

**TARIFF SCHEDULES  
for Natural Gas Storage Service  
of  
LODI GAS STORAGE, LLC  
14811 St. Mary's Lane  
Suite 150  
Houston, TX 77079**

Lodi Gas Storage, LLC operates in Sacramento and San Joaquin Counties, California

The following tariff schedules have been regularly filed with the Public Utilities Commission of the State of California and are the effective rates and rules of this utility.

The Public Utilities Commission may amend or cancel these rates and rules by formal procedure, and the utility may amend or withdraw them after application to the Commission and receipt of authority for such action.

Applicants for service and customers must conform to and comply with these tariff schedules.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**TARIFF CHECKING SHEET**

Current Sheets in this tariff are as follows:

| <u>Sheet</u> | <u>Revision</u> | <u>Sheet</u> | <u>Revision</u> |
|--------------|-----------------|--------------|-----------------|
| Title        | Original        | 30-G         | Original        |
| 1-G          | Original        | 31-0         | Original        |
| 2-G*         | Original        | 32-G         | Original        |
| 3-G          | Original        | 33-G         | Original        |
| 4-G          | Original        | 34-G         | Original.       |
| 5-G          | Original        | 35-G         | Original        |
| 6-G          | Original        | 36-0         | Original        |
| 7-G          | Original        | 37-G         | Original        |
| 8-G          | Original        | 38-G         | Original        |
| 9-G          | Original        | 39-G         | Original        |
| 10-G         | Original        | 40-G         | Original        |
| 11-G         | Original        | 41-G         | Original        |
| 12-G*        | Original        | 42-G         | Original        |
| 13-G         | Original        | 43-G         | Original        |
| 14-G         | Original        | 44-G         | Original        |
| 15-G         | Original        | 45-G         | Original        |
| 16-G         | Original        | 46-G         | Original        |
| 17-G         | Original        | 47-G         | Original        |
| 18-G         | Original        | 48-G         | Original        |
| 19-G         | Original        | 49-G         | Original        |
| 20-G         | Original        | 50-G         | Original        |
| 21-G         | Original        | 51-G         | Original        |
| 22-G         | Original        | 52-G         | Original        |
| 23-G         | Original        | 53-G*        | Original        |
| 24-G*        | Original        | 54-G         | Original        |
| 25-G         | Original        | 55-G         | Original        |
| 26-G         | Original        | 56-G         | Original        |
| 27-G         | Original        | 57-G         | Original        |
| 28-G         | Original        | 58-G         | Original        |
| 29-G         | Original        | 59-G         | Original        |

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**TARIFF CHECKING SHEET** (Cont'd)

Current Sheets in this tariff are as follows:

| <u>Sheet</u> | <u>Revision</u> | <u>Sheet</u> | <u>Revision</u> |
|--------------|-----------------|--------------|-----------------|
| 60-G         | Original        | 90-G         | Original        |
| 61-G         | Original        | 91-G         | Original        |
| 62-G         | Original        | 92-G         | Original        |
| 63-G         | Original        | 93-G         | Original        |
| 64-G         | Original        | 94-G         | Original        |
| 65-G         | Original        | 95-G         | Original        |
| 66-G         | Original        | 96-G         | Original        |
| 67-G         | Original        | 97-G         | Original        |
| 68-G         | Original        | 98-G         | Original        |
| 69-G         | Original        | 99-G         | Original        |
| 70-G         | Original        | 100-G        | Original        |
| 71-G         | Original        | 101-G        | Original        |
| 72-G         | Original        | 102-G        | Original        |
| 73-G         | Original        | 103-G        | Original        |
| 74-G         | Original        |              |                 |
| 75-G         | Original        |              |                 |
| 76-G         | Original        |              |                 |
| 77-G         | Original        |              |                 |
| 78-G         | Original        |              |                 |
| 79-G         | Original        |              |                 |
| 80-G         | Original        |              |                 |
| 81-G         | Original        |              |                 |
| 82-G         | Original        |              |                 |
| 83-G         | Original        |              |                 |
| 84-G         | Original        |              |                 |
| 85-G         | Original        |              |                 |
| 86-G         | Original        |              |                 |
| 87-G         | Original        |              |                 |
| 88-G         | Original        |              |                 |
| 89-G         | Original        |              |                 |

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**TABLE OF CONTENTS**

| <u>Subject Matter</u>                                   | <u>Sheet No.</u> |
|---|------------------|
| Title Sheet   | 1-G              |
| Tariff Checking Sheet                                   | 2-G - 3-G        |
| Table of Contents                                       | 4-G              |
| Preliminary Statement                                   | 5-G - 46-G       |
| A. Description of Territory                             | 5-G              |
| B. Types and Classes of Service                         | 5-G              |
| C. General Terms and Conditions                         | 6-G - 34-G       |
| D. E-Nom™ Customer Access Procedures                    | 35-G - 46-G      |
| Service Area Map  | 47-G             |
| Service Schedules                                       | 48-G - 62-G      |
| Schedule FSS  | 48-G - 54-G      |
| Schedule ISS  | 55-G - 62-G      |
| List of Contracts and Deviations                        | 63-G             |
| Rules   | 64-G - 91-G      |
| Rule 1 - Definitions                                    | 64-G - 74-G      |
| Rule 2 - Description of Service                         | 75-G             |
| Rule 3 - Request for Service                            | 76-G             |
| Rule 4 - Contracts                                      | 77-G             |
| Rule 5 - Special Information Required on Forms          | 78-G             |
| Rule 6 - Establishment and Re-Establishment of Credit   | 79-G - 83-G      |
| Rule 7 - Deposits                                       | 84-G             |
| Rule 8 - Notices  | 85-G             |
| Rule 9 - Rendering and Payment of Bills                 | 86-G             |
| Rule 10 - Disputed Bills                                | 87-G             |
| Rule 11 - Measurement of Service                        | 88-G             |
| Rule 12 - Reserved                                      | 89-G             |
| Rule 13 - Reserved                                      | 90-G             |
| Rule 14 - Continuity of Service; Allocation of Capacity | 91-G             |
| Sample Forms  | 92-G - 128-G     |
| A. Storage Service Agreement                            | 93-G - 97-G      |
| B. Appendix FSS   | 98-G             |
| C. Appendix STS   | 99-G             |
| D. Request Form   | 100-G            |
| E. Letter of Credit                                     | 101-G - 102-G    |
| F. Guarantee  | 103-G - 108-G    |
| G. Consent and Agreement                                | 109-G - 128-G    |

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**PRELIMINARY STATEMENT**

**A. DESCRIPTION OF TERRITORY**

Lodi Gas Storage, L.L.C. ("LGS") operates storage facilities which include underground natural gas reservoir, surface gas compression and processing facilities and associated pipelines in Sacramento and San Joaquin Counties, California and using such facilities provides gas storage services to Customers under market terms and conditions.

**B. TYPES AND CLASSES OF SERVICE**

LGS provides two classes of natural gas storage services for customers: Firm Storage Service and Interruptible Storage Service.

**1. FIRM STORAGE SERVICE**

Firm Storage Service (FSS), as defined in Rule 1, is a natural gas storage service of Firm inventory capacity, Firm injection capacity and/or Firm withdrawal capacity, subject to the terms and conditions of service set forth in this Tariff including the Appendix FSS evidencing a Transaction entered into by the Parties.

**2. INTERRUPTIBLE STORAGE SERVICE**

Interruptible Storage Service (ISS), as defined in Rule 1, is a natural gas storage service of Interruptible inventory capacity, Interruptible injection capacity and/or Interruptible withdrawal capacity, subject to the terms and conditions of service set forth in this Tariff including the Appendix ISS evidencing a Transaction entered into by the Parties.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE**

1. DEFINITIONS, AMENDMENTS

- 1.1 The definitions contained in Rule 1 of this Tariff are incorporated by reference and deemed to be a part hereof.
- 1.2 If any amendment is made to the transportation tariff of a Connecting Pipeline that has a material effect on the provision of a Service by LGS, then LGS by written notice to Customer and subject to the approval of the Commission, may change the provisions of the Storage Service Documents as reasonably necessary as a result of that amendment to such transportation tariff.

2. REQUEST FOR SERVICE

- 2.1 LGS will maintain a Gas Storage Inventory Account for Customer to account for all Transactions entered into pursuant to the Storage Service Documents.

At any time when Service has been Confirmed under the Storage Service Documents:

- (a) quantities of gas delivered by or on behalf of Customer and received by or on behalf of LGS will be added to Customer's Gas Storage Inventory Account; and
- (b) quantities of gas delivered by or on behalf of LGS and received by or on behalf of Customer will be deducted from Customer's Gas Storage Inventory Account.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**3. REQUESTS, NOMINATIONS AND CONFIRMATIONS**

3.1 Subject to any provisions of the applicable Service Schedule, Customer shall request Service pursuant to a Transaction agreed to by the Parties in accordance with the following procedures:

- (a) Nominations at LGS Facilities will be accepted by utilizing its E-Nom™ System, by e-mail, by facsimile transmittal, or by telephone with a facsimile follow-up.
- (b) All nominations must be submitted to LGS in Dekatherms
- (c) Customer or Customer's agent must submit matching nominations on upstream or downstream pipelines or facilities in order for the desired transactions to be valid. In the event the nominations on LGS's system and the interconnecting parties' systems do not match, LGS will confirm and therefore schedule the lesser of the two nominations.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)**

3.2 Customer must be issued a Customer Code and USERID before being allowed to nominate services using the E-Nom™ System. Customer will also be required to provide a Dun and Bradstreet Number (DUNS), which will be linked to the customer code. Customers will only have access to those nominations and reports specifically linked to the customer code.

(a) Electronic nominations are accepted through the link provided within LGS's information tab within the web site of Western Hub Properties, L.L.C. at <http://www.westernhubs.com>. The user will be prompted for a USERID and a password. Nomination deadlines are concurrent with the connecting pipeline or facility's nomination schedules and confirmations by LGS are made according to those schedules.

(b) Customers may fax or e-mail spreadsheet nominations during emergency situations. Spreadsheet nominations must be received by LGS at least 15 minutes before the interconnecting pipeline's deadline and must contain the same elements as an electronic nomination. Nomination spreadsheets may be e-mailed to [scheduling@westernhubs.com](mailto:scheduling@westernhubs.com).

3.3 Nominations may be made at any time on the LGS nominations system. The processing of the nominations is dependent upon the upstream or downstream interconnecting facility's confirmation and processing schedule.

|                              |   |
|------------------------------|---|
| <b>Customer Code</b>         | Default for Customer's USERID (includes DUNS)                 |
| <b>Customer Contract No.</b> | Contract under which activity is being nominated              |
| <b>Activity</b>              | Drop-down box will give the options available to the Customer |
| <b>Nomination Mode</b>       | Only applicable for PG&E nominations                          |
| <b>Start Date</b>            | Date activity is to commence                                  |

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)

|                            |  |
|----------------------------|--|
| <b>Receipt Point</b>       | Upstream source of Customer's Gas                        |
| <b>Delivery Point</b>      | Destination of Customer's Gas                            |
| <b>Upstream Contract</b>   | Identification of upstream source of supply              |
| <b>Downstream Contract</b> | Identification of disposition of Gas                     |
| <b>Source Rank</b>         | Ranking of supply sources from 1 to 99 (1 being highest) |
| <b>Destination Rank</b>    | Ranking of deliveries from 1 to 99 (1 being highest)     |
| <b>Volume</b>              | Dekatherm volume of nomination                           |
| <b>Package</b>             | Optional field for customer's use                        |

If Customer fails to nominate to LGS, LGS will confirm zero activity with the interconnecting pipeline.

3.4 Transfers of gas between:

- (a) different Gas Storage Inventory Accounts of Customer, if it has more than one; or
- (b) a Gas Storage Inventory Account of Customer and a Gas Storage Inventory Account of another customer of LGS;

are not permitted without the prior consent of LGS, which LGS may withhold in its sole discretion.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)**

3.5 Customer shall be responsible for all matters arising from or ancillary to the purchase, sale and transportation of natural gas which is delivered to or received by or on behalf of Customer at the Service Commencement Point and delivered to or received by or on behalf of Customer at the Service Termination Point. These responsibilities include, without limitation, securing and maintaining all necessary transportation services with the Connecting Pipeline, securing and maintaining all necessary ancillary services, complying with all reporting requirements and payment obligations arising in respect of natural gas sales proceeds, paying or delivering all royalties and other third party interests, securing and maintaining all required permits and authorizations and paying all taxes (excluding income taxes payable by LGS), levies, and charges associated with the Services provided under the Storage Service Documents.

|                            |  |
|----------------------------|--|
| <b>End Date</b>            | Date activity is to cease                                |
| <b>Receipt Point</b>       | Upstream source of Customer's Gas                        |
| <b>Delivery Point</b>      | Destination of Customer's Gas                            |
| <b>Upstream Contract</b>   | Identification of upstream source of supply              |
| <b>Downstream Contract</b> | Identification of disposition of Gas                     |
| <b>Source Rank</b>         | Ranking of supply sources from 1 to 99 (1 being highest) |
| <b>Destination Rank</b>    | Ranking of deliveries from 1 to 99 (1 being highest)     |
| <b>Volume</b>              | Dekatherm volume of nomination                           |
| <b>Package</b>             | Optional field for customer's use                        |

If Customer fails to nominate to LGS, LGS will confirm zero activity with the interconnecting pipeline.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)**

**3.6 Timing of nominations shall be as follows:**

- (a) For activity involving PG&E receipt or delivery points, LGS must receive the nomination information at least 30 minutes before the applicable PG&E deadline.
- (b) For activity involving PG&E receipts or deliveries at points other than points where LGS and PG&E have physical interconnections, LGS must receive the nomination information at least 30 minutes before the applicable PG&E deadline. LGS will inject or withdraw only those quantities scheduled by PG&E when using non LGS/PG&E receipt or delivery points. Flow rates greater than 1/24 of the MSQ will be accommodated subject to Customers' contract provisions; LGS will not confirm volumes that would cause Customer to exceed its MSQ, CDIQ, CHIQ, CDWQ, or CHWQ. In the event a Customer nomination exceeds its MSQ, CDIQ, CHIQ, CDWQ, or CHWQ LGS will confirm a volume equal to Customer's MSQ, CDIQ, CHIQ, CDWQ, or CHWQ and the volume reduction will be made according to the ranking which Customer has supplied to PG&E.
- (c) Intraday changes for points involving PG&E receipt points will be subject to PG&E's nomination guidelines and must be received by LGS at least 30 minutes before the PG&E deadline. In the event the nomination is not received by LGS 30 minutes before the PG&E deadline, the nomination will be submitted on a best efforts basis and LGS will use due diligence to correct the nomination in subsequent nomination cycles if permitted to do so by PG&E.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)**

- (d) Flow rate changes will be made within 15 minutes after nomination. Nominations must be received by LGS at least 15 minutes prior to the flow change and are subject to the nomination timeline of the interconnecting pipeline. A telephone page to the Hub Services 24-hour scheduling pager listed herein must accompany the nomination unless the nomination is for a normal PG&E nomination cycle. LGS will post the scheduled volume 15 minutes before the hour.

3.7 In the event of a flow constraint for any reason, storage injection or withdrawal volumes will be reduced using the procedures below. The volumes will be restored in the reverse order that they were reduced once the constraint has been remedied.

Overrun volumes will be reduced first, on a pro-rata basis, using the constrained volume as the numerator and total confirmed overrun nomination volumes as the denominator.

Once all the overrun volumes have been reduced to zero, further reductions will be made by reducing interruptible capacity using the rate paid for the day of the constraint as the determining factor. The lowest rate interruptible volumes will be reduced first, continuing upward on a contracted rate basis until the constrained volume target has been met. If one or more customers is paying the same rate, and that rate stratum is not reduced to zero, the volume reduction for that rate stratum will be made by using the reduction volume as the numerator, and the total confirmed nominations as the denominator.

Once all interruptible volume has been reduced to zero, if further reduction is necessary, firm injections or withdrawals (whichever applies) will be reduced by using the remaining constrained volume as the numerator, and the MDIQ or MDWQ for the affected customers as the denominator.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)**

3.8 If due to Customer's error or negligence, Customer's gas does not flow as scheduled by Customer's confirmed nomination, and penalties are imposed upon or incurred by LGS as a result thereof by PG&E, Customer will indemnify LGS against and hold LGS harmless from all such penalties imposed upon and incurred by LGS. Any scheduling penalty may be waived by LGS on a case-by-case nondiscriminatory basis. Any such waivers must be in writing and must be executed by an officer of LGS or other authorized representative of LGS.

3.9 Customer shall be responsible for all matters arising from or ancillary to the purchase, sale and transportation of natural gas which is delivered to or received by or on behalf of Customer at the Point of Receipt and delivered to or received by or on behalf of Customer at the Point of Delivery. These responsibilities include, without limitation, securing and maintaining all necessary transportation services with the Connecting Pipeline, securing and maintaining all necessary ancillary services, complying with all reporting requirements and payment obligations arising in respect of natural gas sales proceeds, paying or delivering all royalties and other third party interests, securing and maintaining all required permits and authorizations and paying all taxes (excluding income taxes payable by LGS), levies, and charges associated with the Services provided under the Storage Service Documents.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)**

- 3.10 Customer's ability to Nominate, deliver to, or receive delivery from LGS for Service under this Service Schedule may be limited at any time when Customer is restricted or unable to transport gas on a Connecting Pipeline for any reason including, without limitation, curtailment in whole or in part by that Connecting Pipeline. LGS shall have no responsibility or liability for any such restrictions or curtailments.
- 3.11 Natural gas delivered by one Party to the other hereunder shall be measured as to volume and energy at the appropriate Point of Receipt and Point of Delivery.
- 3.12 LGS shall have the right to remove constituents other than methane from gas delivered to it by Customer and LGS shall have no duty to account for the constituents so removed nor to make any payment to Customer on account thereof provided that nothing in this Section 3.12 will permit LGS to return to Customer a quantity of gas less than that delivered for storage to LGS by Customer (Fuel Charges excepted) nor shall this Section 3.12 permit LGS to return to Customer gas that does not meet the quality specifications that LGS and Customer have agreed to.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**4. BILLINGS AND PAYMENTS**

- 4.1 LGS will provide an invoice or invoices that include the general information specified in this Article 5 as well as specific information that is required in respect of each Transaction entered into by the Parties.
- 4.2 On or before the 15th day of each month, LGS will invoice Customer by providing written notice of:
- (a) the number of Dekatherms of natural gas delivered to or received by or on behalf of Customer or LGS during the Billing Month at the Point of Receipt(s) in accordance with each Transaction then entered into by the Parties;
  - (b) the number of Dekatherms of natural gas delivered to or received by or on behalf of Customer or LGS during the Billing Month at the Point of Delivery(s) in accordance with each Transaction then entered into by the Parties;
  - (c) the balance of Customer's Gas Storage Inventory Account(s) throughout the Billing Month, including any transfers permitted by LGS to, from, between or among those accounts;
  - (d) the amount of any adjustment applicable to the Billing Month or any month prior to the Billing Month; and
  - (e) the amount payable to LGS by Customer, or by LGS to Customer, determined in accordance with each Transaction in effect during the Billing Month.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**4. BILLINGS AND PAYMENTS (Cont'd)**

4.3 Customer understands and acknowledges that LGS is dependent on the Connecting Pipeline for data on natural gas delivered or received by Customer at the Point of Receipt or Point of Delivery. If prior to the 15th of the month LGS has not received the Customer data needed to calculate the amount payable by Customer for the Billing Month, LGS may make a reasonable estimate of the amount payable by Customer, based on available data, including Customer's history, and present an invoice based on that estimate. If an invoice based on an estimate is presented and paid, LGS shall make adjustments reflecting the Customer's actual data for the Billing Month, including additional charges or credits, on the invoice presented to the Customer for the next Billing Month following the receipt by LGS of the Customer data needed to so calculate the amount payable by Customer.

