

SAMPLE FORMS - CONTRACTS  
Interconnection Agreement (Form 6450, 6/2007)

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(See Attached Form)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 3675-A  
DECISION NO. 06-09-039

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

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Jun 12, 2007  
EFFECTIVE Jun 7, 2007  
RESOLUTION NO. G-3397

INTERCONNECTION AGREEMENT  
between

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

This 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 \_\_\_\_\_ 200\_. 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 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 an 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 D; 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 an Operational Balancing Agreement (“OBA”) between the Parties, for the

account of Interconnector or third party shippers for transport on SoCalGas' pipeline system in California. This Agreement does not provide for or address in any way any right of Interconnector to receive firm access rights on SoCalGas' system at 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 – This Agreement is effective as of the date first written above and shall remain in effect for a primary term of \_\_\_\_\_ (\_\_) years from the date thereafter gas first flows through the Interconnection Point (the “Commencement Date”) and year to year thereafter; provided, however, either Party may terminate this Agreement at the end of the primary term, or thereafter by providing thirty (30) days prior written notice to the other Party. Either Party may terminate this Agreement on thirty (30) 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” or “natural gas” for purposes of this Agreement 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.

(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 Interconnection Capacity at the Interconnection Point nor does it address whether SoCalGas has established the physical takeaway capability for the Interconnection Capacity downstream of the outlet of SoCalGas' Facilities at the Interconnection Point.

(v) “Interconnect Capacity” shall be the metering and odorization minimum daily capacity of SoCalGas' Facilities but is not necessarily the capacity of SoCalGas Gas 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 \_\_\_\_\_ MMcfd.

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

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

(c) Hinshaw Exemption - SoCalGas is exempt from jurisdiction of the FERC under the Hinshaw Exemption to the Natural Gas Act (15 U.S.C. §717(c)). 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.

## 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 (b)(i), and SoCalGas shall retain the right to waive in writing conditions (b)(ii).

(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) 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) days after the first meeting on such matter, this Agreement may either (i) be extended up to an additional ninety (90) days thereafter by mutual consent obtained on or before such forty-fifth (45<sup>th</sup>) day, or (ii) be terminated if any Party, within fifteen (15) days thereafter, gives ten (10) 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 the O&M Fee is set forth in Exhibit C attached hereto and incorporated herein.

(b) Maintenance of Physical Facilities – At the Interconnection Point where SoCalGas owns and operates the metering equipment and other related facilities, SoCalGas shall have the right to (i) 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.

(c) Statements - On or before the fifteenth (15<sup>th</sup>) day of each month, SoCalGas shall provide Interconnector with a statement setting forth the applicable O&M Fee for the previous month. On or before the twenty-fifth (25<sup>th</sup>) day of the month or the tenth (10<sup>th</sup>) day following receipt of SoCalGas’ statement, whichever is later, Interconnector shall pay such statement in full in immediately available U. S. funds. Any payments or statements due to either Interconnector or SoCalGas on a day during which Federal Reserve banks in New York City are not open for business shall be due upon the next succeeding day upon which such banks are

open. Any payments not timely made by either Party to the other shall accrue interest at the rate defined in SoCalGas Rule No. 8 for Interest on Deposits.

#### SECTION 4

#### GAS DELIVERIES

(a) Quality:

- (i) Right of Refusal: SoCalGas shall have the continuing right at any time in its sole discretion 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 Tariff Rule specifying Gas quality requirements. SoCalGas shall provide notice to Interconnector as soon as commercially practicable after any decision is made not to accept deliveries.
- (ii) 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 - The Parties intend that the quantity of Gas actually delivered each day at each Interconnection Point will be delivered on a uniform hourly basis and equal the Scheduled Quantities for that Interconnection Point. For purposes of this Agreement, a "uniform hourly basis" shall mean that deliveries should approximately equal  $1/24^{\text{th}}$  (+/- 5%) of the total daily Scheduled Quantities for a particular gas flow day. If the daily Scheduled Quantities change as a result of changes made for a subsequent nomination cycle for that gas flow day, the uniform hourly basis should change as well so that gas flows for each hour remaining in the gas flow day are consistent with the new Scheduled Quantities. If Interconnector is not abiding by this provision, then SoCalGas reserves the right to (a) suspend service until such time appropriate actions have been taken to ensure compliance with this provision and/or (b) install or require Interconnector to install upstream of the Interconnection Point an automated flow control device at the Interconnection Point at Interconnector's sole cost and expense.

(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.

(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. 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%), 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, the calculated combined error amount shall be applied to ½ of the period extending back to the date of the last test/calibration where the combined meter error was shown to be less than one percent (1%). If any Interconnector 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. Transmitters shall be calibrated if any verification/calibration point is found to be out of calibration in excess of +/- one-tenth of one percent (0.10%). Additionally, transmitters shall be calibrated if a bias occurs in a single direction (either positive or negative) for a consecutive period of three (3) months (transmitters shall be calibrated, to remove this bias, in the third (3<sup>rd</sup>) month of this period). All transmitter verifications and calibrations shall meet or exceed the requirements defined in the then current approved applicable API standard. 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. Methods of determining accuracy of electronic measurement, and procedures for calibration of electronic equipment shall be subject to mutual agreement, giving due consideration to methods and procedures accepted by a significant portion of the natural gas industry. Each Party shall be responsible for the cost, compatibility and operation of its own 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).

