

SAMPLE FORMS

Sheet 1

Proposal and Agreement for Transfer of Ownership of Distribution Systems  
Form 6660 (3/98)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 2645-A  
DECISION NO.

101

ISSUED BY

**Paul J. Cardenas**

Vice President  
Chief Regulatory Officer

(TO BE INSERTED BY CAL. PUC)

DATE FILED Mar 18, 1998

EFFECTIVE Apr 27, 1998

RESOLUTION NO. \_\_\_\_\_

**PROPOSAL AND AGREEMENT FOR TRANSFER OF  
OWNERSHIP OF DISTRIBUTION SYSTEMS**

This Proposal to Purchase ("Proposal") and Agreement for Transfer of Ownership of Distribution Systems ("Agreement") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_, by and between Southern California Gas Company ("Utility") and [Name of Park or Community Owner] ("Transferor").

WHEREAS, Transferor has requested and Utility is offering this Proposal pursuant to Chapter 6.5 of Part 2 of Division 1 of the Public Utilities Code, "Transfer of Facilities in Master-Metered Mobilehome Parks and Manufactured Housing Communities to Gas or Electric Corporation Ownership," beginning with Section 2791, and Section 2793(a)(3) and (4) in particular, for the transfer of ownership to Utility of Transferor's gas distribution system described in Appendix I upon the cost arrangements set forth in Appendix II, upon the terms and conditions set forth herein and upon the additional terms and conditions set forth in Appendix III;

WHEREAS, the facilities which make up Transferor's distribution system include, but are not limited to, pipes, valves, fittings, regulators, meters, and other associated materials (the "Facilities"). Refer to Appendix I for more detailed description of the Facilities and a description of any additional Facilities which Transferor may be required to install. The Facilities and any additional Facilities installed under this Agreement are referred to collectively as the "System."

WHEREAS, Transferor desires to transfer ownership of the System to Utility, and Utility is willing to accept the transfer of ownership of the System subject to the terms and conditions set forth in this Agreement.

WHEREAS, this Proposal may be accepted by Transferor at any time within ninety (90) days from the date of its receipt by signing and returning it to Utility along with any required contribution or advance. The Proposal and Agreement may be terminated at any time by Transferor as provided by Public Utilities Code Section 2799(a) upon written notice to Utility;

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, Transferor and Utility agree as follows:

1. **SYSTEM LOCATION**

Transferor desires to transfer ownership of the System located on the property more particularly described as follows:

Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Legal Description:

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(Hereinafter referred to as "Project")

2. LIENS AND ENCUMBRANCES

Transferor represents that Transferor is the sole owner of the System and that no part of the System is subject to any lien or encumbrance of any nature whatsoever including, without limitation, any governmental imposition(s) such as taxes or assessments.

3. RESPONSIBILITIES FOR EQUIPMENT INSTALLATION AND TRANSFER

3.1 Transferor shall be responsible for all construction and equipment replacement activity at Transferor's expense. This includes, but is not limited to, all trenching/excavation, backfilling, compaction, and surface repair, including furnishing any imported backfill material required, and furnishing and installing all pipes, valves, fittings, regulators, meters and substructures required for Project, all in accordance with Utility's specifications. Utility shall have the sole discretion of determining if construction and equipment replacement is necessary to comply with Public Utilities Code Section 2794. New Facilities subject to this paragraph are set out in Appendices I and II.

3.2 The requirements and estimated cost of all new Facilities are set out in Appendices I and II. Transferor may elect to have Utility perform this work or may have a third party perform the work.

3.3 If Transferor elects to have the work performed by a third-party and the transfer is unable to be completed within one (1) year from the date Transferor accepts the Proposal, or, regardless of who is performing the work, if the transfer is unable to be completed within that time period because of environmental conditions, Utility shall have the right to adjust its cost estimate if necessary (Appendix II) and statement of new Facilities required (Appendix I and II).