4.4 (a) The amount payable by Customer to LGS or by LGS to Customer pursuant to the Storage Service Documents during a Billing Month will be the net sum of the charges determined payable by one Party to the other in accordance with each Transaction in effect during the Billing Month, plus all applicable taxes, levies and charges for which that Party is responsible pursuant to the Storage Service Documents, excluding those amounts which are properly payable by the other Party directly to a taxing authority.

(b) For the purposes of determining the amount payable from time to time to LGS by Customer, or by LGS to Customer, the balance of Customer's Gas Storage Inventory Account(s) will be determined as at the end of the Gas Day, or at the end of the Gas Month, as the case may be.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**4. BILLINGS AND PAYMENTS (Cont'd)**

- 4.5 Any amount from time to time payable by one Party to the other is due on the later of the 10th day after the day on LGS gives notice pursuant to Section 5.2 or the 25th day of that month. If that day is not a Business Day, then payment will be due on the next Business Day falling after that day.
- 4.6 Any amount payable hereunder by one Party to the other, but unpaid when due, will accrue interest at a rate equal to the lesser of the Prime Rate in effect from time to time, plus 3%, or the maximum rate permitted under applicable law, compounded annually, calculated from the date payment was due until the date payment is made in full, both before and after judgment.
- 4.7 If the Parties discover any overcharge or undercharge after the invoice has been paid, the Party who has underpaid or who has been overpaid will pay to the other the amount overpaid or underpaid within 30 days after that amount has been determined. The payment will include interest from the date of overpayment or underpayment, calculated in accordance with Section 4.6, and any applicable taxes. No Payment as described in this Section 4.7 will be made beyond a period of 24 months following the date of an overpayment or underpayment unless that payment is made necessary by measurement or allocation adjustments instigated by a Connecting Pipeline, in which case, the 24 month limitation will not apply.
- 4.8 Any payment required to be made pursuant to the Storage Service Documents will be paid by electronic transfer of funds to the account of the recipient Party identified in the Notification Schedule, or if no account is so identified, by delivery to the recipient Party at its address stated in the Notification Schedule.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**5. TERM END ADJUSTMENT OF STORED INVENTORY**

- 5.1 In respect of each Transaction entered into under the Storage Service Documents, Customer will Request Service in a manner which in its reasonable estimation, will result in the balance of its Gas Storage Inventory Account for such Transaction equaling zero at the end of the Term of that Transaction.
- 5.2 If in respect of a Transaction entered into under the Storage Service Documents, Customer's Gas Storage Inventory Account has a positive or negative balance at the end of the Term of that Transaction, the following provisions will apply:
- (a) At the sole option of LGS, Customer shall purchase from LGS a quantity of gas equal to that negative balance in Customer's Gas Storage Inventory Account at a price equal to 110% of the average price determined by reference to the Point of Delivery Price Index for each day of the Gas Month next following the last Gas Day of the Term.
  - (b) LGS may, at its option, purchase from Customer a quantity of gas equal to that positive balance in Customer's Gas Storage Inventory Account at a price equal to 90% of the average price determined by reference to the Point of Receipt Price Index for each day of the Gas Month next following the last Gas Day of the Term.
  - (c) Upon Customer or LGS, as the case may be, making payment of the amount –determined pursuant to (a) or (b) of this Section 5.2, the balance of Customer's Gas Storage Inventory Account in respect of that Transaction shall be adjusted to zero.
  - (d) As an alternative to the payments provided in (a), (b), and (c) of this Section 5.2 and at the sole option of LGS, the Term of the Transaction in question may be extended by a period specified by LGS so that Customer may submit additional Requests to deliver or receive, as the case may be, the quantity of gas needed to bring Customer's Gas Storage Inventory Account to zero.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**6. DEFAULT AND TERMINATION**

6.1 Customer shall be in default under this Tariff or the Storage Service Agreement if:

- (a) Customer shall fail to pay any sums due to LGS hereunder and such failure continues for a period of 5 Business Days after written notice to Customer by LGS;
- (b) Customer fails to materially perform any of its covenants or obligations under this Tariff or the Storage Service Agreement, other than obligations to make payments to LGS, and Customer does not remedy such failure within a period of 30 Days after receipt of a notice from LGS and indemnify and hold harmless LGS from and against any losses resulting from such failure;
- (c) A Customer Insolvency Event occurs; or
- (d) A Material Adverse Change occurs.

6.2 In the event of any Default by Customer, in addition to all other remedies available to it pursuant to the Storage Service Documents or at law and in equity, LGS may do any or all of the following:

- (a) refuse to accept any further deliveries of natural gas from or on behalf of Customer pursuant to all or any Transactions;
- (b) refuse to deliver natural gas to or on behalf of Customer pursuant to all or any Transactions;
- (c) set off any amount owing by LGS to Customer pursuant to any Transaction(s) against amounts otherwise owing by Customer to LGS pursuant to any other Transaction(s);
- (d) suspend performance

until Customer corrects the default in full.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**6. DEFAULT AND TERMINATION (Cont'd)**

6.3 (a) In the event of a default by Customer pursuant to Section 6.1, service under this Tariff or the Storage Service Agreement shall terminate 2 business Days after delivery of a written notice from the LGS to Customer of such termination; provided, however, in the event that the default has occurred due to a Customer Insolvency Event, service shall terminate immediately and without the necessity of notice from LGS. Additionally, if a default occurs solely as the result of the failure of Customer to make payment pursuant to the indemnification to LGS as required pursuant to Section 6.1(b) as the result of a bona fide dispute between the Parties and Customer has cured all other failures to perform covenants and obligations under this Tariff or the Storage Service Agreement, LGS shall not be entitled to terminate this Contract but instead may seek recovery of damages caused by said non-performance.

(b) Any termination of service pursuant to the provisions of this Section 6.3 shall be without prejudice to the right of either Party to collect any amounts then due it and without waiver of any other remedy, whether at law or in equity, to which the Party not in default may be entitled, provided that (i) LGS shall in no event be liable for damages greater than the value of any gas lost or for damages greater than the reasonable cost of alternative service, subject to the provisions of this Tariff regarding Force Majeure, similar to the service that would have been provided by LGS from the date of termination to end of the Term, should LGS fail to receive or redeliver gas as and when required under this Tariff or the Storage Service Agreement and (ii), provided, however, such limitation on Customer liabilities hereunder shall not extend to any indemnification obligation of Customer hereunder. Customer shall in no event be liable for damages greater than the value of the service that would have been provided by LGS from the date of termination to the end of the Term.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**6. DEFAULT AND TERMINATION (Cont'd)**

6.4. The provisions of this Section 6.4 and not those of Article 5 of the General Terms and Conditions shall apply if service under this Tariff or the Storage Service Documents is terminated in accordance with Section 6.3 of the General Terms and Conditions as to all or any portion of the services subject to this Tariff or the Storage Service Documents:

(a) Such termination shall be without prejudice, subject to such rights of offset as may exist, to any rights or obligations of the Parties accruing prior to such termination, including but not limited to (i) Customer's right to receive gas which it has stored but has not received, although entitled thereto, prior to the time of termination (unless Customer fails to remove such gas from the Storage Facilities in the manner prescribed under this Tariff), (ii) Customer's right to refunds, if any, together with interest thereon, of portions of the rate paid prior to such termination or release, and (iii) LGS's right to collect any amounts then due LGS for services provided to Customer prior to the time of such termination. Upon such termination, and subject to LGS's rights under Section 4.1(d) of Rule 6, Customer shall cause all gas in its Gas Storage Inventory Account to be removed from the Storage Facilities in a manner mutually acceptable to LGS and Customer. Customer shall pay all charges applicable under this Tariff while removing all gas in its Gas Storage Inventory Account. Failure to remove completely all such gas within 30 Days after such termination shall result in liquidation and removal by LGS. In such case, LGS shall compensate Customer by paying Customer the proceeds (net of all sales expenses and costs and all amounts due from Customer and remaining unpaid) from the sale of any of Customer's gas removed by LGS, such sale to be made to such person or persons and upon such terms as LGS in, its sole discretion, may deem appropriate. Payment for the gas sold shall serve as full compensation to Customer for such action by LGS.

(b) All indemnity and confidentiality obligations under this Tariff shall survive termination of service.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**7. DISPUTE RESOLUTION**

7.1 Unless otherwise provided in this Tariff or the Storage Service Documents, any dispute, controversy or claim arising out of, or relating to, this Tariff or the Storage Service Documents, or the making, performance or interpretation thereof, shall be resolved by binding arbitration in Sacramento, California in accordance with the then-existing Commercial Arbitration Rules of the American Arbitration Association. Such binding arbitration shall constitute the exclusive forum for resolution of any such disputes, controversies or claims. The binding arbitration shall be conducted by a single arbitrator upon which LGS and Customer agree, or, if LGS and Customer cannot agree on a single arbitrator, then by a board of 3 arbitrators, which arbitrator(s) shall be selected for each such controversy in accordance with Section 7.2 of this Article 7.

7.2 If the Parties agree upon a single arbitrator, the date of appointment of the arbitrator shall be the date upon which the arbitrator agrees to serve. In the event it is necessary to proceed with a board of 3 arbitrators in order to resolve any dispute, either LGS or Customer may, at the time such controversy arises, notify the other of a name of the arbitrator such Party has selected, and the other Party shall, within 10 Days thereafter, select another arbitrator and notify the Party desiring arbitration of the name of such arbitrator. If such other Party shall fail to name a second arbitrator within 10 Days, then the Party who first served the notice of arbitration may, on reasonable notice to the other Party, apply to the Sacramento, California office of the American Arbitration Association for the appointment of such second arbitrator for and on behalf of the other Party, and in such case the arbitrator appointed by such association shall act as if named by the other Party. The 2 arbitrators so selected shall, within 10 Days after the appointment of the second arbitrator, choose a third arbitrator, and in the event of their failure to do so within said 10 Days, either of the Parties hereto may in like manner, on reasonable notice to the other Party, apply to the Sacramento office of the American Arbitration Association for the appointment of a third arbitrator and in such case the arbitrator appointed by such association shall act as the third arbitrator. The date of appointment of the panel of three arbitrators shall be the date upon which the third arbitrator agrees to serve.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**7. DISPUTE RESOLUTION (Cont'd)**

7.3 The arbitrator(s) selected to act hereunder shall be qualified by education, experience, and training to pass upon the particular controversy in dispute. The arbitrator or board of arbitrators so constituted shall fix a reasonable time and place for a hearing, at which time each of the Parties hereto may submit such evidence as each Party may see fit with respect to the controversy in issue. Such board shall determine the matters submitted to it pursuant to the provisions of this Tariff or the Storage Service Documents, whichever shall be applicable. The arbitrator or board of arbitrators shall render a decision on the issues before such arbitrator or board no later than 60 Days after such arbitrator or board has been appointed.

7.4 In the case of a single arbitrator, the costs of the arbitration shall be equally divided between the Parties. In the case of a board of 3 arbitrators, each Party shall pay the expense of the arbitrator selected by or for it, and all other costs of the arbitration shall be equally divided between the Parties hereto. In no event shall the arbitrator or board of arbitrators have discretion to award costs of arbitration in any fashion other than set forth in this Section 7.4.

7.5 The action of the sole arbitrator or of a majority of the members of the board of arbitrators, as the case may be, shall govern and their decisions in writing shall be final, non-appealable, and binding on the Parties hereto. The judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**8. FORCE MAJEURE**

- 8.1 In the event LGS or Customer is rendered unable, in whole or in part, by Force Majeure, to carry out its respective obligations under this Tariff, including but not limited to any obligations under the Storage Service Documents, other than to make payments due for services rendered hereunder, it is agreed that upon the Party giving notice and reasonably full particulars of such Force Majeure event relied upon, the obligations of the Party giving such notice, so far as such obligations are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused, but for no longer period; provided that such cause shall as far as is reasonably practicable be remedied with all reasonable dispatch by the Party claiming Force Majeure. Notwithstanding the foregoing, if an event of Force Majeure prevents performance of a Party's obligations for a period exceeding 90 consecutive Days, the other Party shall have the right to terminate this Contract effective on 30 additional Days' notice to the Party claiming the Force Majeure event.
- 8.2 The settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and the requirement that any Force Majeure event shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of any opposing person when such course is inadvisable in the discretion of the Party having the difficulty.
- 8.3 The Term in effect pursuant to any Transaction binding upon the Parties will not be extended to compensate for the reduction or suspension of Obligations during the Force Majeure.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

9. NOTICES

9.1 Whenever any notice, request, demand, statement, or payment is required or permitted to be given under any provision of this Tariff or any Storage Service Document, unless expressly provided otherwise in this Tariff or any Storage Service Document, notice shall be in writing, signed by or on behalf of the Party giving the notice, and shall be deemed to have been given and received upon the earlier of (i) actual receipt by the Party to whom such notice is to be given (including the receipt of a telecopy or facsimile of such notice with answer back) or (ii) 3 days following deposit of the same in the United States mail, postage prepaid, certified, return receipt requested. Notices shall be sent to LGS as follows:

For Nominations:

Lodi Gas Storage, L.L.C.  
14811 St. Mary's Lane, Suite 150  
Houston, TX 77079  
Attention: Manager, Hub Services  
Telephone: (281) 679-1221  
Telecopier: (281) 679-1564

For Any Other Purpose:

Lodi Gas Storage, L.L.C.  
14811 St. Mary's Lane, Suite 150  
Houston, TX 77079  
Attention: Contract Administrator  
Telephone: (281) 679-1221  
Telecopier: (281) 679-1564

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

9. NOTICES (Cont'd)

Customer shall provide LGS with the identity of and contact information for the representative of customer who is authorized to receive notice on Customer's behalf.

Operating communications made by telephone or other mutually agreeable means shall be confirmed in writing or by telecopy immediately following such communication. The addresses of the Parties may be revised upon written notice given in accordance with this Section 9.1, designating in such writing the new address of the Party so affected.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**10. TAXES AND OTHER CHARGES**

- 10.1 LGS and Customer acknowledge that notwithstanding any other provision of this Tariff or the Storage Service Documents, the amount of the consideration set out in this Tariff or any of the Storage Service Documents to be paid by one Party to the other for the supply of any goods or services is exclusive of all applicable taxes.
- 10.2 If any city, county, or other local governmental entity imposes a franchise fee or similar tax, charge or levy on LGS in connection with the LGS Storage Facility or its operation, the Parties agree that LGS, at its sole discretion, may require Customer to pay a proportionate share of such fees, and that the amount of the consideration set out in any of the Storage Service Documents to be paid by one Party to the other Party for the supply of any goods or services is exclusive of any and all franchise fees or similar taxes, charges or levies, and that the payment of any such fee or similar tax, charge, or levy shall be in addition to the amount of consideration set out in this Tariff or any of the Storage Service Documents to be paid by one Party to the other for the supply of any goods or services.
- 10.3 The Parties acknowledge that some local governments have imposed a utility users tax on other public utilities, and that these local governments require the utility to bill customers within the government's jurisdiction for the taxes due, collect the taxes from customers, and pay the collected taxes to the local government. If any city, county, or other local governmental entity imposes a utility users tax or similar fee, charge or levy on LGS in connection with the LGS Storage Facility or its operation, the Parties agree that LGS may require Customer to pay any such taxes assessed on Customer's use of LGS's facilities, that the amount of the consideration set out in any of the Storage Service Documents to be paid by one Party to the other Party for the supply of any goods or services is exclusive of any and all utility users taxes, and that the payment of any such tax shall be in addition to the amount of consideration set out in this Tariff or any of the Storage Service Documents to be paid by one Party to the other for the supply of any goods or services.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**10. TAXES AND OTHER CHARGES (Cont'd)**

10.4 If any action by the Commission or any other regulatory agency, any statute, or any other governmental action requires LGS to pay a charge or fee or to incur a cost related to any public purpose or similar program, including but not limited to the Public Utilities Commission Reimbursement Fee or discounts to certain customers under the California Alternate Rates for Energy program, the Parties agree that LGS may require Customer to pay the charge, fee, or cost applicable to Customer's gas, or if such charge, fee, or cost is not specifically applicable to Customer's gas, then a proportionate share of any such cost, charge, or fee, that the amount of the consideration set out in any of the Storage Service Documents to be paid by Customer to LGS is exclusive of any and all public purpose or similar costs, charges, or fees, and that the payment of any such public purpose or similar costs, charges, or fees shall be in addition to the amount of consideration set out in this Tariff or any of the Storage Service Documents to be paid by one Party to the other for the supply of any goods or services.

