

SAMPLE FORMS

Sheet 1

Contracts

Equipment Incentive Program Agreement, Form No. 6700-1 (11/08)

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(See Attached Form)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3922
DECISION NO.

1C10

ISSUED BY

Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Nov 17, 2008
EFFECTIVE Dec 17, 2008
RESOLUTION NO. _____

Date _____

**Southern California Gas Company's
Equipment Incentive Program Agreement
(Shareholder-Funded)**

Customer Name and Address:

Customer's Capacity:

__ Corp./__ Gen.__Ltd. Ptship./__Lim. Liab. Co.
__ California/__ Foreign
__ State __ Federal Governmental Entity__

Attn: _____

Fed. Tax ID _____ SIC Code _____

Telephone: _____

Equipment:

Facility:

Account # _____

Premises I.D. _____

The following provisions apply to Equipment Incentives:

Incentive \$ _____ • Maximum Percentage ____%. The Incentive will be paid by Southern California Gas Company (SoCalGas) as follows: ____% upon placement of the Equipment purchase order, ____% upon delivery of the Equipment to the Facility and the balance of ____% after the Commencement Date. In no event will the total Incentive or any individual payment exceed the Maximum Percentage of the amounts paid by Customer for the acquisition and installation of the Equipment. Verification of Customer's execution of Equipment acquisition agreement and of Customer's payment(s) will be required.

Purchase Order Date: The Purchase Order Date is the date a firm order for purchasing the Equipment has been placed with the Equipment vendor.

Commencement Date: The Commencement Date is the date the Equipment has been installed and has produced one hour of continuous operation.

Cut-off: Purchase Order Date must occur by _____ and Commencement Date must occur by _____ (or such later dates as SoCalGas and Customer may agree to in writing). If not, SoCalGas has no obligation to pay the Incentive; or, if a part of the Incentive has been paid, Customer shall refund such amount to SoCalGas, plus interest equal to SoCalGas' Authorized Rate of Return, promptly upon demand. If, in SoCalGas' reasonable opinion, the Commencement Date will not occur by the Cut-off date, no portion of the Incentive need be paid, or any paid portion shall be refunded as provided above.

Term of Use: _____ months from Commencement Date.

Early Termination: If, during the Term of Use, Customer (i) does not take gas service for the Facility from SoCalGas; or (ii) does not use the Equipment in the manner disclosed to SoCalGas prior to this Agreement; or (iii) wishes to terminate this Agreement, then the occurrence of any one of the events in (i) through (iii) above shall constitute an event of default, and SoCalGas may, at its sole option, declare this Agreement terminated and notify Customer of such termination in writing. Upon receipt of such notification, Customer agrees to immediately pay to SoCalGas an early termination charge. The early termination charge shall be calculated as the amount equal to the lesser of the original incentive received by the Customer plus interest equal to SoCalGas' Authorized Rate of Return from the date payment(s) were made, or the MAQ specified in the Rule No. 38 Special Conditions, Form No. 6700-1A, paragraph

7.4 multiplied by the number of years (or fractions thereof) remaining on the contract multiplied by the applicable Tariff Rate.

1. Information and Demonstration. Customer will provide information and documents reasonably requested by SoCalGas concerning the Equipment, including its acquisition, installation and operation (energy use and operating costs). This information may be provided to third parties, except for Customer's proprietary or trade secret information. Customer will provide SoCalGas with reasonable access to the Equipment to observe and monitor its performance. SoCalGas may demonstrate the Equipment to third parties and may advertise savings/benefits realized; but any advertising which identifies Customer is subject to Customer's prior written approval, which will not be unreasonably withheld. In its sole discretion, SoCalGas may waive any of these rights.

2. Tariff Service. Customer understands and agrees that as consideration for the Incentive paid by SoCalGas, during the Term of Use, Customer will take natural gas service (purchase and/or transportation) from SoCalGas for the Facility.

3. CPUC/Tariffs. This program is approved by the California Public Utilities Commission ("CPUC") and may be amended, modified, or terminated at any time by the CPUC. This Agreement is subject to the provisions of Rule No. 38 as amended from time to time and except as otherwise provided herein, to the terms and conditions of SoCalGas' other applicable tariff rules as amended from time to time, including but not limited to Rule No. 4, the terms of which are incorporated by reference.

4. No Ownership. SoCalGas will have no ownership interest in the Equipment, if any, and is not a partner of or joint venturer with Customer.

5. NO WARRANTIES BY SoCalGas AND LIMITATION OF LIABILITY.

5.1 Although SoCalGas shall have the right to review information regarding the Equipment and/or Consultant's proposal and Report, as set forth above, Customer understands and agrees that SoCalGas' review is for SoCalGas' own purposes in determining Customer's eligibility, calculating the amount of the Incentive and/or Payment for the Feasibility Study, and obtaining information on the Equipment's operation. SoCalGas makes NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE EQUIPMENT OR THE SYSTEM OR ANY ASPECT OF THE INSTALLATION, OPERATION, PERFORMANCE, ENERGY USAGE, COST SAVINGS, OR ANY OTHER MATTER CONCERNING THE EQUIPMENT OR THE SYSTEM OR CONSULTANT OR CONSULTANT'S RECOMMENDATIONS, INCLUDING, BUT NOT LIMITED TO, RECOMMENDATIONS AS TO SELECTION AND INSTALLATION OF EQUIPMENT OR ADOPTION OF ENERGY MANAGEMENT MEASURES.

5.2 Customer understands and represents to SoCalGas that Customer will select or has selected the Equipment and/or Consultant in reliance upon information obtained by Customer or on its behalf by its agents and that SoCalGas is not and will not be responsible for the selection, installation, operation, performance, energy usage, cost savings, or any other matter concerning the Equipment, Consultant or Feasibility Study or Report, or for any liability, losses, damages or injuries arising from the Equipment's use or from the Feasibility Study. If the Equipment is unsatisfactory for any reason, or if Consultant's recommendations or implementation of them is unsatisfactory for any reason, Customer will make any claim on account thereof against Customer's engineer, vendor, installer, Equipment manufacturer, and/or Consultant as appropriate.

5.3 SoCalGas will not be liable for any consequential, indirect, or punitive damages.

6. No Third Party Beneficiaries. This program and Agreement are for the benefit of, and enforceable only by, SoCalGas and Customer.

7. If checked, the attached Rule No. 38 Special Conditions, Form No. 6700-1A, and Rule No. 38 Affidavit, Form No. 6700-1B, are incorporated by reference.

Customer: _____

Southern California Gas Company

By: _____

By: _____

Title & Name: _____

Title: _____

Date Signed: _____

Date Signed: _____