4. GENERAL ACCESS

Transferor hereby grants to Utility, its successor and assigns, the right of ingress to and egress from Transferor's premises at all reasonable hours for any purposes reasonably connected with the operation and maintenance of the System.

5. **RIGHTS OF WAY**

Where new formal rights-of-way, easements, land leases, or permits are required by Utility for the System on or over Transferor's property, or the property of others, Transferor understands and agrees that Utility shall not be obligated to accept ownership of the System unless and until any necessary permanent rights-of-way, easements, land leases, and permits satisfactory to Utility, are granted to or obtained for Utility without cost to or condemnation by Utility.

6. **OWNERSHIP OF SYSTEM**

Upon completion of construction work and installation of any new Facilities, if any, receipt of inspection approval from Utility and authorities having jurisdiction for the inspections, and completion of all financial transactions between Utility and Transferor, Utility shall own, operate, and maintain the System. At such time, title to the System and each and every component part thereof shall immediately pass from Transferor to Utility free and clear of all liens and encumbrances.

7. **CONTRIBUTIONS, ADVANCES, AND ALLOWANCES**

7.1 **VALUE OF SYSTEM.** Utility, in its sole judgment, shall determine the value of the System, including usable Facilities, and Transferor shall contribute such value to Utility, as specified in Public Utilities Code Section 2793 (b) (1). The value of the System is described in Appendix II.

7.2 **INCOME TAX COMPONENT CONTRIBUTION (ITCC).** All contributions and advances by Transferor are taxable and shall include ITCC at the rate provided in the Preliminary Statement of Utility's California Public Utilities Commission-approved tariff schedules.

7.3 **ALLOWANCES.** Allowances or credits may be granted based on net incremental increases in revenue associated with transfer of ownership of System, as specified in Appendix 1.

8. **CONTRIBUTION ADJUSTMENTS**

Contributions, advances, and associated ITCC for new extensions served directly from the System may be subject to refund to Transferor, without interest based upon principles set forth in Utility's Line Extension Rules.

9. **EXCESS FACILITIES**

If the loads provided by Transferor result in Utility installing Facilities which are in excess of those needed to serve actual loads, and Utility elects to reduce such excess Facilities, Transferor shall pay to Utility its estimated total cost to remove, abandon, or replace its excess Facilities, less the estimated salvage value of any removed Facilities.

10. **WARRANTY**

During the pendency of Transferor's transfer request, Transferor shall be responsible for the continued maintenance to preserve the integrity of the System and safe and reliable operation of the System in accordance with applicable laws.

During the pendency of Transferor's transfer request, the Transferor shall be liable for injury and damage resulting from operation of the System. After transfer, the Utility shall assume responsibility for operation of the System and provision of service to residents of the park or community and shall assume liability for any future injury or damage resulting from operation of the System except with respect to defects known to Transferor and not disclosed to the Utility during the transfer of ownership process.

Transferor warrants that all work and/or equipment furnished or installed by Transferor or its contractor shall be free of defects in workmanship and material. The warranty period shall begin from the date of final acceptance by the Utility and extend for one (1) year. Should the work develop defects during that period, the Utility, at its election, shall either (a) repair or replace the defective work and/or equipment, or (b) demand that Transferor repair or replace the defective work and/or equipment and, in either event, Transferor shall be liable for all costs associated with such repair and/or replacement. Transferor upon demand by Utility, shall promptly correct, to the Utility's satisfaction and that of any governmental agency having jurisdiction, any breach of any warranty.