10.5 If any action by the Commission or any other regulatory agency, any statute, or any other governmental action requires LGS to pay a cost, charge, or fee for the transportation or distribution of natural gas which is not in existence or effect at the time this Tariff initially becomes effective, the Parties agree that LGS may require Customer to pay the cost, charge or fee applicable to Customer's gas, or if such cost, charge or fee is not specifically applicable to Customer's gas, then a proportionate share of any such cost, charge, or fee, that the amount of the consideration set out in any of the Storage Service Documents to be paid by Customer to LGS is exclusive of any and all such costs, charges, or fees, and that the payment of any such costs, charges, or fees shall be in addition to the amount of consideration set out in this Tariff or any of the Storage Service Documents to be paid by one Party to the other for the supply of any goods or services.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**11. TITLE, POSSESSION AND RISK OF LOSS**

- 11.1 Except for the rights granted to LGS in Sections 6.4(a), 11.3, and 12.11 of the General Terms and Conditions, title to the gas stored by LGS for Customer or for Customer's account shall at all times reside with Customer. Customer warrants the title to all gas delivered by Customer to LGS, the right to inject the same, and that the same is free from all liens and adverse claims. Customer indemnifies LGS against all suits, actions, debts, accounts, damages, costs (including attorneys' fees), losses, and expenses arising from or out of any adverse legal claims of any and all persons to or against said gas. Customer shall pay or cause to be paid all taxes and assessments levied on the gas prior to its delivery to LGS, and pay or cause to be paid to the Parties entitled thereto all royalties, overriding royalties, or like charges against said gas or the value thereof. In the event any adverse claim of any kind or character whatsoever is asserted in respect to any of the gas, LGS may retain the gas in Customer's Gas Storage Inventory Account up to the amount of any such claim, without interest, until such claim has been finally determined and fully satisfied as security for the performance of Customer's obligations with respect to any such claim or until Customer has furnished a bond to LGS in an amount and with sureties satisfactory to LGS, conditioned for the protection of LGS with respect to each such claim.
- 11.2 As between Customer and LGS, Customer shall be in control and possession of the gas covered by the Storage Service Agreement (i) prior to receipt by LGS for injection at the Point of Receipt and (ii) after delivery by LGS to Customer at the Point of Delivery, and Customer shall indemnify and hold LGS harmless from any damage or injury caused thereby except for damages and injuries caused by the gross negligence or willful misconduct of LGS. LGS shall be in control and possession of the gas covered hereby after the receipt thereof for injection at the Point of Receipt and until delivery by LGS to Customer at the Point of Delivery, and LGS shall indemnify and hold Customer harmless from any damage or injury caused thereby except for damages and injuries caused by the gross negligence or willful misconduct of Customer.
- 11.3 Customer hereby acknowledges that LGS shall be entitled to a warehouseman's lien to all Gas delivered to LGS by Customer as provided in California Civil Code Sec. 3051 with the rights of enforcement as provided herein.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**12. MISCELLANEOUS**

12.1 Neither Party may assign the Storage Service Documents, nor any interest therein, without the prior written consent of the other, which consent shall not be unreasonably withheld. The assigning Party will not be relieved of any of its obligations under the Storage Service Documents, unless and until the other Party expressly consents thereto by notice in writing signed by a duly authorized officer. The Storage Service Documents shall bind and inure to the benefit of the successors and permitted assigns of each Party.

12.2 Nothing in the Storage Service Documents shall prohibit a Party from pledging or hypothecating any interest given it pursuant to the Storage Service Documents as security for its indebtedness, but such pledge or hypothecation shall not serve to amend the provisions of the Storage Service Documents.

12.3 The provisions of the Storage Service Documents shall not restrain a Party from assigning, transferring or granting any interest in its rights hereunder to an Affiliate; provided that the assigning Party shall not be relieved of its obligations hereunder unless and until it obtains the express approval of the other Party. Upon the approval of the Commission, LGS may assign all its rights and obligations hereunder to an Affiliate which succeeds to all or substantially all of its interests in the LGS Storage Facility or any business unit or portion thereof.

12.4 The entire agreement of the Parties is set forth in the Storage Service Documents and the Parties shall not be bound by any agreements, understandings, conditions, or inducements other than as are expressly set forth, stipulated, or referenced therein. Any prior or collateral agreement, whether expressed or implied, pertaining to the subject matter of the Storage Service Documents is void and of no further force or effect. No change, alteration, amendment, modification, or revision of any of the terms or provisions of the Storage Service Documents shall be valid unless the same shall be in writing and signed by each of the Parties thereto.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**12. MISCELLANEOUS (Cont'd)**

- 12.5 No delay or omission to exercise any right, power, or remedy accruing to either Party upon any breach or default under this Tariff or the Storage Service Documents shall impair any right, power, or remedy of a Party nor shall it be construed to be a waiver of any such breach or default, or any acquiescence therein, or of any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of either Party of any breach or default under this Tariff or the Storage Service Documents must be in writing and shall be effective only to the extent specifically set forth in writing. The rights and remedies provided in this Tariff and the Storage Service Documents are cumulative and not exclusive of any rights or remedies provided by law or in any other agreement except where this Tariff or the Storage Service Documents declare any right and remedy provided therein to be exclusive.
- 12.6 This Tariff and the Storage Service Documents will be governed by and interpreted in accordance with the laws in force in the State of California without regard for the choice of law provisions thereof; and the Parties irrevocably submit to the courts having jurisdiction in the State of California. The Storage Service Documents and the rights and obligations of the Parties are subject to all present and future laws, rules, regulations, and orders having application enacted by any legislative body having jurisdiction or other duly constituted governmental authority.
- 12.7 The headings used throughout this Tariff and the Storage Service Documents are inserted for reference purposes only and are not to be considered or taken into account in construing any terms or provision nor treated as in any way qualifying, modifying or explaining any term or provision.
- 12.8 Any provision of the Storage Service Documents which is found in whole or in part to be illegal or unenforceable will be treated as not having been written and the remainder of the Storage Service Documents will remain fully enforceable.
- 12.9 In interpreting the Storage Service Documents, words in the singular will be read and construed in the plural and words in the plural will be read and construed in the singular, where the context so requires.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

12. MISCELLANEOUS (Cont'd)

- 12.10 Notwithstanding the provisions of this Tariff or any Storage Service Documents, by entering into the Storage Service Documents, Customer does not acquire any right or title to or interest in the LGS Storage Facility.
- 12.11 LGS or Customer may, without the necessity of obtaining the other Party=s consent, assign any part or all of its rights, powers, titles, and interests in, to, and under this Contract to an affiliate. In connection with such assignment, LGS or Customer shall cause such affiliate to assume all of the assigning Party=s responsibilities, duties, and obligations under this Contract. By its execution of the Storage Service Agreement, LGS and Customer each evidences its consent to and agreement with such assignment to and assumption by such affiliate. Any such assignment shall not affect the guarantees or other credit support provided pursuant to Rule 6 of this Tariff.
- 12.12 Each Party (the "recipient Party") acknowledges that the Storage Service Documents, including any Documents given it pursuant to the E-Nom™ Customer Access Procedures, may contain Confidential Information of the other Party (the "transmitting Party"). "Confidential Information" means the confidential information and trade secrets of the transmitting Party and the confidential information and trade secrets of other persons in favor of whom the transmitting Party has undertaken, or is otherwise bound by an obligation of confidentiality, regardless of the form of which such information is constituted, excluding however, information that is publicly available other than as a result of the improper conduct of the recipient Party, information that was within the recipient Party's knowledge prior to disclosure by the transmitting Party, and information that has been lawfully disclosed by another source. Each Party shall notify any personnel who have access to Confidential Information of the proprietary nature of that information. Each Party shall instruct personnel to refrain from disclosing that information for a period of two years from the date the Confidential Information was transmitted to the Party, except to the extent reasonably necessary to enable the performance of their duties. Notwithstanding the provisions of this Section 13.10, LGS shall be at liberty to release to the Commission, when so directed by the Commission or its staff, any and all details concerning the provision of Service to Customer, including without limitation, the details of any Transaction entered into between Customer and LGS and the particulars of Customer's Gas Storage Inventory Account. LGS shall make reasonable efforts to ensure that the Commission treats Customer's Confidential Information as commercially sensitive and confidential.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

12. MISCELLANEOUS (Cont'd)

12.13 The payment provisions of the Storage Service Documents will continue past the end of the term of the Storage Service Documents for a period of two years.

12.13 It is the intent of the Parties to specifically disclaim all representations and warranties, express or implied, other than those appearing in writing in this Tariff or any applicable Storage Service Document.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**13. SYMBOLS USED ON TARIFF SHEETS**

In accordance with Section 491 of the California Public Utilities Code, the following symbols will be used to direct the Commission's attention to proposed changes in the tariff schedules:

- (C) To signify changed listing, rule, or condition that may affect rates or charges;
- (D) To signify discontinued material, including listing, rate, rule, or condition;
- (I) To signify increase;
- (L) To signify material relocated from or to another part of tariff schedules with no change in text, rate, rule, or condition;
- (N) To signify new material, including listing, rate, rule, or condition;
- (R) To signify reduction; and
- (T) To signify change in wording of text but not change in rate, rule, or condition.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES**

1.1 The following attachments, attached hereto, are incorporated by reference and deemed to be a part hereof:

Attachment "A" - Documents approved for Transmittal  
Attachment "B" - Hardware and Software

1.2 The definitions contained in Rule 1 of this Tariff are incorporated by reference and deemed to be a part hereof.

1.3 E-Nom™ services are available to Customer at no additional charge beyond the amount of consideration set out in the other Storage Service Documents to be paid by Customer to LGS.

2. E-Nom™ Requests

2.1 The act or process of electronically sending or interchanging a Document including all matters incidental thereto, shall be governed by the terms and conditions of these Procedures. Each Request transmitted pursuant to these Procedures shall be governed by the Tariff in the same manner as any conventional paper transaction.

2.2 It is intended that E-Nom™ shall allow the Parties to electronically transmit, receive and accept natural gas Request instructions and other related data, in electronic-based formats prescribed in Attachment "A". The interchange of these Documents is intended to supplement or replace the current method of transacting business through the exchange of conventional paper documents.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

2. E-Nom™ Requests (Cont'd)

- 2.3 The Parties agree that their obligations in respect of any Request shall be binding on them upon transmission of all Documents applicable to such Request.
- 2.4 Each Request between the Parties shall comprise the Documents received via E-Nom™ and shall incorporate and be subject to the provisions of these Procedures and the specific provisions of the Tariff pertaining to it.
- 2.5 The Parties agree that as between them each Document that is received by the Receiver shall be deemed to constitute a memorandum in writing signed and delivered by or on behalf of the Sender thereof for the purposes of any statute or rule of law that requires a contract to be evidenced by a written memorandum or to be in writing, or requires any such written memorandum to be signed or signed and delivered. Each Party acknowledges that in any legal proceedings between them respecting or in any way relating to a Request it hereby expressly waives the right to raise any defense or waiver of liability based upon the absence of a memorandum in writing or of a signature.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

3. The E-Nom™ Network

- 3.1 LGS shall provide to Customer and shall maintain at LGS's own expense the Software and updates all more specifically described in Attachment "B" to enable Customer to access the E-Nom™ system to Request gas deliveries or withdrawals or to initiate storage Transactions at the LGS Storage Facility by communicating with LGS's offices in Houston, Texas. Title in and to the Software is not transferred to Customer and shall remain with LGS or with the VAN, in the case of the VAN Software.

Customer shall provide and maintain at its own risk and expense a telecommunications line suitable for the proper functioning of the Software for the purposes of these Procedures.

Customer is obligated to provide reasonable access to its premises to properly identified LGS personnel or LGS subcontractors to install and maintain the Software. Customer shall advise LGS in a timely manner in writing of any restrictions affecting the health or safety of personnel with respect to access to Customer's premises.

- 3.2 Customer is obligated to use the Software for the sole purpose of using E-Nom™ to transact its own business and only in accordance with all applicable laws and regulations and the Communications Procedures. If LGS decides to appoint a new VAN, Customer shall allow representatives of LGS or such VAN's representatives to have access to the Software for purposes of removing and replacing the VAN Software.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

3. E-Nom™ Requests (Cont'd)

3.3 LGS grants to each Customer a non-exclusive, non-transferable, limited term license to use the object code version of the LGS Software solely for the purpose set out in Section 3.2 in these E-Nom™ Customer Access Procedures and for no other purpose. Customers may not copy, disclose, modify, reverse assemble or reverse compile, translate or convert to human readable form or alter in any way the LGS Software in whole or in part, nor rent, lease or sublease, license or sub-license, transfer, assign, or distribute the LGS Software to any person or entity for any purpose.

3.4 Each Customer's license and its use of the VAN Software is governed by, and each Customer must comply with, the terms and conditions prescribed by the VAN, identified in Attachment "B" hereto, in addition to the terms and conditions contained in these Procedures. Use of the VAN is at Customer's sole risk. Neither LGS, the VAN, nor any of their respective agents, employees, or suppliers of services and/or software ("Third Party" in this Section 3.4) warrants that the VAN will be uninterrupted or error free. Nor does LGS, the VAN or any Third Party make any warranty as to the results to be obtained from use of the VAN. The VAN is provided to Customer on an "as is" basis without warranties of any kind, either express or implied, including, without limitation, warranties of title or implied warranties of merchantability or fitness for a particular purpose other than those warranties which are implied by and incapable of exclusion, restriction or modification under the laws applicable to these Procedures. Neither LGS, the VAN or Third Party shall be liable for any direct, indirect, incidental, special or consequential damages including, without limitations, damages for loss of data, loss of business or failure to realize expected profits or savings or other economic or commercial loss of any kind, including loss of use of the VAN or E-Nom™ and costs of substitute services or facilities, whether under any theory of contract (even in the nature of a breach of a condition or a fundamental term or a fundamental breach), tort (including negligence or misrepresentation), strict liability or any other legal or equitable theory, even if the Third Party has been advised of the possibility thereof, all of which liability is hereby expressly waived by Customer.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

3. E-Nom™ Requests (Cont'd)

3.5 In the event LGS and Customer agree to make use of a common third party supplier of information services for transmission via the E-Nom™ Network, Customer shall pay a portion of the supplier's network charges with LGS, insofar as they relate to E-Nom™ messages originating from or addressed to Customer. The portion of the charges to be covered by Customer and the exact cost sharing formula shall be determined once these services have been established.

3.6 The Parties shall cooperate in testing the E-Nom™ transmissions on the E-Nom™ Network in accordance with mutually agreed upon testing procedures. Such tests shall be carried out when reasonably requested by one of the Parties and agreed by the other, and the Parties shall agree on the success of the testing before continuing E-Nom™ transmissions.

4. Use of the E-Nom™ Network

4.1 For purposes of implementing Service under this Tariff, a Request is made when a Document in proper format and containing information required under the Storage Service Documents and these Procedures is received by LGS's computer at its offices in Houston, Texas, or at such other location as LGS may notify Customer in accordance with Section 9.1 of these E-Nom™ Customer Access Procedures. Such receipt shall not validate the information in a Document and consequently, LGS shall not be liable, in the performance of the Request, for having acted on improper, invalid or erroneous information.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

5. Reliability of the E-Nom™ Network
  - 5.1 By submitting a document under the E-Nom™ Customer Access Procedures, each Party warrants that each Document of which it is the Sender is duly authorized and binding upon it.
  - 5.2 Each Party shall take reasonable steps to prevent unauthorized access to and use of any portion of the E-Nom™ transmission process, including the use of the E-Nom™ Network, that is under its control.
  - 5.3 LGS shall be responsible for ensuring that the Software automatically formats each Document to include authentication data so as to permit LGS to verify that it is an authentic Document originating from the Software.
  - 5.4 If the Receiver of a Document or other communication via E-Nom™ transmission reasonably suspects that it is incomplete, inaccurate, corrupted in transmission, or not intended for that Party, that Party must promptly notify the Sender and request clarification. The Receiver shall not act on the Document until clarification has been received from the Sender.
  - 5.5 If the Parties cannot transmit Documents by E-Nom™ by reason of some failure of equipment or services, each Party will use its best efforts (a) to continue normal communication between it and the other Party by alternate means, and (b) to restore the E-Nom™ transmissions to normal operating condition as soon as possible.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

6. Records and Audit Procedures

- 6.1 LGS will provide to Customer: (a) Transaction Advice information within two hours of each Nomination Time, containing the Request data accepted and acted upon by LGS in respect of such Transaction, and (b) at Customer's request a record of all Transactions that Customer has placed and that LGS has acted upon within Customer's requested time period, not to exceed three months previous to the date such request is made. Customer shall designate, by notice to LGS, one or more individuals with appropriate authority as the persons responsible for the custody of the Transaction Advices and Transaction Histories. Any such authorized person shall be deemed competent to verify the accuracy and completeness of a Transaction Advice or a Transaction History.
- 6.2 Customer shall have until the end of the next Business Day, in the case of a Transaction Advice, or the end of 30 calendar days from the date of the requested Nomination period, in the case of a Transaction History, in each case following receipt, to compare such record with its own records and give notice to LGS stating the details of any objections with respect to the accuracy or completeness of a Transaction Advice or a Transaction History. Subject to any such notice or objection, upon the expiration of that period the Transaction Advice or Transaction History, as the case may be, shall be conclusively deemed to have been accepted as accurate and complete by both Parties.
- 6.3 A duly certified copy of any properly retained electronic record of an E-Nom™-transmitted Document and duly certified copies of a Transaction Advice or a Transaction History shall be admissible in any legal, administrative or other proceeding as prima facie evidence of the accuracy and completeness of its contents in the same manner as an original document in writing, and by taking or providing Service under this Tariff each Party expressly waives any right to object to the introduction of such records, Transaction Advices and Transaction Histories in evidence. Certification of such records shall occur through provision of an affidavit or declaration under penalty of perjury from an employee stating in substance each of the following: (i) The affiant or declarant is the duly authorized custodian of the records or other qualified witness for the Party and has authority to certify the records; (ii) the copy is a true copy of said Document, Transaction Advice or Transaction History; (iii) the records were prepared by personnel of the Party in the ordinary course of business at or near the time of the communication or transaction recorded therein; and (iv) a description of the mode of preparation of the records.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

7. Liability and Indemnity

7.1 By taking or providing Service under this Tariff, the Parties acknowledge that the existence and use of E-Nom™ transmissions are for their mutual benefit. The information obtained by a Party about the affairs of the other by the negotiation and performance of these Procedures shall not be used to impose liability for consequential damages or in any other way to increase the liability of such other Party in the event that other Party fails to perform its obligations under a Request. LGS shall not be liable to Customer for acting, in good faith, upon any information transmitted electronically by Customer or any other customer of LGS.

7.2 LGS shall be indemnified and held harmless by the Receiver from and against all loss, damage or expense incurred by the Customer as a result of or in connection with the transmission of any Document which is not received or which is corrupted in transmission as a result of a malfunction in the E-Nom™ Network except in circumstances where LGS knew or ought reasonably to have known that the Document was or would be corrupted in transmission or would likely not be received.

7.3 Customer shall:

- (a) be liable to LGS for any damage, loss, and expense LGS may suffer to the Software while the Software is on the premises of or in the possession of Customer as a result of the willful misconduct or negligence of Customer; and,
- (b) indemnify LGS against all actions, proceedings, claims, demands and costs which may be brought against LGS arising directly or indirectly out of Customer's use or misuse of the Software.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

8. Force Majeure

- 8.1 The provisions of Article 8 of the General Terms and Conditions of this Tariff will apply to any and all events of Force Majeure to which LGS or a Customer utilizing the E-Nom™ System are subject.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

9. Miscellaneous

9.1 Any notice required or permitted to be given by one Party to another pursuant to these Procedures shall be provided in compliance with the provisions of Section 9 of the General Terms and Conditions of this Tariff.

9.2 Each Party shall maintain the electronic data or records required to print a hard copy of each and every Document it transmits or receives pursuant to these Procedures for the time period required by any and all applicable law(s), but in any event for a period of not less than 7 years. The Parties shall implement reasonable measures to assure the accuracy, fidelity and retention of all electronic data and records generated hereunder.

10. Term and Termination

10.1 These Procedures shall commence upon the execution by both Parties of a Storage Services Agreement and shall continue until termination of that Agreement as prescribed by these Procedures.