**Alternate Language for Section 4(d) – (g) if “Measurement Meter” is owned by the Interconnector**

(d) Metering – Interconnector has installed or shall install equipment that meets all SoCalGas specifications and is necessary to measure deliveries to SoCalGas at the Interconnect Points. SoCalGas may install or cause to be installed and operate check meters at its sole option and expense to check Interconnector's meters, but measurement of Gas for all purposes of and at all times under this Agreement shall be by Interconnector's 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 Interconnector.

(e) Meter Maintenance – Interconnector will perform scheduled meter accuracy testing and calibration of its metering facilities pursuant to Interconnector's standard practices, procedures and methods associated with the installed measurement equipment. SoCalGas 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 Interconnector's measuring equipment used in measuring deliveries from Interconnector to SoCalGas. Interconnector shall give written, fax, or electronic mail notice to SoCalGas prior to calibrating and testing. Except in the event of an emergency or operational necessity, such notice shall be given to SoCalGas at least three (3) business days prior to any such activity. The records from such measuring equipment shall remain the property of Interconnector, but upon request Interconnector shall make available to SoCalGas (and its representatives) copies of any such records and charts, together with calculations therefrom, for inspection and verification during normal business hours. Interconnector will perform unscheduled and episodic tests of its measuring equipment upon SoCalGas' request, where such tests can be operationally executed to verify metering integrity/accuracy. Interconnector 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%), 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, the calculated combined error amount shall be applied to ½ of the period extending back to the date of the last test/calibration where the combined meter error was shown to be less than one percent (1%). If any SoCalGas 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 SoCalGas. 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 Interconnector. In the event that there is a conflict between this provision and Interconnector's FERC approved tariff, Interconnector's tariff shall prevail.

(f) Measurement Accuracy - The accuracy of all measuring equipment shall be verified and/or calibrated by Interconnector according to Interconnector's recommended equipment maintenance schedules. Transmitters shall be calibrated if any verification/calibration point is found to be out of calibration in excess of +/- one-tenth of one percent (0.10%). Additionally, transmitters shall be calibrated if a bias occurs in a single direction (either positive or negative) for a consecutive period of three (3) months (transmitters shall be calibrated, to remove this bias, in the third (3<sup>rd</sup>) month of this period). All transmitter verifications and calibrations shall meet or exceed the requirements defined in the then current approved applicable API standard. Interconnector shall make available to SoCalGas on as current basis as reasonably feasible any electronic measurement data compatible with Interconnector's electronic files (not "hard copy") that Interconnector 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. Methods of determining accuracy of electronic measurement, and procedures for calibration of electronic equipment shall be subject to mutual agreement, giving due consideration to methods and procedures accepted by a significant portion of the natural gas industry. In the event that there is a conflict between this provision and Interconnector's FERC approved tariff, Interconnector's tariff shall prevail.

(g) Measurement Calculation - The Mcf and Btu values determined by Interconnector 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 Interconnector's measurement and billing procedures. The determination of Gas components shall be completed utilizing a Gas chromatograph 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) 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, 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 OBA 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) days written notice.

## SECTION 5

### ASSIGNMENT

(a) Assignment - Assignment or transfer of the entire rights and obligations of any 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 the respective interconnection facilities of Interconnector or SoCalGas, as the case may be, including without limitation an assignment to a parent, affiliate or subsidiary of a Party hereto; or

(ii) When any 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 Parties 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 which consent shall not be unreasonably withheld.

(iv) Notwithstanding the above, no assignment or other transfer of utility property subject to California Public Utilities Code §851 will occur without having secured prior CPUC authorization.

## 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 ML 22E1  
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) 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) Limitations - 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.

(d) Limitation of Liability - Notwithstanding any other provision hereof, neither Party shall be liable to the other Party for or assessed pursuant to Section 9 or otherwise any special, punitive, consequential, incidental, or indirect damages arising under this Agreement, whether in contract or tort, for any actions or inactions related hereto.

## 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.

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.

**Alternate language for Section 9 if Parties agree.**

SECTION 9

ARBITRATION

(a) 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, unless subject to the exclusive jurisdiction of the FERC or the CPUC, be submitted to binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(b) Within fifteen (15) days after the commencement of arbitration, an arbitrator shall be selected under expedited rules of the American Arbitration Association. The selected arbitrator shall have over fifteen (15) years of diverse professional experience in various segments of the natural gas industry. The selected arbitrator shall not have been previously or currently employed by any Party (or a Party's parent, subsidiaries or affiliates). Finally, the selected arbitrator shall not own, either directly or indirectly, a material interest in any Party, this Agreement or the subject matter of the dispute. Such arbitration shall be held at a location to be mutually agreed or failing agreement in San Diego, California.