11. **HAZARDOUS SUBSTANCES**

11.1 Transferor shall indemnify and hold Utility and its present and future direct and indirect parent company, affiliates, subsidiaries and their respective directors, shareholders, officers, agents, employees, assigns and successors in interest harmless from and against any and all loss and liability (including without limitation attorney's and expert consultant's fees) to the extent caused by: (a) Transferor's violation of or noncompliance with any Environmental Law; (b) pre-existing conditions at the System Location; (c) the release or spill of any pre-existing Hazardous Materials or waste, except to the extent caused by negligence of Utility; or (d) the management and disposal of any soils or groundwater contaminated with pre-existing Hazardous Materials removed from the ground as a result of the work performed for the transfer of the System, including, but not limited to, liability for the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from the violation of any local, state, or federal law of regulation, attorney's fees, disbursements, and other response costs. Transferor agrees to accept full responsibility for and bear all costs associated with pre-existing environmental liability, including management and disposal of asbestos pipe wrap and contaminated soils or groundwater. Transferor agrees that

Utility may stop work, terminate the work in accordance with paragraph 3 above, redesign the new Facilities for installation in a different location, or take other action reasonably necessary to complete the work without incurring any pre-existing environmental liability.

- 11.2 Utility shall indemnify and hold Transferor and its directors, shareholders, officers, agents, employees, assigns, and successors in interest harmless from and against any and all loss and liability (including attorney's and expert consultant's fees) to the extent caused by: (a) the violation of or compliance with any Environmental Law as a result of conditions created by Utility at the System Location; (b) the release or spill by Utility or its agents of any non-pre-existing Hazardous Materials or waste; or (c) the management and disposal of any soils or groundwater contaminated with non-pre-existing Hazardous Materials removed from the ground as a result of the work performed by Utility or its agents including, but not limited to, liability for the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from the violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs.
- 11.3 The term "Hazardous Material" means any chemical, substance, material, controlled substance, object, condition, solid or hazardous waste or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, toxicity, or other harmful properties or effects. Hazardous Materials include, without limitation, oil or petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), urea formaldehyde insulation, lead paints and coatings, and all of those chemicals, substances, materials, controlled substances, objects, conditions, and waste of combinations thereof which are now or become in the future listed, defined or regulated in any manner by any federal, state or local Environmental Law (as that term is defined below).
- 11.4 The term "Environmental Law" means any federal, state, regional or local law, regulation, decision of the courts, ordinance, rule, code, order, directive, guideline, permit or permit condition, currently existing or as amended, enacted, issued or adopted in the future which relates in any way to worker or workplace safety, environmental conditions, environmental quality or policy, health and/or safety issues or concerns (including product safety). Environmental Laws include, without limiting the generality of the foregoing, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 USC, Section 9601 et. seq.), the Resource Conservation and Recovery Act (42 USC, Section 6901 et. seq.), the Carpenter-Presley-Tanner Hazardous Material Account Act (California Health & Safety Code, Section 25300 et. seq.), the California Hazardous

Waste Control Law (California Health & Safety Code, Section 25100 et. seq.), the Federal Water Pollution Control Act, as amended (33 USC 1251 et seq.), Porter-Cologne Water Pollution Control Act, as amended (California Water Code Sections 1300 et. seq.), the Occupational Safety and Health Act (29 USC Section 651 et. seq.), the California Occupational Safety and Health Act (California Labor Code Section 6300 et. seq.), and any regulations or rules promulgated thereunder.

12. PERMITS AND LICENSES

To the best of Transferor's knowledge, all permits and licenses required for operation of the System are in full force and effect.

13. AD VALOREM TAXES

Except as disclosed by Transferor, all taxes or other assessments on or concerning the System for the current tax year and earlier, have been paid in full and there are no penalties or delinquency charges owing. The current ad valorem taxes for the tax year in which the System are conveyed shall be prorated as of the date of conveyance. Transferor shall pay to Utility on demand such part thereof as is attributable to the portion of the tax year prior to conveyance of the System.

14. THIRD PARTY CONSENTS

All requisite third party consents to sell, assign, and transfer the System and rights-of-way have been secured.