10.2 Upon termination and upon demand in writing from LGS, Customer shall immediately return in good condition, intact and unaltered, the Software and any copies of any thereof in its possession or control.

10.3 Upon such termination, LGS at its sole option may immediately enter upon Customer's premise to remove all the Software from Customer's premises.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

**ATTACHMENT "A"  
DOCUMENTS APPROVED FOR TRANSMITTAL**

The Parties may send the following documents via the E-Nom™ Network.

1. Request
2. Confirmation
3. Discretionary Quantity
4. Transaction Advice
5. Gas Storage Inventory Account Activity
6. Transaction History
7. Price Index Daily Data

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT (Cont'd)**

**D. E-Nom™ CUSTOMER ACCESS PROCEDURES (Cont'd)**

**ATTACHMENT "B"  
HARDWARE AND SOFTWARE**

**PART A – LGS SOFTWARE**

The Navigator Bar Icon, Database Logon Screen, Company Selection Screen, Main E-Nom™ Desktop, Storage Request Screen, Price Index Screen, Gas Storage Inventory Account Activity Screen, Storage Inventory Screen, and all related lookup, search or sort windows constitute the LGS Software.

**PART B – NETWORK SOFTWARE**

All software included with each installation which allows the telecommunication operations to function constitutes the Network Software. This includes all functionality required to make the LGS software, described in Part A, communicate with the LGS in-house Marketing Systems.

**PART C – VAN**

The following company operates the VAN which currently provides the E-Nom™ Network:

N/A

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE AREA MAP**

Since LGS has no specific service territory, it does not have a Service Area Map.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE FSS – FIRM STORAGE SERVICE**

CLASS OF SERVICE

Firm Storage Service (FSS), as defined in Rule 1, is a natural gas storage service of Firm inventory capacity, Firm injection capacity and/or Firm withdrawal capacity, subject to the terms and conditions of service set forth in this Tariff including the Appendix FSS evidencing a Transaction entered into by the Parties.

APPLICABILITY

FSS Service is applicable to natural gas stored at the LGS Storage Facility in Sacramento and San Joaquin Counties, California.

TERRITORY

LGS has no specific service territory. LGS provides FSS Service pursuant to the terms and conditions of this tariff and the Storage Service Documents to any person who can arrange to have its natural gas transported to and from the Point of Receipt and the Point of Delivery.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS

- 1.1 In this Service Schedule, terms will have the meanings given in Rule 1, unless expressly indicated otherwise.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE FSS – FIRM STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

2. CONTRACTING FOR SERVICES AND NOMINATIONS

2.1 The following provisions will apply between the Parties:

- (a) From time to time, Customer and LGS may agree orally to one or more Transactions hereunder. Such oral agreement shall be recorded by LGS and thereafter shall be confirmed by LGS sending Customer a fax in the form of an Appendix FSS documenting the particulars of the Transaction thereby entered into.
- (b) Unless Customer objects by notice in writing given to LGS by 07:00 hours Pacific Clock Time on the 15th Business Day following the day on which LGS faxes the confirmation notice in the form of an Appendix FSS pursuant to Section 2.1(a), such Appendix FSS shall be accepted as correct by and binding upon both Parties in accordance with its terms whether or not in fact executed by either Party or both Parties; provided that, if a Party can produce a voice recording which clearly evidences the oral agreement of the Parties, then in the event of conflict between the faxed confirmation and the voice recording, the agreement of the Parties shall be governed by the latter. Taking service from LGS and providing service to Customer under this Tariff or the Storage Service Documents constitutes express advance consent under any applicable federal law or law of any state of the United States by both LGS and Customer to voice recordation of any personal, telephonic, or other conversation between LGS and Customer wherein matters such as those addressed in this Section 2.1 are discussed between the Parties.
- (c) Customer may access the Services provided for in this Service Schedule by following the procedures set out in Article 3 "Requests, Nominations, and Confirmations" of the General Terms and Conditions, and in this Service Schedule.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE FSS – FIRM STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

2. CONTRACTING FOR SERVICES AND NOMINATIONS (Cont'd)
  - 2.2 LGS is not required to accept any Request which would result in Customer's Gas Storage Inventory Account having a negative balance or which would result in Customer exceeding the Inventory Capacity.
  - 2.3 Unless otherwise permitted in the Storage Service Documents, Customer must pay LGS all applicable charges on account of the Injection Commodity Rate, the Withdrawal Commodity Rate, or both, for any Intraday Request made by Customer. Due to the obligations imposed on LGS as a result of an Intraday Request, any Intraday Request made by Customer will require Customer to make payment for all applicable charges even if the Customer did not Nominate as required by the Storage Service Documents.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE FSS – FIRM STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. REDUCTIONS, ALLOCATIONS

In the event of a flow constraint for any reason, storage injection or withdrawal volumes will be reduced using the procedures below. The volumes will be restored in the reverse order that they were reduced once the constraint has been remedied.

Overrun volumes will be reduced first, on a pro-rata basis, using the constrained volume as the numerator and total confirmed overrun nomination volumes as the denominator.

Once all the overrun volumes have been reduced to zero, further reductions will be made by reducing interruptible capacity using the rate paid for the day of the constraint as the determining factor. The lowest rate interruptible volumes will be reduced first, continuing upward on a contracted rate basis until the constrained volume target has been met. If one or more customers is paying the same rate, and that rate stratum is not reduced to zero, the volume reduction for that rate stratum will be made by using the reduction volume as the numerator, and the total confirmed nominations as the denominator.

Once all interruptible volume has been reduced to zero, if further reduction is necessary, firm injections or withdrawals (whichever applies) will be reduced by using the remaining constrained volume as the numerator, and the MDIQ or MDWQ for the affected customers as the denominator.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE FSS – FIRM STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

4. SERVICE FEES

- 4.1 Customer will pay the fees and charges described in this Article 4 and in Appendix FSS for the Services provided under this Service Schedule.
- 4.2 The amount payable each Gas Month by Customer pursuant to this Service Schedule shall equal to the sum of:
- (a) the product of the Injection Commodity Rate and the quantity of gas delivered by or on behalf of Customer at the Point of Receipt and credited to Customer's Gas Storage Inventory Account during that Gas Month;
  - (b) the product of the Withdrawal Commodity Rate and the quantity of gas delivered to or on behalf of Customer at the Point of Delivery and deducted from Customer's Gas Storage Inventory Account during that Gas Month;
  - (c) the Monthly Storage Demand Charge applicable to the Billing Month; and
  - (d) all other fees, charges, damages, and other amounts payable in accordance with the Storage Service Documents for that Gas Month.
- 4.3 LGS shall be entitled to take as a Fuel Charge natural gas in kind from all gas injected by a Customer.
- 4.4 Rates may be adjusted as negotiated between Customer and LGS, subject to the minimums and maximums stated in this Schedule FSS.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE FSS – FIRM STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

5. RATES

The rates for FSS Service shall be within the range set forth in the following table. Rates are for service beginning April 1, 1999, to be adjusted every subsequent April 1 pursuant to Section 5.3.

**Schedule FSS Rate Table**

|                                 | Unit             | Minimum | Maximum  |
|---------------------------------|------------------|---------|----------|
| Inventory Demand Rate           | \$/Dth/month     | \$0.00  | \$ 36.00 |
| Injection Demand Rate           | \$/Dth/day/month | \$0.00  | \$300.00 |
| Withdrawal Demand Rate          | \$/Dth/day/month | \$0.00  | \$200.00 |
| Injection Commodity Rate        | \$/Dth           | \$0.00  | \$100.00 |
| Withdrawal Commodity Rate       | \$/Dth           | \$0.00  | \$100.00 |
| Inventory Transfer Fee          | \$/Dth           | \$0.00  | \$ 10.00 |
| Fuel Charge (% of Gas Injected) |                  | 0.0%    | 5.0%     |

6. SPECIAL CONDITIONS

6.1 In order to receive Service under this schedule, Customer must execute and deliver to LGS a Storage Services Agreement (Form A) and enter into a Transaction as evidenced by an Appendix FSS (Form B).

6.2 All Service under this Service Schedule is subject to the provisions of General Terms and Conditions and E-Nom™ Customer Access Procedures set forth in this Tariff.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE FSS – FIRM STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

6. SPECIAL CONDITIONS (Cont'd)

6.3 Without the necessity of obtaining Customer's consent, LGS may pledge or mortgage its rights under this Tariff or the Storage Service Documents for security of any indebtedness and (i) upon giving notice to Customer of such pledge and mortgage, (A) the pledgee or mortgagee shall be entitled to exercise all rights and remedies it may have with respect to the LGS Storage Facilities and this Tariff or the Storage Service Documents without the further consent of Customer, to receive a copy of any notice given by LGS or Customer pursuant to the Terms of this Tariff or the Storage Service Documents, and to deliver any notice permitted under this Tariff or the Storage Service Documents on LGS's behalf, and (B) Customer shall be entitled to assume the due authority of the pledgee or mortgagee in taking any action or authorizing any notice without the necessity of independently reviewing the pledge, mortgage, or other security instrument delivered by LGS to the pledgee or mortgagee and to accept performance by the pledgee or mortgagee of any duty or obligation of LGS hereunder, and (ii) upon giving Customer a copy of a trustee's deed, deed in lieu of foreclosure, or other instrument pursuant to which the pledgee, mortgagee, or other Party acquires legal title to or rights with respect to the LGS Storage Facilities and this Tariff or the Storage Service Documents, (A) the pledgee, mortgagee, or other Party shall assume full liability for the performance of LGS's duties and obligations hereunder and (B) Customer shall accept the pledgee, mortgagee, or other party as the successor to LGS under this Tariff and the Storage Service Documents. Upon execution of any Storage Service Document, Customer agrees to execute and deliver a Consent and Agreement and cause the Guarantor (if applicable) to deliver a Consent and Agreement in the form attached to this Tariff as Sample Form G and deliver the legal opinion provided in the Consent and Agreement upon execution of such Storage Service Document.

6.4 The agreement of the Parties as evidenced by the Storage Service Documents 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.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE**

CLASS OF SERVICE

Interruptible Storage Service (ISS), as defined in Rule 1, is a natural gas storage service of Interruptible inventory capacity, Interruptible injection capacity and/or Interruptible withdrawal capacity, subject to the terms and conditions of service set forth in this Tariff including the Appendix ISS evidencing a Transaction entered into by the Parties.

APPLICABILITY

ISS Service is applicable to natural gas stored at the LGS Storage Facility in Sacramento and San Joaquin Counties, California.

TERRITORY

LGS has no specific service territory. LGS provides ISS Service pursuant to the terms and conditions of this tariff and the Storage Service Documents to any person who can arrange to have its natural gas transported to and from the Point of Receipt and the Point of Delivery.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS

1.1 In this Service Schedule, terms will have the meanings given in Rule 1, unless expressly indicated otherwise.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

2. CONTRACTING FOR SERVICES AND NOMINATIONS

2.1 The following provisions will apply between the Parties:

- (a) From time to time, Customer and LGS may agree orally to one or more Transactions hereunder. Such oral agreement shall be recorded by LGS and thereafter shall be confirmed by LGS sending Customer a fax in the form of an Appendix ISS documenting the particulars of the Transaction thereby entered into.
- (b) Unless Customer objects by notice in writing given to LGS by 07:00 hours Pacific Clock Time on the second Business Day following the day on which LGS faxes the Appendix ISS pursuant to Section 2.1(a) of this Schedule ISS, such Appendix ISS shall be accepted as correct by and binding upon both Parties in accordance with its terms, whether or not in fact executed by either Party or both Parties; provided that, if a Party can produce a voice recording which clearly evidences the oral agreement of the Parties, then in the event of conflict between the faxed confirmation and the voice recording, the agreement of the Parties shall be governed by the latter. Taking service from LGS and providing service to Customer under this Tariff or the Storage Service Documents constitutes express advance consent under any applicable federal law or law of any state of the United States by both LGS and Customer to voice recordation of any personal, telephonic, or other conversation between LGS and Customer wherein matters such as those addressed in this Section 2.1 are discussed between the Parties.
- (c) Customer may access the services provided for in this Service Schedule by following the procedures set out in Article 3 "Requests, Nominations, and Confirmations" of the General Terms and Conditions, and in this Service Schedule.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

2. CONTRACTING FOR SERVICES AND NOMINATIONS

2.2 If during the Term, as specified on the Appendix ISS, there are no existing FSS Transactions that reference the same Gas Storage Inventory Account as specified on Appendix ISS, then the following obligations shall be applicable:

- (a) For service rendered at the Point of Receipt, LGS is not required to accept any Request, which, if fulfilled, would result in the total quantity of gas delivered or received pursuant to the Transaction exceeding, in absolute value, the Total Contract Quantity as specified on the Appendix ISS evidencing the Transaction.
- (b) LGS is not required to accept any Request which would result in Customer's Gas Storage Inventory Account exceeding the Inventory Capacity.
- (c) For service rendered at the Point of Delivery, LGS is not required to accept any Request, which, if fulfilled, will result in the balance of the Customer's Gas Storage Inventory Account exceeding, in absolute value, zero at the end of the Term of that Transaction.
- (d) LGS's right to not accept any Request, pursuant to Sections 2.2(a) and (b) of this Schedule ISS, supersedes any obligation or right the Customer may otherwise have to Request the Minimum Daily Quantity or the Maximum Daily Quantity or to exercise any Scheduling Discretion to which it is otherwise entitled, as specified in the Appendix ISS evidencing the Transaction.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. ALLOCATION OF SERVICE

3.1 Allocation of service under this Schedule ISS shall be governed by the following provisions:

- (a) Service under Schedule ISS of inventory capacity, injection capacity, or withdrawal capacity may be curtailed in whole or in part from time to time, including within a day, in favor of higher priority claims of other Firm or Interruptible Storage Service Customers. Section 3.1(b) of this Schedule ISS states the allocation procedures that will be applicable to such curtailments.
- (b) Storage injection or withdrawal volumes will be reduced using the procedures below. The volumes will be restored in the reverse order that they were reduced once the constraint has been remedied.

Overrun volumes will be reduced first, on a pro-rata basis, using the constrained volume as the numerator and total confirmed overrun nomination volumes as the denominator.

Once all the overrun volumes have been reduced to zero, further reductions will be made by reducing interruptible capacity using the rate paid for the day of the constraint as the determining factor. The lowest rate interruptible volumes will be reduced first, continuing upward on a contracted rate basis until the constrained volume target has been met. If one or more customers is paying the same rate, and that rate stratum is not reduced to zero, the volume reduction for that rate stratum will be made by using the reduction volume as the numerator, and the total confirmed nominations as the denominator.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

4. SERVICE FEES

- 4.1 Customer will pay to LGS, or LGS will pay to Customer, the ISS Service Charge, as calculated pursuant to the Appendix ISS evidencing each Transaction, for the Services provided or to be provided under this Service Schedule.
- 4.2 The ISS Service Charge shall be based on either a "Total Contract Quantity," "Inventory" or "Commodity" basis, as stipulated on the Appendix ISS evidencing the Transaction between the Parties.
- (a) If based on the Total Contract Quantity, then the ISS Service Charge for any Gas Month is equal to the ISS Service Rate times the Total Contract Quantity divided by number of months comprising the Term of that Transaction, or
- (b) If based on Commodity, then the ISS Service Charge for any Gas Month is equal to the ISS Service Rate times the quantity of gas Requested by Customer and accepted by LGS pursuant to that Transaction during that Gas Month at the Point of Receipt, the Point of Delivery or both, or
- (c) If based on Inventory, then the ISS Service Charge for any Gas Month is equal to the ISS Service Rate times the Inventory Capacity divided by the number of months comprising the Term of that Transaction.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

5. RATES

5.1 The rates for ISS Service shall be within the range set forth in the following table:

**Schedule ISS Rate Table**

|                                 | Unit             | Minimum | Maximum  |
|---------------------------------|------------------|---------|----------|
| ISS Service Rate                | \$/Dth/month     | \$0.00  | \$500.00 |
| Inventory Transfer Fee          | \$/Dth/day/month | \$0.00  | \$ 10.00 |
| Fuel Charge (% of Gas Injected) |                  | 0.0%    | 5.0%     |

6. SPECIAL CONDITIONS

6.1 In order to receive Service under this schedule, Customer must enter into a Storage Service Agreement (Form A) and a Transaction as evidenced by an Appendix ISS (Form C).

6.2 All Service under this Service Schedule is subject to the provisions of General Terms and Conditions and E-Nom™ Customer Access Procedures set forth in this Tariff.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SERVICE SCHEDULES**

**SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE**

TERMS AND CONDITIONS OF SERVICE (Cont'd)

6. SPECIAL CONDITIONS (Cont'd)

- 6.3 Without the necessity of obtaining Customer's consent, LGS may pledge or mortgage its rights under this Tariff or the Storage Service Documents for security of any indebtedness and (i) upon giving notice to Customer of such pledge and mortgage, (A) the pledgee or mortgagee shall be entitled to exercise all rights and remedies it may have with respect to the LGS Storage Facilities and this Tariff or the Storage Service Documents without the further consent of Customer, to receive a copy of any notice given by LGS or Customer pursuant to the Terms of this Tariff or the Storage Service Documents, and to deliver any notice permitted under this Tariff or the Storage Service Documents on LGS's behalf, and (B) Customer shall be entitled to assume the due authority of the pledgee or mortgagee in taking any action or authorizing any notice without the necessity of independently reviewing the pledge, mortgage, or other security instrument delivered by LGS to the pledgee or mortgagee and to accept performance by the pledgee or mortgagee of any duty or obligation of LGS hereunder, and (ii) upon giving Customer a copy of a trustee's deed, deed in lieu of foreclosure, or other instrument pursuant to which the pledgee, mortgagee, or other Party acquires legal title to or rights with respect to the LGS Storage Facilities and this Tariff or the Storage Service Documents, (A) the pledgee, mortgagee, or other Party shall assume full liability for the performance of LGS's duties and obligations hereunder and (B) Customer shall accept the pledgee, mortgagee, or other party as the successor to LGS under this Tariff and the Storage Service Documents.
- 6.4 The agreement of the Parties as evidenced by the Storage Service Documents 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.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**LIST OF CONTRACTS AND DEVIATIONS**

LGS does not currently have or expect to enter into Transactions at rates or under conditions other than those contained in its filed tariff. If LGS enters into Transactions with customers at rates that are outside the range of rates established for its Services or under conditions other than those contained in its Tariff, LGS will follow the procedures of Section X of the Commission's General Order 96-A or its successor, and will list such Transactions in this section.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

## RULES

### RULE 1 – DEFINITIONS

Whenever used in this Tariff or in any Schedule, Appendix, Table, Form or Attachments thereto, the following words and expressions shall have the respective meanings ascribed to them as follows:

“Acceptable Credit Rating” means a Credit Rating no lower than any of the following: “EBB” from Standard & Poor’s, “Baa” from Moody’s, “B++” from Canadian Bond Rating Service.

