All notices including invoices provided for herein shall be given in writing, and either hand delivered, or sent by prepaid priority courier, or sent by telephone facsimile (“telefax”) with original to follow by regular mail. In the case of courier delivery, delivery shall be deemed to occur three (3) business days after delivery to the courier by the sending Party and in the case of telefax the following business day after telephonic confirmation that the message was sent and received. Unless changed as set forth below, the addresses and telefax number of the Parties for purposes of this Section 6 are as follows:

Interconnector:
Mailing Address:

Telefax Number:

SoCalGas:

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

Telefax Number: (213) 244-_____

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

Interconnector:

Confirmation Telephone:

Contact:

SoCalGas:

Confirmation Telephone: (213) 244-_____

Contact:

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

SECTION 7

LIMITED WARRANTY

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

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

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

SECTION 8

INDEMNITY

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

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

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

SECTION 9 **DISPUTE RESOLUTION**

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

SECTION 10 **MISCELLANEOUS**

(a) **Choice of Law** - The formation, interpretation and performance of this Agreement shall be governed by the internal laws of the State of California, without reference to principles of conflicts of laws.

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

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

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

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

(f) Publicity - Any public statements, publicity or press releases concerning this Agreement and the transactions contemplated by this Agreement shall be jointly planned and coordinated by and between the Parties. No Party shall act unilaterally regarding such publicity or press releases without the prior written approval of the other Party, which approval shall not be unreasonably withheld.

(g) Credit –

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INTERCONNECTOR

By: _____

Title: _____

SOUTHERN CALIFORNIA GAS COMPANY

By: _____

Title: _____

EXHIBIT A: INTERCONNECTOR'S FACILITIES

TO THE CALIFORNIA PRODUCER INTERCONNECTION AGREEMENT

between

_____ and
Southern California Gas Company
Dated: _____, 20__

EXHIBIT B: INTERCONNECTION POINT AND SOCALGAS' FACILITIES

TO THE CALIFORNIA PRODUCER INTERCONNECTION AGREEMENT

between

_____ and
Southern California Gas Company
Dated: _____, 20__