15. CONDITION OF SYSTEM

To the best of Transferor's knowledge, the System is in reasonably good operating condition, is capable of providing the end users a safe and reliable source of gas service, complies with the California Public Utilities Commission's General Orders, is compatible, and, in the case of new construction, meets the Utility's design and construction standards insofar as they are related to safety and reliability. If Transferor elects to have Facilities installed by a third party, Transferor warrants and agrees that Transferor has obtained or will obtain a one year warranty on installation and parts from the contractor and/or supplier of materials, if applicable, which has been or will be assigned to Utility.

16. LITIGATION, PROCEEDINGS, AND CLAIMS

There are no investigations, charges, proceedings, actions, suits, proceedings pending, or overtly threatened, involving tax, environmental or land use matters, before any court or governmental agency, or any other public forum, that could affect, encumber, or burden the System or the ability of Utility to operate the System, or could result in impairment to or loss of Utility's title to the System.

17. GOVERNMENTAL COMPLIANCE

The System has been operated by or on behalf of Transferor in full compliance with all applicable laws, rules, and regulations, including ordinances and codes, of all city, county, state, and federal governments, and including, but not limited to, laws, rules, and regulations relating to environmental matters; and further including all rulings and orders of the California Public Utilities Commission and no notice from any governmental body has been served upon Transferor or its agents or upon the System, claiming violation of any law, ordinance, code, rule, or regulation calling attention to the need for any work, repairs, constructions, alterations, or installation on or in connection in any way with the operation of the System with which Transferor has not complied.

18. ASSIGNMENT OF AGREEMENT

Transferor may assign this Agreement, in whole or in part, only if Utility consents in writing and the party to whom the Agreement is assigned agrees in writing, to perform the obligations of Transferor thereunder. Consent will not be unreasonably withheld. Assignment of the Agreement shall not release Transferor from any of the obligations under this Agreement unless otherwise provided therein.

Utility may assign this Agreement, in whole or in part, only if Transferor consents in writing and the party to whom the Agreement is assigned agrees in writing, to perform the obligations of the Utility thereunder. Consent will not be unreasonably withheld. Assignment of the Agreement shall not release the Utility from any of the obligations under this Agreement unless otherwise provided therein.

19. AGREEMENT TERMINATION

Transferor has the right to terminate this Proposal and the Agreement at any time before the transfer is complete upon notice to Utility, as provided in Public Utilities Code Section 2799. Within 60 days of receipt of Utility's itemized invoice, Transferor shall reimburse Utility for its expenses covering any engineering, surveying, right-of-way acquisition, and other associated work incurred by Utility. If such expenses are greater or less than any contribution or advance made to Utility by Transferor, Transferor shall pay to Utility or Utility shall refund the balance to Transferor, without interest, as the case may be.

20. INDEMNIFICATION

Transferor shall, at its own cost, defend, indemnify, and hold harmless Utility, its direct and indirect parent company, affiliates, subsidiaries, and their respective officers, agents, employees, assigns, and successors in interest from and against any and all



liability, damages, losses, claims, demands, actions, causes of action, costs including attorney's fees and expenses, or any of them, resulting from the death or injury to any person or damages to any property caused by Transferor or its contractor and employees, officers or agents of either Transferor or its contractor, or any of them, and arising out of the performance or nonperformance of their obligations under this Agreement.

21. JOINT AND SEVERAL LIABILITY

Where two or more individuals or entities are joint Transferors under this Agreement, all Transferors shall be jointly and severally liable to comply with all terms and conditions herein.

22. NOTICES

Any notice either Transferor or Utility may wish to provide the other regarding this Agreement must be in writing. Such notice must be either hand-delivered, sent by U.S. registered or certified mail, postage prepaid, sent by U.S. mail, postage prepaid, or sent by telecopy and telephonically confirmed the same day, to the person designated to receive notice for the other party below, or to such other address as either may designate by written notice. Notices delivered by hand shall be deemed effective when delivered, and notices sent by telecopy shall be deemed effective on the day sent (if confirmed as provided below). Notices delivered by registered or certified mail shall be deemed effective when received, as acknowledged by the receipt of the certified or registered mailing. Notices delivered by U.S. mail shall be deemed effective three business days after mailing.