“Affiliate” means, with respect to a given person, an entity controlling, controlled by or under common control with such person. As used herein, “control” means holding more than fifty percent (50%) of the equity or equivalent rights to elect directors of an entity.

“Appendix” means a document, a pro forma of which is set forth as Sample Forms B and C, that adopts that Service Schedule and confirms the particulars of the Transaction that is set forth therein.

“Appendix FSS” means an Appendix FSS in the form set forth as Sample Form B, evidencing a Transaction between Customer and LGS.

“Appendix ISS” means an Appendix ISS in the form set forth as Sample Form C, evidencing a Transaction between Customer and LGS.

“Bcf” means billion cubic feet.

“Billing Month” means the Gas Month immediately preceding the Gas Month in which LGS is required to bill Customer pursuant to Section 4.2 of the General Terms and Conditions.

“Btu” or “British Thermal Unit” means the standard unit for measuring a quantity of thermal energy. One Btu equals the amount of thermal energy required to raise one pound of water one degree Fahrenheit at or near its point of maximum density.

“Business Day” means any day except a Saturday, Sunday or Federal Reserve Bank holiday.

“Commencement Quantity” means the aggregate quantity of gas actually delivered or received at the Point of Receipt.

“Commission” or “CPUC” means the Public Utilities Commission of the State of California, or its successor.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 1 – DEFINITIONS (Cont'd)**

“Confidential Information” means the confidential information or trade secrets of the transmitting Party and the confidential information and trade secrets of other persons in favor of whom the transmitting Party has undertaken, or is otherwise bound by, an obligation of confidentiality, regardless of the form of which such information is constituted, excluding however, information that is publicly available other than as a result of the improper conduct of the recipient Party, information that was within the recipient Party’s knowledge prior to disclosure by the transmitting Party, and information that has been lawfully disclosed by another source.

“Confirm” means the act of making a Confirmation.

“Confirmation” means the Connecting Pipeline’s matching and confirmation of the Nominations submitted by either or both of Customer and LGS.

“Connecting Pipeline” means the pipeline at which the Point of Receipt or Point of Delivery are located.

“Contract Daily Injection Quantity” or “CDIQ” means the aggregate maximum quantity of Gas specified in the Storage Service Documents that Customer or Customer’s designee may nominate and deliver and that LGS shall accept and receive at the Point of Receipt for injection into the Storage Facilities each Day at constant hourly rates of flow over the course of such Day.

“Contract Daily Withdrawal Quantity” or “CDWQ” means the aggregate maximum quantity of Gas specified in the Storage Service Documents that Customer may nominate and request and that LGS will withdraw and deliver from the Storage Facilities and tender to Customer or Customer’s designee at the Point of Delivery each Day at constant hourly rates of flow over the course of such Day.

“Contract Hourly Injection Quantity” or “CHIQ” means the maximum quantity of Gas specified in the Storage Service Documents that Customer or Customer’s designee may nominate and deliver and that LGS shall accept and receive at the Point of Receipt for injection into the Storage Facility over the course of any hour.

“Contract Hourly Withdrawal Quantity” or “CHWQ” means the maximum quantity of Gas specified in the Storage Service Documents that Customer or Customer’s designee may nominate and deliver and that LGS shall accept and receive at the Point of Receipt for injection into the Storage Facility over the course of any hour.

“Credit Rating” means the rating given to Customer’s unsecured Long Term Debt by Standard & Poor’s, Moody’s, or the Canadian Bond Rating Service.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**RULES (Cont'd)**

**RULE 1 – DEFINITIONS (Cont'd)**

“Customer” means the person or persons who contract for Service at the LGS Storage Facility and includes the person’s or persons’, successors and permitted assigns.

“Curtailed Allowance” has the meaning given in Section 3.1 of Schedule FSS.

“Day” means the twenty-four (24) hour period beginning at 7:00 a.m. Pacific Time on each calendar Day and ending at 7:00 a.m. Pacific Time on the following calendar Day.

“Defaulting Party” means the Party who in the circumstances is responsible for a Delivery Default or is responsible for or subject to a Triggering Event.

“Deficient Quantity” means the quantity of gas which the Defaulting Party failed to deliver or receive, as the case may be, on the Delivery Default Date.

“Dekatherm” or “Dth” means ten Therms.

“Delivery Default” means the failure by a Party, for any reason not excused by the applicable provisions of the Storage Service Documents, to deliver or receive gas on any Gas Day in accordance with its obligations.

“Delivery Default Date” means the Gas Day on which the Delivery Default occurred.

“Designated Transportation Account” means the Transportation Account specified on the Appendix evidencing the Transaction between the Parties.

“Document(s)” for the purposes of the E-Nom™ Customer Access Procedures mean data that relate to a Transaction and that are in a form contemplated by or listed in Attachment “A” of the E-Nom™ Customer Access Procedures.

“Documentation” means the instruction manual(s) provided with and describing the use and functionality of the Hardware and Software.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 1 – DEFINITIONS (Cont'd)**

“dollars” or “\$” means United States dollars, unless expressly indicated otherwise.

“Early Termination Damages” means the net present value of the economic loss, if any, as calculated pursuant to Article 8 of the General Terms and Conditions, deemed to have been suffered by the Non-Defaulting Party as a result of the early termination of some or all Transactions, as designated by the Non-Defaulting Party.

“Early Termination Date” has the meaning given in Section 8.6 of the General Terms and Conditions.

“Effective Time” means, when used in connection with any of the terms Request, Nomination, and Confirmation, the time when gas will begin to flow on the Connecting Pipeline in response to such Request, Nomination or Confirmation.

“E-Nom™” or “E-Nom™ Customer Access Procedures” means the E-Nom™ Customer Access Procedures contained in the Storage Service Documents, as amended from time to time.

“E-Nom™ Network” or “E-Nom™ System” means the configuration of computer processing equipment and communications facilities by means of which Documents are transmitted and received by the Parties.

“Financial Assurance” or “Financial Assurances” means an irrevocable Letter of Credit, substantially in the form set forth as Sample Form E, a Guarantee, substantially in the form set forth as Sample Form F, given by another person with an Acceptable Credit Rating or such other security acceptable to LGS.

“Financial Statements” means Customer’s current balance sheet, statement of income, statement of retained earnings or statement of changes in financial position and notes.

“Firm” means that LGS stands ready to deliver the inventory capacity service, inventory injection service, and/or inventory withdrawal service at all times on every day except when precluded from doing so as a result of an event of Force Majeure and that the service provided by LGS is not subject to prior claims by other customers or other classes of service and receives the same priority as any other class of Firm service.

“Firm Storage Service” or “FSS Service” means a service offered by LGS for delivery of gas to LGS at the Point of Receipt by or on behalf of Customer and for delivery of gas by LGS at the Point of Delivery to or on behalf of Customer, on the terms and conditions of Service Schedule FSS and Appendix FSS.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 1 – DEFINITIONS (Cont'd)**

“Force Majeure” means acts of God; governmental action; strikes, lockouts or other industrial disturbances; acts of the public enemy; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; storm warnings; floods; washouts; freezes; arrests and restraints of governments and people; civil disturbances; explosions; breakage of, accidents to, or mechanical failure of machinery, equipment, lines of pipe, wells or subsurface storage reservoirs regardless of how caused; failure of any third person transporters to receive or take any volumes of gas tendered for receipt or delivery at the Point of Receipt or Point of Delivery; and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the Party claiming suspension (including, but not limited to, acts of negligence or willful misconduct of a third person not under the control, employ, or supervision of the Party claiming Force Majeure) and which by the exercise of due diligence such Party is unable to prevent or overcome.

“Fuel Charge” means the percentage of natural gas injected by Customer into the LGS Storage Facility, as negotiated between LGS and Customer and reflected in the applicable Storage Service Document, which LGS is allowed to take in kind.

“gas” or “natural gas” means any combustible gas or vapor, or combustible mixture of gaseous constituents used to produce heat by burning. It shall include, but not be limited to, natural gas, gas manufactured from coal or oil, gas obtained from a land fill, or a mixture of any or all of the above, provided that it meets the quality specifications set forth in this Tariff.

“Gas Day” means a period beginning at 07:00 Pacific Clock Time and ending at 07:00 Pacific Clock Time on the following day. Each Gas Day will be referred to by the calendar day in which it commences.

“Gas Month” means a period of time beginning at 07:00 Pacific Clock Time on the first day of a calendar month and ending at 07:00 Pacific Clock Time on the first day of the following calendar month. Each Gas Month will be referred to by the calendar month in which it commences.

“Gas Storage Inventory Account” means an account maintained by LGS as the means by which Transactions entered into by the Parties are accounted for. LGS may maintain more than one Gas Storage Inventory Account on behalf of Customer.

“Guarantee,” “Guaranteed Obligations,” and “Guarantor” each has the meaning given in Rule 6 and Sample Form F attached to this Tariff.

“Injection Commodity Rate” means the rate, expressed in dollars per Dekatherm, payable by Customer for injecting gas into the LGS Storage Facility, as stipulated in Appendix FSS.

“Injection Demand Rate” means the rate, expressed in dollars per Dekatherm per month, charged for reserving injection service at the LGS Storage Facility for Customer’s exclusive use, as stipulated in Appendix FSS.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 1 – DEFINITIONS (Cont'd)**

“Injection Demand Charge” means for any Gas Month, the Maximum Daily Injection Quantity times the Injection Demand Rate for that Gas Month. “Insolvency Event” means, with respect to any person, when such person shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Federal Bankruptcy Code; or (vi) have an order for relief entered against it in any involuntary or voluntary case under the Federal Bankruptcy Code and such order is not stayed or lifted within sixty (60) days from the date it is entered; or (vii) take any corporate action for the purpose of effecting any of the foregoing.

“Interruptible” means that the applicable service is subject to LGS’ ability to provide the service and that the service is subject to claims of higher priority of other Firm or Interruptible Storage Service customers.

“Interruptible Storage Service” or “ISS Service” mean a service offered by LGS for delivery or receipt of gas at the Point of Receipt by or on behalf of Customer and/or for delivery or receipt of gas at the Point of Delivery by or on behalf of Customer, on the terms and conditions of Service Schedule ISS and the Appendix ISS evidencing the Transaction in question.

“Intraday” means when a Nomination Time and the corresponding Effective Time occur within the same calendar day.

“Inventory Capacity” means that portion of the operating capacity of the LGS Storage Facility sufficient to store on behalf of Customer, the total quantity of gas for a Gas Storage Inventory Account as stipulated as such on Appendix FSS and Appendix ISS referencing such Gas Storage Inventory Account, and in accordance with the provisions of the Storage Service Documents.

“Inventory Demand Rate” means the rate, expressed in dollars per Dekatherm per month, charged for reserving inventory capacity at the LGS Storage Facility for Customer’s exclusive use, as stipulated in Appendix FSS.

“Inventory Demand Charge” means for any Gas Month, the Inventory Capacity times the Inventory Demand Rate for that Gas Month.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 1 – DEFINITIONS (Cont'd)**

“Inventory Transfer” means the transfer of Gas Volume between Gas Storage Inventory Accounts of Customer or between Customer and another party.

“Inventory Transfer Fee” means the fee paid by Customer to LGS pursuant to the applicable Storage Service Document for an Inventory Transfer.

“ISS Service Charge” means the amount determined pursuant to Section 4.2 of Schedule ISS.

“ISS Service Rate” means the fee for ISS Service in the amount stipulated in the Appendix ISS evidencing the Transaction in question.

“Letter of Credit” has the meaning given in Rule 6.

“LGS” means Lodi Gas Storage, LLC, a Delaware limited liability company, and includes LGS’s successors and permitted assigns.

“LGS Software” means the software described in Part A of Attachment “B” of the E-Nom™ Customer Access Procedures.

“LGS Storage Facility,” “LGS Storage Facilities” or “Storage Facilities” means the underground gas storage facility, surface gas compression and processing facilities and associated pipelines owned and operated by LGS.

“Material Adverse Change” means the inability of a customer to meet or maintain the credit standards set forth in this Tariff or the Storage Service Documents.

“Maximum Daily Injection Quantity” or “MDIQ” means the maximum quantity of gas that Customer may Request or Nominate for delivery by Customer at the Point of Receipt during any Gas Day, as stipulated in the Appendix FSS evidencing the Transaction entered into by the Parties; and, when used in relation to any part of any Gas Day, means a fraction of such quantity that is equal to the ratio of such part of the Gas Day to the entire Gas Day.

“Maximum Daily Quantity” means, in relation to the Point of Receipt or the Point of Delivery, the maximum quantity of gas that Customer may Request or Nominate for delivery on any Gas Day at that point, as stipulated in the Appendix ISS evidencing the Transaction entered into by the Parties; and, when used in relation to any part of any Gas Day, means a fraction of such quantity that is equal to the ratio of such part of the Gas Day to the entire Gas Day.

“Maximum Daily Withdrawal Quantity” or “MDWQ” means the maximum quantity of gas that Customer may Request or Nominate for delivery by LGS at the Point of Delivery during any Gas Day, as stipulated in the Appendix FSS evidencing the Transaction entered into by the Parties; and, when used in relation to any part of any Gas Day, means a fraction of such quantity that is equal to the ratio of such part of the Gas Day to the entire Gas Day.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 1 – DEFINITIONS (Cont'd)**

“Maximum Storage Quantity” or “MSQ” means the maximum Volume of Gas specified in the Storage Service Documents which Customer may have in its Gas Storage Inventory Account at any time pursuant to the terms thereof.

“Minimum Daily Quantity” means the minimum quantity of gas that Customer must Request and Nominate for delivery on any Gas Day at that point, and the minimum quantity of gas that LGS Nominate for delivery on any Gas Day, at the Point of Receipt or the Point of Delivery, at the case may be, all as stipulated in the Appendix ISS evidencing the Transaction entered into by the Parties; and, when used in relation to any part of any Gas Day, means a fraction of such quantity that is equal to the ratio of such part of the Gas Day to the entire Gas Day.

“Month” means that period of time beginning at 7:00 a.m. Pacific Time on the first Day of a calendar month and ending at 7:00 a.m. Pacific Time on the first day of the following calendar month.

“Monthly Storage Demand Charge” means in respect of any FSS Transaction, the amount appearing on the Appendix FSS evidencing that Transaction.

“Nominate” means the act of making a Nomination.

“Nomination” means a request for transportation by Customer or LGS made to the Connecting Pipeline of the quantity of gas that the Party wishes to flow on the Connecting Pipeline system on the date specified.

“Nomination Time” means the deadline for submitting Nominations as set out on the Notification Schedule.

“Nomination Procedures” means the procedures specified in the Storage Service Documents pursuant to which Customer shall nominate gas for injection into or withdrawal from the LGS Storage Facilities from or to a direct interconnection with PG&E and/or any point recognized by PG&E as a “city gate” delivery point.

“Non-Defaulting Party,” means in any circumstance the party that is not the Defaulting Party in that circumstance.

“Notification Schedule” means the form attached to the Storage Services Agreement setting forth, among other things, the Nomination Times, Request Times, addresses for notice and other information relating to Customer and LGS.

“Party” or “Parties” means either or both of Customer and LGS, as the case may be “person” or “persons” means any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, unincorporated organization or government (or an agency or partial subdivision thereof).

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 1 – DEFINITIONS (Cont'd)**

“PG&E” means Pacific Gas and Electric Company, or any successor entity.

“Pipeline” means any person actually transporting gas on behalf of itself or others on physical Gas transmission facilities.

“Point of Delivery” means any interconnect at which LGS shall deliver Gas to Customer from the Storage Facilities.

“Point of Delivery Price Index” means the pricing index set out in the Appendix evidencing the Transaction entered into by the Parties.

”Point of Receipt” means any interconnect with the Storage Facilities at which LGS shall receive Gas from Customer for injection into the Storage Facilities.

“Point of Receipt Price Index” means the pricing index set out in the Appendix evidencing the Transaction entered into by the Parties.

“Prime Rate” means the annual rate of interest, designated as the U.S. Base Lending Rate as announced from time to time by the Citibank, N.A., as the reference rate then in effect for determining interest rates on U.S. dollar commercial loans.

“Procedures” means the E-Nom™ Customer Access Procedures.

“quantity of gas”, unless expressly provided to the contrary, means Dekatherms or a multiple or fraction thereof.

“Receiver” in relation to a Document means the party that is intended to receive it.

“Request”, when used as a noun, means a Customer’s request for Service in the form established by LGS setting out the quantity of gas that Customer wishes to deliver to or receive at the Point of Receipt, or deliver to or receive at the Point of Delivery, for the period commencing at the next Effective Time. When used as a verb, “Request” means the act of making a request for Service in accordance with Article 3 of the General Terms and Conditions and the other provisions of the Storage Service Documents.

“Request Time” means the deadline for submitting Requests set out on the Notification Schedule.

“Sender” in relation to a Document means the party that transmits it.

“Service” means a service made available pursuant to this Tariff and the Storage Service Documents.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 1 – DEFINITIONS (Cont'd)**

“Service Schedule” means the schedule that describes a Service, and includes the Appendix evidencing a Transaction entered into by the Parties.

“Software” means the computer software programs described in Attachment “B” of E-Nom Customer Access Procedures

“Storage Capacity” means the Volume of gas that may be stored by all customers of LGS in the Storage Facilities at a given time.

“Storage Service Agreement” means a Storage Services Agreement entered into between LGS and a Customer, as such agreement may be amended from time to time. A form of a Storage Services Agreement is attached to this Tariff as Sample Form A.

“Storage Service Documents” means the Storage Service Agreement, Service Schedule FSS, Service Schedule ISS, the Appendices evidencing all Transactions binding on the Parties, E-Nom™ Customer Access Procedures, and the General Terms and Conditions, the Sample Forms, and all Rules forming part of the Tariff.

“Tariff” means the entire body of the Storage Service Documents, including effective rates and charges, of LGS, including the title page, preliminary statement, service area map, and sample forms.

“Term” means the period designated for Service under the applicable Appendix evidencing a Transaction between the Parties, subject to extension or earlier termination in accordance with the provisions of the Storage Service Documents; provided that the initial term of any service provided by LGS under either Schedule FSS or Schedule ISS shall commence on the later of the in-service date of the LGS Storage Facility, or the commencement date designated on the applicable Appendix. Regardless of the exact date that Service commences, the initial Term of any such Service shall conclude on the end date specified in the applicable Appendix.

“Therm” means an amount of thermal energy equal to 100,000 British thermal units. Ten therms equal one Dekatherm (Dth).

“Threshold Amount” has the meaning given in Section 4.1 of Service Schedule FSS.

“Total Contract Quantity” is the quantity of gas stipulated as such on Appendix ISS.

“Total Storage Demand Charge” means in respect of any FSS Transaction, the sum of the Monthly Storage Demand Charges for that Transaction, as specified in Appendix FSS.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 1 – DEFINITIONS (Cont'd)**

“Transaction” means a commercial transaction entered into by Customer and LGS, as evidenced by an Appendix by which they have agreed to be bound or are deemed to be bound by the provisions of the Storage Service Documents.