(c) Notwithstanding any other provision hereof, no Party shall be assessed in arbitration or otherwise any special, punitive, consequential, incidental, or indirect damages, whether in contract or tort, for any actions or inactions related hereto.

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. Either Party shall provide notice to the other Party 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 force majeure (as defined in SoCalGas' tariff or if the Interconnector is the Party experiencing the force majeure event and has a tariff defining force majeure, such tariff definition shall apply) to carry out its respective obligations under this Agreement, it is agreed that upon such Party giving notice and reasonably full particulars of such force majeure in writing 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 force majeure, shall be suspended during the continuance of the effects of the cause, and the Party subject to such cause shall remedy it so far as possible with all reasonable dispatch.

(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 - SoCalGas reserves the right to require the Interconnector from time to time to demonstrate creditworthiness. Creditworthiness may be demonstrated by providing audited financial statements of recent date and, if necessary, other adequate assurances of performance as requested by SoCalGas.

(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) Attorney's 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.

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

(k) 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.

(l) 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.

[Company Name]

\_\_\_\_\_

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

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

SOUTHERN CALIFORNIA GAS COMPANY

\_\_\_\_\_

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

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

EXHIBIT A

To the Interconnection Agreement  
between

\_\_\_\_\_ and  
Southern California Gas Company  
Dated: \_\_\_\_\_, 200\_

INTERCONNECTOR'S FACILITIES



EXHIBIT B

To the Interconnection Agreement  
between

\_\_\_\_\_

and  
Southern California Gas Company  
Dated: \_\_\_\_\_, 200\_

INTERCONNECTION POINT AND SOCALGAS' FACILITIES

## EXHIBIT C

### **INTERCONNECTOR'S PAYMENT FOR SOCALGAS'** **OPERATION AND MAINTENANCE FEE**

SoCalGas' "Operation and Maintenance Fee" as used herein shall be calculated based on SoCalGas' actual cost of SoCalGas' ongoing expenses to operate, maintain and modify SoCalGas' metering facilities necessary to accept Interconnector's Gas in accordance with current industry practice, SoCalGas' normal procedures and governmental regulations. The methodology for calculating such Operation and Maintenance Fee is described below, and is based on the following principles:

- Derivation of actual costs from fully loaded labor rates.
- Charging of Interconnector directly for odorant and other site-specific costs.
- Charging of Interconnector for the actual number of visits to individual receipt meters.
- Charging for replacement or change of facilities consistent with SoCalGas practice.

#### **Calculation of Operation and Maintenance Fees**

The methodology for calculating Operation and Maintenance Fees is composed of one basic cost component, which utilizes site-specific costs and is dependent on the location of and the volume received at each meter at the location.

Contained within the cost component are the following:

- All labor associated with routine calibrations, inspections, gas samples, etc. for each meter. Calculation utilizes a fully loaded labor rate.
- Odorant costs shall be included on an actual basis for the interconnector's point of interconnection. A credit will apply based on the actual deliveries multiplied by the average per unit odorization costs for interstate supplies entering the SoCalGas system as specified in SoCalGas' Rule No. 39. This may change in the future to reflect price changes, introduction of new odorants, or changes in usage rates. Based on the current cost of odorant and the target odorant usage rate for supplies that have no odorant, SoCalGas estimates the cost of odorant for such supplies to be \$0.88 per MMcf.
- Site-specific costs shall be charged back to individual meters. Typical costs include permits for certain air districts, special calibration requirements, and costs associated with providing CARB waivers.
- Additional costs due to H<sub>2</sub>S monitoring equipment shall be included in the base charges. Meters where the gas stream is monitored continuously for H<sub>2</sub>S shall be charged an additional monthly fee that is currently \$224/month. This may be modified based on increased additional costs. This is due to the increased labor and materials to maintain this additional equipment on site.
- For visits outside normal business hours, the labor rate shall reflect an overtime rate with a four (4) hour minimum charge.
- Costs associated with an individual site such as calibration, testing or inspection of specialized equipment, including specialized gas monitoring equipment, or calibrations required by an agency in excess of the frequency

required by SoCalGas procedures, shall be charged directly to that meter. This includes any non-standard work which must be performed due to permit conditions, and appropriate labor charges.

- To the extent facilities are replaced or changed as a result of malfunction, obsolescence, consistency with utility practices, or new technology, the actual cost of the new facilities will be charged to Interconnector. The parties may agree on a mutually acceptable payment period not to exceed \_\_\_ months for capital expenses.

#### **Initial Payment, Redetermination and Notification**

Each month of a Contract Year, Interconnector agrees to pay SoCalGas:

- Commencing in the Month of first deliveries hereunder, the amount as billed by SoCalGas for the Interconnection Point. The Operation and Maintenance Fee for each Interconnection Point shall be calculated each month using the methodology as described in this Exhibit, to reflect changes in the Cost Component based on the actual costs incurred each month.
- Interconnector shall make payments as provided in the Agreement within thirty (30) days of date of invoice.