TRANSFEROR:

\_\_\_\_\_  
(entity)  
\_\_\_\_\_  
(name)  
\_\_\_\_\_  
(title)  
\_\_\_\_\_  
(address)  
\_\_\_\_\_  
(city, state, zip code)

UTILITY:

\_\_\_\_\_  
(entity)  
\_\_\_\_\_  
(name)  
\_\_\_\_\_  
(title)  
\_\_\_\_\_  
(address)  
\_\_\_\_\_  
(city, state, zip code)

23. ADDITIONAL TERMS AND CONDITIONS

Appendix III to this Agreement, if applicable, includes additional terms and conditions associated with Utility acceptance of the transfer of ownership of the System.

24. COMMISSION JURISDICTION

This Agreement is subject to the applicable provisions of Utility's tariffs, filed and authorized by the California Public Utilities Commission. This Agreement shall at all times be subject to such changes or modifications as said Commission may, from time to time, direct in the exercise of its jurisdiction.

25. INCORPORATION BY REFERENCE

All Appendices or other attachments are incorporated by reference. The terms of this Proposal and Agreement are subject to the terms of Sections 2791 et. seq. of the Public Utilities Code.

26. SURVIVAL

All representations and warranties made by Transferor are ratified and affirmed as of the Transfer Date. Where the context permits, the terms and conditions of this Proposal and Agreement shall survive termination.

27. SIGNATURE CLAUSE

The signatories hereto represent that they have been appropriately authorized to enter into this Agreement on behalf of the party for whom they sign.

Utility has issued this Proposal as of the date first written above. Transferor may accept it by signing and returning the Proposal and Agreement to Utility no later than \_\_\_\_\_ This Agreement shall be binding when signed by Transferor and Utility.

UTILITY:

Southern California Gas Company

Signature:

Name of Authorized Individual:

Title:

Mailing Address:

Telephone:

**TRANSFEROR(S) ACCEPTS UTILITY'S PROPOSAL AS SET FORTH HEREIN AND:**

- Elects to have Utility perform the work specified on Appendix II at Transferor's expense. Transferor agrees to advance the costs to Utility pursuant to its standard collectible work agreement, and in accordance with the terms and provisions of that agreement and this Proposal and Agreement. Transferor understands and agrees that the cost estimate given may go up or down, and that Transferor will be responsible for any additional costs or will receive a refund, as applicable.
- Elects to have the work specified on Appendix II performed by a third party at Transferor's expense. Transferor is still responsible for the payment of Utility's inspection expenses and will advance or pay them pursuant to invoices from Utility.

- Transferor(s) is/are a:
- corporation
  - general partnership
  - limited partnership
  - limited liability company
  - sole proprietor

Signature:

Name of Authorized Individual:

Title:

Mailing Address:

Telephone:

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**ADDITIONAL SIGNATURES FOR JOINT TRANSFERORS:**

Signature: \_\_\_\_\_  
Name of Authorized Individual: \_\_\_\_\_  
Title: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_  
Name of Authorized Individual: \_\_\_\_\_  
Title: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
\_\_\_\_\_

UTILITY ACCEPTS THE SYSTEM THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, \_\_\_\_\_

Signature: \_\_\_\_\_  
Name of Authorized Individual: \_\_\_\_\_  
Title: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATE EXECUTED: \_\_\_\_\_

<p>For Utility use only:</p> <p>DATE OWNERSHIP OF SYSTEM IS TRANSFERRED TO UTILITY: _____</p> <p>WORK ORDER NO. _____</p> <p>ASSOCIATED WORK ORDER NOS. _____</p>
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**APPENDIX 1**

**DESCRIPTION OF SYSTEM**

**APPENDIX 2**

**COST ARRANGEMENTS**

**APPENDIX 3**

**ADDITIONAL TERMS AND CONDITIONS**