“Transaction Advice” means the information prepared by LGS pursuant to Section 6.1(a) of the E-Nom™ Customer Access Procedures.

“Transaction History” means the information prepared by LGS pursuant to Section 6.1(b) of the E-Nom™ Customer Access Procedures.

“Transportation Account” means the agreement, pool, number or account on the Connecting Pipeline.

“VAN” means the third party provider of value - added network services forming part of the E-Nom™ Network. The current appointed VAN for the E-Nom™ Network is identified in Attachment “B” of the E-Nom™ Customer Access Procedures.

“VAN Software” means the software furnished by the VAN in connection with the communication facilities of the E-Nom™ Network.

“Volume means a quantity of gas measured or expressed in Dekatherms on a dry basis.

“Withdrawal Commodity Rate” means the rate, expressed in dollars per Dekatherm, payable by Customer for withdrawing gas from the LGS Storage Facility, as stipulated in Appendix FSS.

“Withdrawal Demand Charge” means for any Gas Month, the Maximum Daily Withdrawal Quantity times the Withdrawal Demand Rate for that Gas Month.

“Withdrawal Demand Rate” means rate, expressed in dollars per Dekatherm per month, charged for reserving withdrawal service at the LGS Storage Facility for Customer’s exclusive use

“Withdrawal Fee” means the fee paid by Customer to LGS calculated pursuant to the applicable Storage Service Document for the withdrawal of gas from the Storage Facilities.

“Year” means a period of twelve (12) consecutive months.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 2 – DESCRIPTION OF SERVICE**

LGS provides two classes of natural gas storage services for customers: Firm Storage Service and Interruptible Storage Service.

1. **FIRM STORAGE SERVICE**

Firm Storage Service (FSS), as defined in Rule 1, is a natural gas storage service of Firm inventory capacity, Firm injection capacity and/or Firm withdrawal capacity, subject to the terms and conditions of service set forth in this Tariff including the Appendix FSS evidencing a Transaction entered into by the Parties.

2. **INTERRUPTIBLE STORAGE SERVICE**

Interruptible Storage Service (ISS), as defined in Rule 1, is a natural gas storage service of Interruptible inventory capacity, Interruptible injection capacity and/or Interruptible withdrawal capacity, subject to the terms and conditions of service set forth in this Tariff including the Appendix ISS evidencing a Transaction entered into by the Parties.

3. **LIMITATION OF LIABILITY AND DISCLAIMER OF EXPRESS OR IMPLIED WARRANTIES**

It is the intent of the Parties to fully and completely state the rights and obligations of the Parties with regard to the Services provided under this Tariff. Therefore the liability of LGS and Customer, unless otherwise expressly provided, will be limited to that set forth in Articles 5, 6 and 7 of the General Terms and Conditions, and there are no other express or implied warranties or representations with respect to the Services provided under this Tariff. It is the intent of the Parties to specifically disclaim all warranties, and indemnities, express or implied, other than those expressly set forth in this Tariff.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 3 – REQUEST FOR SERVICE**

To apply for service, a customer must execute a Storage Service Agreement, enter into a Transaction evidenced by an Appendix applicable to the type of service to be taken, either Appendix FSS or Appendix ISS, and establish credit in compliance with Rule 6.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 4- CONTRACTS**

All contracts for natural gas storage service by LGS shall be subject to the following terms and conditions:

- A. Definition — “Contract” when used in these Rules (except when used in connection with E-Nom™ Customer Access Procedures) refers to one or more Transactions, entered into between Customer and LGS and evidenced by one or more Appendices.
- B. Requirement — Contracts for natural gas storage service will be required as a condition precedent to service.
- C. Interpretation — The interpretation and performance of any contract for gas storage service shall be in accordance with the laws of the State of California, without regard to the choice of law provisions thereof, and the orders, decisions, rules, and regulations of the Public Utilities Commission of the State of California, in effect from time to time.
- D. Hinshaw Exemption — In the event that any governmental entity (including a court) issues an order or rule which would result in the loss of LGS’s Hinshaw Exemption from federal regulations if a contract entered into by LGS remains in effect, LGS may terminate such a contract.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 5- SPECIAL INFORMATION REQUIRED ON FORMS**

Each Transaction for natural gas storage service shall contain language in substantially the following form:

“The agreement of the Parties, as evidenced by the Appendix \_\_\_\_, 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.”

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 6 – ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT**

All Customers will be required to maintain an Acceptable Credit Rating or to provide LGS with Financial Assurances, as provided in this Rule 6.

1. REQUIREMENT FOR FINANCIAL ASSURANCES

1.1 If Customer does not have an Acceptable Credit Rating, Customer shall provide LGS with Financial Assurances in accordance with Section 3 of this Rule 6.

2. WAIVER OF FINANCIAL ASSURANCES

2.1 If Customer establishes to LGS's reasonable satisfaction that it has an Acceptable Credit Rating and so long thereafter as Customer maintains an Acceptable Credit Rating, LGS shall not require Customer to provide it with Financial Assurances.

2.2 If Customer is not required by LGS to provide Financial Assurances pursuant to Section 2.1 of this Rule 6, Customer shall provide LGS with:

- (a) audited consolidated Financial Statements within 120 days after the end of each fiscal year of Customer, prepared in accordance with generally accepted accounting principles; and
- (b) unaudited consolidated Financial Statements within 90 days after the end of each fiscal quarter of Customer, prepared in accordance with generally accepted accounting principles; and
- (c) immediate notice of any amendment, change or modification to its Credit Rating, its Financial Statements or of any material adverse change in the financial position of Customer.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 6 – ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT (Cont'd)**

2. **WAIVER OF FINANCIAL ASSURANCES (Cont'd)**

2.3 If Customer does not maintain an Acceptable Credit Rating, then within 5 days of the reduction of its Credit Rating Customer shall provide LGS with the Financial Assurances as set forth in Section 3 of this Rule 6.

3. **FINANCIAL ASSURANCES – LETTER OF CREDIT OR GUARANTEE BY OTHER COMPANY**

3.1 Where Customer does not have or does not maintain an Acceptable Credit Rating, Customer shall provide LGS with one or more of the Financial Assurances, at the option of LGS, in an acceptable form as set forth in Section 3.2, 3.3 and 3.4. If a Customer with an Acceptable Credit Rating is downgraded to a level lower than an Acceptable Credit Rating, and no Transactions are then pending between the Parties, LGS will not require Customer to provide Financial Assurances unless and until Customer desires to enter into a Transaction.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 6 – ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT (Cont'd)**

3. FINANCIAL ASSURANCES – LETTER OF CREDIT OR GUARANTEE BY OTHER COMPANY (Cont'd)

3.2 Customer shall provide to LGS, to secure its obligation to LGS pursuant to the Storage Service Documents, the following Letter of Credit:

- (a) Upon entering into any Transaction under the Storage Service Documents and on or before January 1st of each year for which the Storage Service Documents are in effect, unless otherwise specified by LGS, a Letter of Credit in an amount equal to double the Total Storage Demand Charge specified in Appendix FSS.
- (b) For each Transaction entered into by the Parties for ISS Service, a Letter of Credit in an amount equal to the value of the Transaction under any reasonable set of assumptions, plus 120 days as determined by LGS in its sole and absolute discretion.
- (c) Each Letter of Credit shall be in effect for 1 year or for the Term of the Transaction plus 120 days, whichever is lesser. If the Term of the Transaction plus 120 days is greater than 1 year, Customer shall ensure that its obligation to LGS is secured continuously, and accordingly shall provide LGS with a replacement Letter of Credit no later than 120 days prior to the expiration of the then-effective Letter of Credit. LGS will return the expiring Letter of Credit to Customer within 5 days of the date of the Replacement Letter of Credit becomes effective.
- (d) Each Letter of Credit shall be in form and substance satisfactory to LGS, and without limiting the generality of the foregoing shall be issued by a financial institution acceptable to LGS and shall be irrevocable; shall provide for partial drawdowns; and shall contain the terms and conditions set forth in Sample Form E.
- (e) In addition to all other remedies available to LGS at law or in equity, if Customer fails to provide a replacement Letter of Credit in accordance with this Section 3.2, LGS may draw upon the expiring Letter of Credit to the full amount thereof and apply the funds so drawn in payment in whole or in part of the obligations of Customer under the Storage Service Documents.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 6 – ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT (Cont'd)**

3. FINANCIAL ASSURANCES - LETTER OF CREDIT OR GUARANTEE BY OTHER COMPANY (Cont'd)

3.3 Customer shall provide to LGS, to secure its obligation to LGS pursuant to the Storage Service Documents, a Guarantee granted to LGS by another company (the "Guarantor") with an Acceptable Credit Rating. The Guarantee shall be in a form as set forth in Sample Form F and the provisions of Sections 2 and 3 of this Rule 6 shall apply *mutatis mutandis* to the Guarantor as if the Guarantor were Customer.

3.4 If requested by Customer, LGS in its sole and absolute discretion may accept other forms of Financial Assurances to secure Customer's obligations under the Storage Service Documents, provided that LGS may reject or accept such other forms of Financial Assurances.

3.5 Customer's obligation to maintain an Acceptable Credit Rating or to provide Financial Assurances shall continue for so long as the Parties are bound by the Storage Services Agreement and all Transactions entered into thereunder. This obligation shall terminate when Customer has performed or satisfied all of its obligations under the Storage Service Documents. Upon the termination of the Storage Services Agreement, LGS shall return to Customer, if applicable:

- (a) the Letter of Credit and funds held by LGS as security pursuant to Section 3.2 of this Rule 6 then in its possession but only to the extent it has not then applied such funds pursuant to Section 4 of this Rule 6 to the debts, expenses, costs, assessments and liabilities payable by Customer to LGS pursuant to the provisions of the Storage Service Documents;
- (b) the Guarantee held by LGS pursuant to Section 3.3 of this Rule 6; or
- (c) any security accepted by LGS pursuant to Section 3.4 of this Rule 6.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 6 – ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT (Cont'd)**

4. FAILURE TO MEET OBLIGATIONS

4.1 If Customer fails to pay in full any amount owing to LGS within the time specified pursuant to the Storage Service Documents, then, in addition to the rights LGS has pursuant to the provisions of the Storage Service Documents and all other remedies available to LGS at law or in equity, LGS may take one or more of the following actions:

- (a) draw upon the Letter of Credit and funds held by LGS as security pursuant to Section 3.2 of this Rule 6 and apply the funds so drawn to pay any debts, expenses, costs, assessments or liabilities of any nature whatsoever, including interest on unpaid amounts, payable by Customer to LGS pursuant to the provisions of the Storage Service Documents;
- (b) demand payment from the Guarantor pursuant to the Guarantee granted under Section 3.3 of this Rule 6;
- (c) realize on any security accepted by LGS pursuant to Section 3.4 of this Rule 6; or
- (d) sell for LGS's benefit a quantity of Customer gas equal in value at the Point of Delivery Index price to the amount of Customer's unpaid debt to LGS.

5. NOTICES

5.1 Any notice required or permitted to be given by one Party to another pursuant to this Rule shall be given in writing and may be delivered by hand or transmitted by facsimile addressed in accordance with the particulars for notices set forth in the Storage Service Documents.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 7 – DEPOSITS**

Not applicable.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 8- NOTICES**

All notices required to be provided under the terms of this Tariff or any applicable Storage Service Document shall be provided according to the provisions of Article 9 of the General Terms and Conditions of this Tariff.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 9- RENDERING AND PAYMENT OF BILLS**

The preparation and rendering of bills and the payment thereof service under this Tariff shall be made in accordance with the provisions of Articles 4 and 5 of the General Terms and Conditions of this Tariff.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**Rule 10- DISPUTED BILLS**

Disputes about bills or invoices rendered by LGS to Customer are subject to the provisions of Section 4.7 of the General Terms and Conditions of this Tariff and Section 6.2 of the E-Nom™ Customer Access.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 11- MEASUREMENT OF SERVICE**

LGS will accept and deliver customers' natural gas at the quality and pressure required of natural gas transported on the Connecting Pipeline system as set for in the Interconnect Agreement with the Connecting Pipeline.

Each Party shall preserve all test data, charts, and other similar records regarding the measurement of gas delivered for a period of not less than 2 Years following the month of delivery of such gas.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 12- RESERVED**

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 13- RESERVED**

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**RULES (Cont'd)**

**RULE 14- CONTINUITY OF SERVICE; ALLOCATION OF CAPACITY**

Continuity of service and allocation of capacity shall be governed by the provisions of the applicable Service Schedule and Storage Service Documents.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS**

- A. STORAGE SERVICES AGREEMENT
- B. APPENDIX FSS
- C. APPENDIX ISS
- D. LGS GAS STORAGE NOMINATION FORM
- E. LETTER OF CREDIT
- F. GUARANTEE
- G. CONSENT AND AGREEMENT

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "A"**

**STORAGE SERVICES AGREEMENT**

---

THIS STORAGE SERVICES AGREEMENT MADE AS OF <COMMENCE DATE>, BETWEEN:

<COMPANY NAME>  
("CUSTOMER")

- and -

**LODI GAS STORAGE, LLC**  
("LGS")

**RECITALS:**

- A. LGS has developed certain facilities known as the LGS Storage Facility which permit LGS to provide Storage Services to Customer;
- B. Customer wishes to use some or all of those Services; and
- C. This Storage Services Agreement establishes how those Services will be provided.

**LGS AND CUSTOMER AGREE AS FOLLOWS:**

- 1. DEFINITIONS
    - 1.1 Defined terms used in the Storage Service Documents, including this Agreement, have the meaning given to them in Rule 1 of the LGS Tariff.
  - 2. REPRESENTATIONS OF CUSTOMER
- 

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**STORAGE SERVICES AGREEMENT  
PAGE 2**

- 2.1 Customer represents and warrants to LGS as follows, and such representations and warranties shall survive for the benefit of LGS and are ratified and confirmed upon entering into each and every Transaction under the Storage Service Documents:
- (a) Customer is duly formed and validly existing under the laws of its incorporating jurisdiction and is duly qualified to carry on business in all jurisdictions in which it carries on business;
  - (b) the execution of this Agreement and the Storage Service Documents does not violate any law, regulation, or order or Customer's articles of incorporation or bylaws and does not breach any agreement to which Customer is a party; and
  - (c) to the knowledge of Customer there are no actions, claims or proceedings threatened against or affecting Customer which might materially affect any of the Transactions contemplated in this Agreement or the Storage Service Documents, or which might affect Customer's ability to meet its financial obligations under the Storage Service Documents.

3. TERM

- 3.1 This Storage Services Agreement, made effective as of the date first above written, creates the contractual relationship between LGS and Customer for entering into Transactions utilizing the Services. From time to time there may be no Services provided, or no Transactions then in effect, in which case, this Storage Services Agreement will continue until either Party delivers a written termination notice to the other Party. That notice will be effective at the commencement of the second Gas Month following the date it was given; provided that, if a Transaction is then in effect between LGS and Customer, this Storage Services Agreement shall only terminate after that Transaction is performed or terminated in accordance with its provisions.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**STORAGE SERVICES AGREEMENT  
PAGE 3**

4. LGS STORAGE SERVICES

4.1 LGS will provide and Customer will utilize those Services that the Parties agree to from time to time, as confirmed by an Appendix evidencing the Transaction entered into by the Parties.

4.2 When a Transaction is agreed to by the Parties, the terms of the applicable Service Schedule will apply to that Transaction, except to the extent expressly modified by the express terms and conditions of the Appendix in question.

4.3 Each Party expressly consents to the recording of telephone conversations between the Parties concerning oral agreements for Transactions. Each Party hereby waives any objection based on the recording of such telephone conversations and to the admissibility of such a recording in a proceeding concerning the agreement before a court, arbitrator, mediator, or administrative agency.

5. TERMS OF LGS TARIFF

5.1 The terms and of LGS's Tariff on file with the California Public Utilities Commission apply to and are incorporated by reference into this Agreement and all Transactions which are entered into from time to time by Customer and LGS.

5.2 The Storage Service Documents and every Transaction entered into thereunder, 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.

5.3 The Storage Service Documents will be governed by and interpreted in accordance with the laws in force in the State of California without regard to the choice of law provisions thereof; and the Parties irrevocably submit to the courts having jurisdiction in the State of California.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**STORAGE SERVICES AGREEMENT  
PAGE 4**

6. CONFLICT

6.1 Subject to section 4.2 hereof, if there is any conflict between the terms of this Storage Services Agreement and the terms of any of the E-Nom™ Customer Access Procedures, the General Terms and Conditions or the terms of any Service Schedule then in effect between the Parties, the terms of this Storage Services Agreement shall prevail.

6.2 If there is any conflict between the terms of the E-Nom™ Customer Access Procedures and the terms of the General Terms and Conditions or the terms of any Service Schedule then in effect between the Parties, the terms of the E-Nom™ Customer Access Procedures shall prevail.

6.3 If there is any conflict between the terms of any Service Schedule then in effect between the Parties and the terms of the General Terms and Conditions, the terms of the Service Schedule shall prevail.

**IN WITNESS WHEREOF**, the Parties have executed this Storage Services Agreement as of the date first above written.

<COMPANY NAME>

<LGS STORAGE INC.>

PER: \_\_\_\_\_

PER: \_\_\_\_\_

NAME: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**STORAGE SERVICES AGREEMENT**

This Notification Schedule is attached to and forms part of the Storage Services Agreement entered into between <COMPANY NAME> and LODI GAS STORAGE, LLC as of <Commence Date>.

NOTICES TO LGS

|   |   |                            |
|---|---|----------------------------|
| NOTICES   | REQUESTS AND NOMINATIONS  | PAYMENTS                   |
| LODI GAS STORAGE, LLC.<br>14811 ST. MARY'S LANE<br>SUITE 150<br>HOUSTON, TX 77079<br>ATTN: CONTRACT ADMINISTRATOR | LODI GAS STORAGE, LLC<br>14811 ST. MARY'S LANE<br>SUITE 150<br>HOUSTON, TX 77079<br>ATTN: MANAGER, HUB SERVICES | INFORMATION TO BE PROVIDED |
| TELEPHONE:<br>(281) 679-1221  | TELEPHONE:<br>(281) 679-1221  |                            |
| FAX:<br>(281) 679-1564  | FAX:<br>(281) 679-1564  |                            |

NOTICES TO CUSTOMER  
 CONFIRMATIONS

|  |  |                                      |
|--|--|--------------------------------------|
| NOTICES                                  | CONFIRMATIONS                            | PAYMENTS                             |
| ADDRESS<br>ATTENTION<br>TELEPHONE<br>FAX | ADDRESS<br>ATTENTION<br>TELEPHONE<br>FAX | BANK<br>ACCOUNT NUMBER<br>GST NUMBER |

REQUEST TIMES, NOMINATION TIMES & EFFECTIVE TIMES

All times are Pacific Clock Time

| REQUEST TIME<br>(FOR FSS SERVICE) | REQUEST TIME<br>(FOR STS SERVICE) | NOMINATION TIME  | EFFECTIVE TIME       |
|-----------------------------------|-----------------------------------|------------------|----------------------|
| 09:00                             | 09:00                             | 09:30            | 07:00 (next day)     |
| 15:30                             | 15:30                             | 16:00            | 07:00 (next day)     |
| 06:00 (next day)                  | 06:30 (next day)                  | 08:00 (next day) | 15:00 (next day) (C) |
| 12:00 (next day)                  | 14:30 (next day)                  | 15:00 (next day) | 19:00 (next day)     |

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "B"**

**FIRM STORAGE SERVICE**

Lodi Gas Storage L.L.C ("LGS) and <Company Name> ("Customer") hereby adopt Service Schedule FSS, along with the previously executed Firm Storage Service Agreement, General Terms and Conditions and E-Nom Service Agreement and agree to the additional provisions contained in this Appendix FSS:

|           |            |
|-----------|------------|
| Firm MSQ  | Dekatherms |
| Firm CDIQ | Dekatherms |
| Firm CHIQ | Dekatherms |
| Firm CDWQ | Dekatherms |
| Firm CHWQ | Dekatherms |

|                      |            |
|----------------------|------------|
| Agreement Start Date | MM/DD/YYYY |
| Agreement End Date   | MM/DD/YYYY |

|                   |          |
|-------------------|----------|
| Point of Receipt  | Location |
| Point of Delivery | Location |

|                           |   |
|---------------------------|---|
| Inventory Demand Rate     | \$XX.XXXX per Dekatherm per Month         |
| Injection Demand Rate     | \$XX.XXXX per Dekatherm per Month         |
| Withdrawal Demand Rate    | \$XX.XXXX per Dekatherm per Month         |
| Injection Commodity Rate  | \$XX.XXXX per Dekatherm                   |
| Withdrawal Commodity Rate | \$XX.XXXX per Dekatherm                   |
| Inventory Transfer Fee    | \$XX.XXXX per Dekatherm Transferred       |
| Fuel Charge               | XX.XXXX% Retention per Dekatherm Injected |

The parties agree that by affixing their signatures hereto that this Appendix FSS is final and binding in accordance with Article 2 of Service Schedule FSS.

This Appendix FSS shall at all times be subject to changes or modifications by the California Public Utilities Commission as said Commission may direct, from time to time, in the exercise of its jurisdiction.

**Lodi Gas Storage L.L.C.**

**(COMPANY NAME)**

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "C"**

**INTERRUPTIBLE STORAGE SERVICE**

Lodi Gas Storage L.L.C ("LGS) and <Company Name> ("Customer") hereby adopt Service Schedule FSS, along with the previously executed Interruptible Storage Service Agreement, General Terms and Conditions and E-Nom Service Agreement and agree to the additional provisions contained in this Appendix ISS:

|      |            |
|------|------------|
| MSQ  | Dekatherms |
| MDO  | Dekatherms |
| CHIQ | Dekatherms |
| CDWQ | Dekatherms |
| CHWQ | Dekatherms |

|                      |            |
|----------------------|------------|
| Agreement Start Date | MM/DD/YYYY |
| Agreement End Date   | MM/DD/YYYY |

|                   |          |
|-------------------|----------|
| Point of Receipt  | Location |
| Point of Delivery | Location |

|                  |                         |
|------------------|-------------------------|
| ISS Service Rate | \$XX.XXXX per Dekatherm |
|------------------|-------------------------|

The parties agree that by affixing their signatures hereto that this Appendix ISS is final and binding in accordance with Article 2 of Service Schedule ISS.

This Appendix ISS shall at all times be subject to changes or modifications by the California Public Utilities Commission as said Commission may direct, from time to time, in the exercise of its jurisdiction.

Lodi Gas Storage L.L.C.

(COMPANY NAME)

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

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

Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001



**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "E"**

**TERMS AND CONDITIONS OF THE LETTER OF CREDIT**

**To:** LGS STORAGE INC. ("LGS")

**Conditions of Payment:**

- (1) Payable at sight upon delivery by LGS to the Issuer of a certificate signed by a Senior Officer of LGS stating that LGS is entitled to draw the amount set forth in such certificate under the Letter of Credit.

**Additional Terms and Conditions:**

- (1) Each Letter of Credit issued in respect of the last year of the Storage Service Documents shall be an irrevocable documentary Letter of Credit which shall remain in full force and effect and shall not expire until 120 days after the expiration of the term of the Storage Service Documents.
- (2) Partial drawings will be permitted.
- (3) The Issuer shall not be empowered or required to investigate the validity of any certificate delivered by LGS.
- (4) Each Letter of Credit shall be fully secured by cash collateral or its equivalent.
- (5) All costs of the issuing bank and any advising or confirming bank shall be borne by Customer.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "E"**

**TERMS AND CONDITIONS OF THE LETTER OF CREDIT (Cont'd)**

- (6) Without the necessity of obtaining Customer=s consent, LGS may pledge or mortgage its rights hereunder for security of any indebtedness and (i) upon giving notice to Customer of such pledge and mortgage, (A) the pledgee or mortgagee shall be entitled to exercise all rights and remedies it may have with respect to the LGS Storage Facilities and this Contract without the further consent of Customer, to receive a copy of any notice given by LGS or Customer pursuant to the Terms hereof, and to deliver any notice permitted under this Letter of Credit on LGS=s behalf, and (B) Customer shall be entitled to assume the due authority of the pledgee or mortgagee in taking any action or authorizing any notice without the necessity of independently reviewing the pledge, mortgage, or other security instrument delivered by LGS to the pledgee or mortgagee and to accept performance by the pledgee or mortgagee of any duty or obligation of LGS hereunder, and (ii) upon giving Customer a copy of a trustee=s deed, deed in lieu of foreclosure, or other instrument pursuant to which the pledgee, mortgagee, or other Party acquires legal title to the LGS Storage Facilities and this Letter of Credit, (A) the pledgee, mortgagee, or other Party shall assume full liability for the performance of LGS=s duties and obligations hereunder and (B) Customer shall accept the pledgee, mortgagee, or other party as the successor to LGS under this Letter of Credit. Upon execution of this Letter of Credit, Customer agrees to execute and deliver a Consent and Agreement and cause the Guarantor to deliver a Consent and Agreement in the form attached to the LGS Tariff as Sample Form G and deliver the legal opinion provided in the Consent and Agreement upon execution of this Letter of Credit.

**Amount:**

**Delivery:**

The Letter of Credit shall be delivered to:

LODI GAS STORAGE, LLC  
14811 St. Mary's Lane, Suite 150  
Houston, TX 77079  
Attn: Hub Services Manager

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "F"**

**FORM OF GUARANTEE**

THIS GUARANTEE is executed as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by [\_\_\_\_], a \_\_\_\_\_ corporation (the "Guarantor") in favor of Lodi Gas Storage, LLC, a Delaware limited liability company ("LGS").

**RECITAL**

[Name of Customer] a [State under whose laws Customer is organized] ("Customer"), and LGS have entered into a Storage Service Agreement, dated \_\_\_\_\_, ("Agreement") pursuant to LGS' Tariff on file with the California Public Utilities Commission ("LGS Tariff"). LGS shall provide gas storage services to Customer pursuant to the Agreement and the LGS Tariff. A capitalized term or expression not otherwise defined herein shall have the meaning ascribed to it in Rule 1 of the LGS Tariff. As an inducement to LGS to enter into the Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor covenants and agrees as follows:

1. **Guarantee of Payment.** The Guarantor hereby irrevocably and unconditionally guarantees the due and punctual payment of any and all present and future obligations and liabilities of all kinds of the Customer to LGS pursuant to the Agreement (collectively, the "Guaranteed Obligations"). Upon any failure by the Customer to pay any of the Guaranteed Obligations, the Guarantor agrees that it will forthwith on demand pay any amounts which the Customer has failed to pay LGS, at the place and in the manner specified in the Agreement(s). This Guarantee is a guarantee of payment and not merely a guarantee of collection. The Guarantor agrees that LGS may resort to the Guarantor for payment of any of the Guaranteed Obligations, whether or not LGS shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the Guaranteed Obligations. Guarantor reserves the right to assert defenses which the Customer may have to payment of any Guaranteed Obligations other than defenses arising from the bankruptcy or insolvency of the Customer and other defenses expressly waived hereby.

2. **Guarantee Unconditional and Absolute.** The obligations of the Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "F" (Cont'd)**

- (i) any extension, renewal, settlement, compromise, waiver, discharge or release in respect of any Guaranteed Obligations of the Customer;
- (ii) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations;
- (iii) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the Customer and LGS;
- (iv) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Customer or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Customer or its assets, the Guarantor or any other guarantor of any of the Guaranteed Obligations;
- (v) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Customer, LGS or any other corporation or person, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;
- (vi) the invalidity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations, or any provision of applicable law or regulation purporting to prohibit payment by the Customer of amounts to be paid by it under the Agreement(s) or any of the Guaranteed Obligations;
- (vii) any of the acts mentioned in any of the provisions of the Agreement or LGS Tariff shall be done or omitted in whole or in part; or
- (viii) any other act or omission to act or delay of any kind of the Customer which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of the Guarantor's obligations hereunder.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "F" (Cont'd)**

3. Term: Reinstatement in Certain Circumstances. The term of this Guarantee shall commence on \_\_\_\_\_ and shall terminate on the date all Guaranteed Obligations have been met after the termination of the Storage Service Documents. If at any time any payment of any of the Guaranteed Obligations is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Customer or otherwise, the Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had not been made.

4. Waiver by the Guarantor. The Guarantor irrevocably waives acceptance hereof, diligence, presentment, demand, protest, notice of dishonor, notice of any sale of collateral and any notice not provided for herein, any right of subrogation to LGS's rights against the Customer under the Agreement(s) or otherwise, and any requirement that at any time any person exhaust any right to take any action against the Customer or its assets or any other guarantor or person.

5. Subrogation. Upon making any payment hereunder, the Guarantor shall be subrogated to the rights of LGS against the Customer with respect to such payment; provided that the Guarantor shall not enforce any right or receive any payment by way of subrogation until all of the Guaranteed Obligations then due shall have been paid in full and LGS agrees to take at Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. Stay of Acceleration Ineffective with Respect to Guarantor. In the event that acceleration of the time for payment of any amount payable by the Customer under the Agreement(s) is stayed upon the insolvency, bankruptcy or reorganization of the Customer, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the Agreement(s) shall nonetheless be payable by the Guarantor hereunder forthwith on demand by LGS.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "F" (Cont'd)**

7. Assignment; Successors and Assigns. This Guarantee shall be binding upon and inure to the benefit of the Guarantor and its successors and assigns and LGS and its successors and assigns. Guarantor may not assign its rights and obligations hereunder without the prior written consent of LGS, and any such purported assignment without such written consent will be void. Without the necessity of obtaining Guarantor's consent, LGS may pledge its rights hereunder for security of any indebtedness and (i) upon giving notice to Customer of such pledge and mortgage, (A) the pledgee shall be entitled to exercise all rights and remedies it may have with respect to the Storage Facilities and this Contract without the further consent of Guarantor, to receive a copy of any notice given by LGS or Guarantor pursuant to the terms hereof, and to deliver any notice permitted under this Guarantee on LGS's behalf, and (B) Guarantor shall be entitled to assume the due authority of the pledgee in taking any action or authorizing any notice without the necessity of independently reviewing the pledge or other security instrument delivered by LGS to the pledgee and to accept performance by the pledgee or mortgagee of any duty or obligation of LGS hereunder, and (ii) upon giving Guarantor a copy of an instrument pursuant to which the pledgee or other party acquires legal title to the Storage Facilities and this Guarantee, (A) the pledgee or other party shall assume full liability for the performance of LGS's duties and obligations hereunder and (B) Guarantor shall accept the pledgee or other party as the successor to LGS under this Guarantee.

8. Amendments and Waivers. No provision of this Guarantee may be amended, supplemented or modified, nor any of the terms and conditions hereof waived, except by a written instrument executed by the Guarantor and LGS.

9. Remedies Cumulative. The rights, powers, remedies and privileges provided in this Guarantee are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law and any other agreement.

10. Representations and Warranties.

(a) The Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full corporate power to execute, deliver and perform this Guarantee.

(b) The execution, delivery and performance of this Guarantee have been and remain duly authorized by all necessary corporate action and do not contravene any provision of law or of the Guarantor's constitutional documents or any contractual restriction binding on the Guarantor or its assets.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "F" (Cont'd)**

(c) All consents, authorizations and approvals of, and registrations and declarations with, any governmental authority necessary for the due execution, delivery and performance of this Guarantee have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by and no notice to or filing with, any governmental authority is required in connection with the execution, delivery or performance of this Guarantee.

(d) This Guarantee constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

11. Notices. All notices or communications to the other party shall be in writing and shall be directed by registered or certified mail or overnight delivery service to:

To Guarantor:

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

Attention: \_\_\_\_\_

To LGS:

Lodi Gas Storage, L.L.C.  
14811 St. Mary's Lane, Suite 150  
Houston, TX 77079  
Attention: Hub Services  
Telephone: (281) 679-1221  
Telecopier: (281) 679-1564

or such other address as each party shall from time to time specify.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "F" (Cont'd)**

12. GOVERNING LAW. THIS GUARANTEE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINES.

13. Submission to Jurisdiction; Waiver. Guarantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Guarantee or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of California and appellate courts from any thereof

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail, postage prepaid, to Guarantor at its address set forth with its signature below or at such other address of which LGS shall have been notified pursuant to Article 9 of the General Terms and Conditions of the LGS Tariff; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

14. Third Party Beneficiaries. This Guarantee shall not be construed to create any third party beneficiary relationship as to or with any person or entity other than LGS.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be duly executed as of the date first above written.

[GUARANTOR]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G"**

**CONSENT AND AGREEMENT**

This CONSENT AND AGREEMENT (this "Consent"), dated as of \_\_\_\_\_, 200\_ among (Customer), a \_\_\_\_\_ corporation (the "Consenting Party"), Lodi Gas Storage, LLC, a Delaware limited liability company (the "Borrower"), and \_\_\_\_\_ a \_\_\_\_\_ corporation, as agent (together with its successors in such capacity, the "Agent") for the financial institutions (the "Banks") which are or from time to time may become a party to the Loan Agreement (as defined below).

**RECITALS**

WHEREAS, the Borrower proposes to develop, construct, own and operate a natural gas storage facility in San Joaquin County, California (the "Project");

WHEREAS, the Consenting Party and the Borrower have entered into that certain Operating and Balancing Agreement, dated as of August \_\_, 2000 (the "O&B Agreement") and that certain Agreement for Installation or Allocation of Special Facilities dated as of August \_\_, 2000 (the "Special Facilities Agreement") (each of the O&B Agreement and the Special Facilities Agreement as amended, restated, modified or otherwise supplemented from time to time in accordance with the terms thereof, collectively referred to herein as the "Assigned Agreements");

WHEREAS, the Borrower, the Agent and the Banks have entered into a Construction and Term Loan Agreement, dated as of September \_\_, 2000 (as amended, restated, modified or otherwise supplemented from time to time, the "Loan Agreement"), pursuant to which the Banks will make loans and extend other credit to the Borrower for the purpose of financing the cost of, and providing certain credit support for, the construction and operation of the Project and certain related expenses (the "Loans");

WHEREAS, as security for the Loans and all other obligations under the Loan Agreement, the Borrower has assigned all of its rights, title and interest in, to and under, and granted a security interest in, the Assigned Agreements to the Agent pursuant to the Security Agreement, dated as of September \_\_, 2000, between the Borrower and the Agent (as amended, restated, modified or otherwise supplemented from time to time, the "Security Agreement"); and

WHEREAS, it is a condition precedent to the Banks' obligations to make the Loans under the Loan Agreement that the Consenting Party execute and deliver this Consent.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

NOW, THEREFORE, as an inducement to the Banks to make the Loans, and in consideration of good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound, the Consenting Party hereby agrees as follows:

1. CONSENT TO ASSIGNMENT, ETC.

a. Consent to Assignment. The Consenting Party (a) acknowledges that the Agent and the Banks are entering into the Loan Agreement and making the Loans in reliance upon the execution and delivery by the Consenting Party of the Assigned Agreements and this Consent, (b) consents in all respects to the pledge and assignment to the Agent of all of the Borrower's right, title and interest in, to and under the Assigned Agreements pursuant to the Security Agreement and (c) acknowledges the right, but not the obligation, of the Agent or the Agent's designee, in the exercise of the Agent's rights and remedies under the Security Agreement, to make all demands, give all notices, take all actions and exercise all rights of the Borrower in accordance with the Assigned Agreements, and agrees that in such event the Consenting Party shall continue to perform its obligations under the Assigned Agreements.

b. Substitute Owner. The Consenting Party agrees that, if the Agent shall notify the Consenting Party that an event of default under the Loan Agreement has occurred and is continuing and that the Agent has exercised its rights (a) to have itself or its designee substituted for the Borrower under the Assigned Agreements or (b) to sell, assign, transfer or otherwise dispose of the Assigned Agreements to a Person, then the Agent, the Agent's designee or such Person (each, a "Substitute Owner") shall be substituted for the Borrower under the Assigned Agreements and that, in such event, the Consenting Party will continue to perform its obligations under the Assigned Agreements in favor of the Substitute Owner.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

c. Right to Cure. The Consenting Party agrees that in the event of a default by the Borrower in the performance of any of its obligations under the Assigned Agreements, or upon the occurrence or non-occurrence of any event or condition under the Assigned Agreements which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable the Consenting Party to terminate or suspend its obligations or exercise any other right or remedy under the Assigned Agreements or under applicable law (hereinafter a "default"), the Consenting Party will continue to perform its obligations under the Assigned Agreements and will not exercise any such right or remedy until it first gives prompt written notice of such default to the Agent and affords the Agent, the Agent's designee and the Banks a period of at least sixty (60) days (or if such default is a non-monetary default, such longer period not to exceed one hundred eighty (180) days as is required so long as any such party has commenced and is diligently pursuing appropriate action to cure such default) from receipt of such notice to cure such default; provided, however, that if any such party is prohibited from curing any such default by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceeding involving the Borrower, then the time periods specified in this Section 1(c) for curing a default shall be extended for the period of such prohibition.

d. No Termination, Assignment or Material Amendments. The Consenting Party will not, without the prior written consent of the Agent, enter into any consensual cancellation or termination of the Assigned Agreements, or assign or otherwise transfer any of its right, title and interest thereunder or consent to any such assignment or transfer by the Borrower. The Consenting Party will not enter into any amendment, supplement or other modification of the Assigned Agreements if such action could reasonably be expected to have a Material Adverse Effect (an "Amendment") until after the Agent has been given ten (10) days (excluding Saturdays, Sundays and any days which are a legal holiday in New York or any days on which banking institutions are authorized or required by law or government action to close) prior written notice of the proposed Amendment by the Borrower (a copy of which will be provided to the Consenting Party by the Borrower) and will not then enter into such Amendment if the Consenting Party has within such ten (10) day period received a copy of (i) the Agent's objection to such Amendment or (ii) the Agent's request to the Borrower for additional information with respect to such Amendment. The term "Material Adverse Effect" shall mean any act, event or circumstance (including the enactment, promulgation or adoption of any applicable law) that has or could reasonably be expected to have a material adverse effect on (i) the operations, business, condition (financial or otherwise), prospects or property of the Project, the Borrower or the Consenting Party, (ii) the development, design, engineering, construction, completion, ownership, operation or maintenance of the Project, (iii) the ability of the Borrower or the Consenting Party to observe the provisions of, and to perform its obligations under, any agreement or document related to the Project to which it is a party, (iv) the rights or interests of the Agent or the Banks, and (v) the validity, attachment, perfection, priority or enforceability of any lien granted or purported to be granted under the Assigned Agreements.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

e. Replacement Agreement. In the event that either or both of the Assigned Agreements are terminated as a result of any bankruptcy or insolvency proceeding affecting the Borrower, the Consenting Party will, at the option of the Agent enter into new agreements with the Agent (or its transferee or other nominee that owns or leases the Project) having terms substantially the same as the terms of the Assigned Agreements.

f. No Liability. The Consenting Party acknowledges and agrees that neither the Agent, the Agent's designee or the Banks shall have any liability or obligation under the Assigned Agreements as a result of this Consent, the Security Agreement or otherwise, nor shall the Agent, the Agent's designee or the Banks be obligated or required to (a) perform any of the Borrower's obligations under the Assigned Agreements, except, in the case of the Agent or the Agent's designee, during any period in which the Agent or the Agent's designee is a Substitute Owner pursuant to Section 1(b), in which case (i) the obligations of such Substitute Owner shall be no more than that of the Borrower under such Assigned Agreements, (ii) such Substitute Owner shall have no personal liability to the Consenting Party for the performance of such obligations and (iii) the sole recourse of the Consenting Party shall be to such Substituted Owner's interest in the Project, or (b) take any action to collect or enforce any claim for payment assigned under the Security Agreement.

g. Performance under Assigned Agreements. The Consenting Party shall perform and comply with all material terms and provisions of the Assigned Agreements to be performed or complied with by it and shall maintain the Assigned Agreements in full force and effect in accordance with its terms.

h. Delivery of Notices. The Consenting Party shall deliver to the Agent, concurrently with the delivery thereof to the Borrower, a copy of each notice, request or demand given by the Consenting Party pursuant to the Assigned Agreements.

i. Acknowledgments. The Consenting Party agrees to execute such acknowledgments or other similar instruments as the Agent shall reasonably request in connection with the transactions provided for in this Consent.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

**2. PAYMENTS UNDER THE ASSIGNED AGREEMENTS**

a. Payments. The Consenting Party will pay all amounts payable by it under the Assigned Agreements, if any, in the manner required by the Assigned Agreements directly into the account specified on Exhibit A hereto, or to such other person or account as shall be specified from time to time by the Agent to the Consenting Party in writing.

b. No Offset, etc. All payments required to be made by the Consenting Party under the Assigned Agreements shall be made without any offset, recoupment, abatement, withholding, reduction or defense whatsoever, except as specifically permitted under the Assigned Agreements.

**3. REPRESENTATIONS AND WARRANTIES OF THE CONSENTING PARTY**

In order to induce the Agent and the Banks to enter into the Loan Agreement and to make the Loans, the Consenting Party makes the following representations and warranties, which shall survive the execution and delivery of this Consent and the Assigned Agreements and the consummation of the transactions contemplated hereby and thereby.

a. Organization; Power and Authority. The Consenting Party is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and is duly qualified, authorized to do business and in good standing in every jurisdiction in which it owns or leases real property or in which the nature of its business requires it to be so qualified, and has all requisite power and authority, corporate and otherwise, to enter into and to perform its obligations hereunder and under the Assigned Agreements, and to carry out the terms hereof and thereof and the transactions contemplated hereby and thereby.

b. Authorization. The execution, delivery and performance by the Consenting Party of this Consent and the Assigned Agreements have been duly authorized by all necessary corporate action on the part of the Consenting Party and do not require any approval or consent of any holder (or any trustee for any holder) of any indebtedness or other obligation of (a) the Consenting Party or (b) any other person or entity, except approvals or consents which have previously been obtained.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

c. Execution and Delivery; Binding Agreements. Each of this Consent and the Assigned Agreements is in full force and effect, has been duly executed and delivered on behalf of the Consenting Party by the appropriate officers of the Consenting Party, and constitutes the legal, valid and binding obligation of the Consenting Party, enforceable against the Consenting Party in accordance with its terms except as the enforceability thereof may be limited by (a) bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and (b) general equitable principles (whether considered in a proceeding in equity or at law).

d. Litigation. There is no legislation, litigation, action, suit, proceeding or investigation pending or (to the best of the Consenting Party's knowledge after due inquiry) threatened against the Consenting Party before or by any court, administrative agency, arbitrator or governmental authority, body or agency which, if adversely determined, individually or in the aggregate, (a) could adversely affect the performance by the Consenting Party of its obligations hereunder or under the Assigned Agreements, or which could modify or otherwise adversely affect the Approvals (as defined in Section 3.6), (b) questions the validity, binding effect or enforceability hereof or of the Assigned Agreements, any action taken or to be taken pursuant hereto or thereto or any of the transactions contemplated hereby or thereby or (c) could have a material adverse effect upon (i) the business, operations, properties, assets, or condition (financial or otherwise) of the Consenting Party, (ii) the ability of the Consenting Party to perform under the Assigned Agreements or this Consent, (iii) the business, operations, properties, assets, prospects or condition (financial or otherwise) of the Project, (iv) the value, validity, perfection and enforceability of the liens granted to the Agent under the Security Agreement and other security documents or (v) the ability of the Agent or the Banks to enforce any of their material rights and remedies under the Assigned Agreements or this Consent (collectively, a "Material Adverse Effect").

e. Compliance with Other Instruments, etc. The Consenting Party is not in violation of its charter or by-laws, and the execution, delivery and performance by the Consenting Party of this Consent and the Assigned Agreements and the consummation of the transactions contemplated hereby and thereby will not result in any violation of, breach of or default under any term of its charter or by-laws, or of any contract or agreement to which it is a party or by which it or its property is bound, or of any license, permit, franchise, judgment, writ, injunction, decree, order, charter, law, ordinance, rule or regulation applicable to it, except for any such violations which, individually or in the aggregate, would not have a Material Adverse Effect on the Consenting Party.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

f. Government Consent. No consent, order, authorization, waiver, approval or any other action, or registration, declaration or filing with, any person, board or body, public or private (collectively, the "Approvals"), is required to be obtained by the Consenting Party in connection with the execution, delivery or performance of the Assigned Agreements or the consummation of the transactions contemplated thereunder, except as listed in Exhibit B hereto. All such Approvals listed on Exhibit B, except for those set forth in Part II thereof (the "Deferred Approvals"), are Final (as defined below). An Approval shall be "Final" if it has been validly issued, is in full force and effect, is not subject to any condition (other than compliance with the terms thereof), does not impose restrictions or requirements inconsistent with the terms of the Assigned Agreements, and is final and not subject to any appeal. The Consenting Party reasonably believes that each Deferred Approval will be obtained in the ordinary course of business prior to the time when such Deferred Approval is required to be Final.

g. No Default or Amendment. Neither the Consenting Party nor, to the best of the Consenting Party's knowledge after due inquiry, any other party to the Assigned Agreements is in default of any of its obligations thereunder. The Consenting Party has no existing counterclaims, offsets or defenses against the Borrower. The Consenting Party and, to the best of the Consenting Party's knowledge after due inquiry, each other party to the Assigned Agreements have complied with all conditions precedent to the respective obligations of such party to perform under the Assigned Agreements. To the best of the Consenting Party's knowledge after due inquiry, no event or condition exists which would either immediately or with the passage of any applicable grace period or giving of notice, or both, enable either the Consenting Party or the Borrower to terminate or suspend its obligations under the Assigned Agreements. The Assigned Agreements have not been amended, modified or supplemented in any manner.

h. No Previous Assignments. The Consenting Party has no notice of, and has not consented to, any previous assignment of all or any part of its rights under the Assigned Agreements.

i. Representations and Warranties. All representations, warranties and other statements made by the Consenting Party in the Assigned Agreements were true and correct as of the date when made and are true and correct as of the date of this Consent.

4. OPINION OF COUNSEL

The Consenting Party shall deliver an opinion of counsel relating to the Assigned Agreements and this Consent, which opinion shall be substantially in the form attached hereto as Exhibit C.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

5. MISCELLANEOUS

a. Notices. All notices and other communications hereunder shall be in writing, shall be deemed given upon receipt thereof by the party or parties to whom such notice is addressed, shall refer on their face to the Assigned Agreements (although failure to so refer shall not render any such notice of communication ineffective), shall be sent by first class mail, by personal delivery or by a nationally recognized courier service, and shall be directed as follows:

If to the Consenting Party: [ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]

Attention: [ \_\_\_\_\_ ]  
Telephone: [ \_\_\_\_\_ ]  
Fax: [ \_\_\_\_\_ ]

If to the Borrower: [ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]

Attention: [ \_\_\_\_\_ ]  
Telephone: [ \_\_\_\_\_ ]  
Fax: [ \_\_\_\_\_ ]

If to the Agent: [ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]

Attention: [ \_\_\_\_\_ ]  
Telephone: [ \_\_\_\_\_ ]  
Fax: [ \_\_\_\_\_ ]

The above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices or other communications shall be sent.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

b. Governing Law; Submission to Jurisdiction. (a) THIS CONSENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICTS OF LAW).

(b) Any legal action or proceeding with respect to this Consent and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of California or of the United States of America for the Eastern District of California, and, by execution and delivery of this Consent, each of the Consenting Party, the Borrower and the Agent hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any appeal thereof. Each of the Consenting Party and the Borrower hereby irrevocably designates, appoints and empowers CT Corporation System as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents which may be served in any action or proceeding. If for any reason such designee, appointee and agent shall cease to be available to act as such, the Borrower or the Consenting Party, as applicable, agrees to designate a new designee, appointee and agent in California on the terms and for the purposes of this provision satisfactory to the Agent. Each of the Consenting Party, the Borrower and the Agent irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Consenting Party at its notice address provided pursuant to Section 5(a) hereof. Each of the Consenting Party, the Borrower and the Agent hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Consent brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of the Agent or its designees to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Consenting Party in any other jurisdiction.

c. Counterparts. This Consent may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

d. Headings Descriptive. The headings of the several sections and subsections of this Consent are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Consent.

e. Severability. In case any provision in or obligation under this Consent shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

f. Amendment, Waiver. Neither this Consent nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the Consenting Party and the Agent.

g. Termination. (a) The Consenting Party's obligations hereunder are absolute and unconditional, and the Consenting Party has no right, and shall have no right, to terminate this Consent or to be released, relieved or discharged from any obligation or liability hereunder until all Loans and all other obligations under the Loan Agreement have been indefeasibly satisfied in full, notice of which shall be provided by the Agent when all such obligations have been satisfied (the "Termination Notice").

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

(b) In the event that the Loans are refinanced or replaced by other credit facilities, this Consent and Agreement shall continue in effect for the benefit of the Borrower and the provider of such new credit facilities (the "New Lender") provided that (i) within five days following delivery by the Agent to the Consenting Party of the notice from the Agent as provided in Section 5(g) that the original Loans and all other obligations under the Loan Agreement have been indefeasibly satisfied in full, the New Lender or an agent, trustee or other representative of the New Lender, shall have notified the Consenting Party that it assumes the rights and the prospective obligations of the Agent under this Consent, and shall have supplied substitute notice address information for Section 5(a) and new Payment Instructions (as more fully described in Exhibit A hereto) (countersigned on behalf of the Borrower) for Exhibit A, (ii) the amount of the new credit facilities do not exceed the original amount of commitments by the Banks to make loans and extend other credit facilities under the original Loan Agreement and (iii) thereafter, (a) the term "Loans" under this Consent will be deemed to refer to the new credit facilities, (b) the term "Agent" or "Banks" shall be deemed to refer to the New Lender or any agent or trustee for the New Lender, (c) the term "Loan Agreement" shall be deemed to refer to the credit agreement, indenture or other instrument providing for the new credit facilities and (d) the term "Security Agreement" shall be deemed to refer to the security agreement under which the Assigned Agreements are assigned as collateral to secure performance of the obligations of the Borrower under the new credit facilities.

h. Successors and Assigns. This Consent shall be binding upon the parties hereto and their permitted successors and assigns and shall inure to the benefit of the parties, their designees and their respective permitted successors and assigns.

i. Further Assurances. The parties hereto hereby agree to execute and deliver all such instruments and take all such action as may be necessary to effectuate fully the purposes of this Consent.

j. Waiver of Trial by Jury. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE CONSENTING PARTY, THE BORROWER AND THE AGENT HEREBY IRREVOCABLY WAIVE ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS CONSENT.

k. Survival. All agreements, statements, representations and warranties made by the Consenting Party herein shall be considered to have been relied upon by the Agent and the Banks and shall survive the execution and delivery of this Consent.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

1. No Waiver; Remedies Cumulative. No failure or delay on the part of the Agent in exercising any right, power or privilege hereunder and no course of dealing between the Consenting Party and the Agent shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other exercise, or the further exercise, of any other right, power or privilege hereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Agent would otherwise have.

**[THE NEXT PAGE IS THE SIGNATURE PAGE]**

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

IN WITNESS WHEREOF, the Consenting Party, the Borrower and the Agent have caused this Consent to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

(CUSTOMER)

By:  
Name:  
Title:

LODI GAS STORAGE, LLC

By:  
Name:  
Title:

\_\_\_\_\_  
as Agent

By:  
Name:  
Title:

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

Exhibit A to  
Form of Consent

PAYMENT INSTRUCTIONS

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

Exhibit B to  
Form of Consent

APPROVALS

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

Exhibit C to  
Form of Consent

FORM OF OPINION OF COUNSEL

To Each of the Addressees Listed  
in Schedule B attached hereto

Re: The natural gas storage facility located in San Joaquin County,  
California (the "Project").

Dear Gentlemen:

I have acted as counsel to (Customer), a \_\_\_\_\_ corporation (the "Company"), in connection with the Project to be constructed by Lodi Gas Storage, LLC, a Delaware limited liability company (the "Borrower") and that certain Operating and Balancing Agreement, dated as of August \_\_, 2000, between the Company and the Borrower (the "O&B Agreement") and that certain Agreement for Installation or Allocation of Special Facilities dated as of August \_\_, 2000, between the Company and the Borrower (the "Special Facilities Agreement") The O&B Agreement and the Special Facilities Agreement are hereinafter collectively referred to as the "Agreements." This opinion is being provided in connection with the transactions contemplated by the terms of the Construction and Term Loan Agreement, dated as of September \_\_, 2000 by and among the Borrower, the financial institutions which are or from time to time may become a party thereto (the "Banks") and \_\_\_\_\_, acting as a Bank and as agent for the Banks (together with its successors in such capacity, the "Agent").

In connection with this opinion, I have examined originals or copies, certified or otherwise identified to my satisfaction, of the following:

- (i) the Agreements;
- (ii) the Consent and Agreement of the Company, dated as of the date hereof (the "Consent");

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

- (iii) the Certificate of Incorporation and By-laws of the Company; and
- (iv) the resolutions authorizing the execution and delivery of the Agreements and the Consent, duly adopted by the Board of Directors of the Company.

The documents referred to in items (iii) and (iv) above are hereinafter collectively referred to as the "Governing Documents" and the Agreements and the Consent are hereinafter collectively referred to as the "Documents." In addition, I have examined and am familiar with originals or copies, certified or otherwise identified to my satisfaction, of such other documents as I have deemed necessary or appropriate as a basis for the opinions set forth below.

In my examination I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies, and the authenticity of the originals of such copies. In rendering the opinions expressed below, I have further assumed, without any independent investigation or verification of any kind, that each Document I have examined is the valid and binding obligation of each party thereto other than the Company.

I am admitted to the bar of the State of California. I express no opinion as to the law of any jurisdiction other than (i) the laws of the State of California and (ii) the federal laws of the United States of America.

Based upon the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, I am of the opinion that:

- i. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California. The Company is duly qualified to transact business in each jurisdiction in which it owns or leases real property or in which the nature of its business requires it to be so qualified.
- ii. The Company has full corporate power and authority to enter into, deliver and perform its obligations under each of the Documents.
- iii. The Company has taken all necessary corporate action to authorize the execution, delivery and performance by it of each Document.
- iv. The Company has duly executed and delivered each Document.

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

v. Each Document constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

vi. The execution, delivery and performance by the Company of the Documents will not: (i) contravene any applicable provision of any law, regulation, ruling, order or decree of any governmental authority to which or by which the Company or any of its property or assets is subject or bound or (ii) violate any provision of the Governing Documents of the Company. The execution, delivery and performance by the Company of the Documents do not and will not, to the best of my knowledge after due inquiry, conflict with, result in any breach of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien or encumbrance upon any of the property or assets of the Company pursuant to any provision of any securities issued by the Company, or any indenture, mortgage, deed of trust, contract, undertaking, document, instrument or other agreement to which the Company is a party or by which it or any of its property or assets is bound which could reasonably be expected to limit the Company's ability to perform as contemplated by the Documents.

vii. No consent, order, authorization, waiver, approval or any other action, or registration, declaration or filing with, any person, board or body, public or private (collectively, the "Approvals"), is required to be obtained by the Company in connection with the execution, delivery or performance of the Documents or the consummation of the transactions contemplated thereby, except as listed on Schedule A hereto. All such Approvals listed on Schedule A, except for those set forth in Part II thereof, are Final (as defined below). An Approval shall be Final if it has been validly issued, is in full force and effect, is not subject to any condition (other than compliance with terms thereof), does not impose restrictions or requirements inconsistent with the terms of the Documents, and is final and not subject to any appeal.

This opinion is being furnished only to the Agent, the Borrower, the Banks and their respective successors and assigns and is solely for the benefit of such parties; provided that assignees of, or participants in, the interests of the Banks may rely on this opinion as if it were addressed to them.

Very truly yours,

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

Schedule A

APPROVALS

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_

**SAMPLE FORMS (Cont'd)**

**SAMPLE FORM "G" (Cont'd)**

Schedule B

ADDRESSEES

Advice Letter No. 1-G

Issued by  
Thomas R. Dill

Date Filed: July 13, 2001

Decision Nos. 00-05-048, 00-08-024

President

Effective: August 21, 2001

#395123.4

Resolution No. \_\_\_\_\_