

**APPENDIX B:**  
**Compression Services Agreement**

## COMPRESSION SERVICES AGREEMENT

This Compression Services Agreement ("Agreement") is entered into as of \_\_\_\_\_, 20\_\_ ("Effective Date") by and between Southern California Gas Company ("Utility"), a California corporation and \_\_\_\_\_, a \_\_\_\_\_ ("Applicant") for natural gas compression services for Applicant's facilities located at \_\_\_\_\_ (the "Site"). Capitalized terms not defined herein shall have the meaning ascribed to them in the [Compression Tariff ("Tariff")].

The Parties hereby agree as follows:

1. COMPRESSION SERVICES - Utility shall provide the following generally described Compression Services through the ownership, maintenance and operation of Compression Facilities consistent with its regulatory rules and requirements as further described in the Tariff and Exhibit A – Technical Services Scope of Work: Gas conditioning (drying) and compression services to increase the pressure of natural gas received at the outlet of a meter set assembly to a higher pressure for the purposes of \_\_\_\_\_. The location of Compression Facilities at the Site shall be described in Exhibit B – Location of Compression Facilities at Site.
  
2. SERVICE FEE
  - a. Applicant shall pay Utility the following monthly service fee ("Service Fee") for the duration of the contract term of \_\_\_\_\_ (\_\_\_\_) years for the Compression Services: \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) per month.
  
  - b. \_\_\_\_\_ [Add additional pricing requirements such as annual adjustments to the Service Fee.] Additional pricing assumptions are listed in Exhibit C attached hereto and made a part hereof.
  
  - c. The monthly rate will commence on the first day of the month following the date the Utility is first ready to place the Compression Facilities into service ("Service Commencement Date") and continue to the end of the Agreement. Utility will notify Applicant, in writing (which may be through its invoice) of the Service Commencement Date. The Service Fee, and any alternate payment arrangements are provided for at the discretion of Utility and are subject to the Applicant's creditworthiness, practicality of monthly or alternate payment arrangements, difficulty of administration of the Agreement, and other factors.
  
  - d. Utility will bill Applicant on a monthly basis and such bills shall be due and payable by Applicant within nineteen (19) calendar days after the date of the bill. If payment is not received by Utility by the due date, late payment charges will be imposed at \_\_\_\_%. Billing and late payment charges will be consistent with Utility's applicable tariff schedules as filed from time to time with the California Public Utilities Commission ("Commission"). If a bill remains unpaid for a period of seven (7) days following the date of past due notice to Applicant, Utility may, in addition to any other rights and remedies available under this

Agreement or at law or in equity, suspend further the Compression Services until such bill is paid or in the alternative, terminate this Agreement, remove Compression Facilities and charge the Termination Payment in Section 10 below.

3. TERM - This Agreement shall commence as of the Effective Date and shall be in full force and effect for a period of \_\_\_\_ years after the Service Commencement Date through \_\_\_\_\_ (the "Initial Term"), unless terminated earlier in accordance with the terms hereof. At the end of the Initial Term, this Agreement will automatically renew for \_\_\_\_\_ month terms ("Renewal Terms") unless either party provides at least \_\_\_\_\_ months prior written notice to the other party to terminate the Agreement.
4. REGULATORY REQUIREMENTS – This Agreement 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. This Agreement is subject to and incorporates by reference all of Utility’s applicable tariff schedules as filed from time to time with the Commission, including, but not limited to, Rules 1, 2, 4, 6, 9, 12, 13, 20, 21 and 22.
5. REPRESENTATIVES
  - a. Utility Representative: \_\_\_\_\_
    - i. Utility designates, and Applicant accepts, the individual named above as Utility’s representative for all matters relating to Utility's performance of Compression Services under this Agreement.
    - ii. The actions taken by Utility’s representative regarding such performance shall be deemed the acts of Utility. Utility may at any time, upon written notice to Applicant, change the designated representative.
  - b. Applicant Representative: \_\_\_\_\_
    - i. Applicant designates, and Utility accepts, the individual named above as Applicant’s representative for all matters relating to Applicant’s obligations under this Agreement.
    - ii. The actions taken by Applicant’s representative shall be deemed the acts of Applicant. Applicant may at any time, upon written notice to Utility, change the designated representative.

6. NOTICES OR DEMANDS - Any notice, request, demand or other communication required or permitted under this Agreement, shall be deemed to be properly given by the sender and received by the addressee if made in writing and (1) if personally delivered; (2) as of date of signed return receipt after deposit with the U.S. Postal Service by certified or registered mail, postage prepaid, with a return receipt requested; or (3) if sent by facsimile with confirmation sent as provided in (2) above. All correspondence shall reference the contract number specified on the cover page of this Agreement. Notices shall be addressed as follows to:

- a. Utility
- b. Applicant

7. INSURANCE

a. Applicant agree to obtain and maintain at Applicant's sole cost and expense the following types and amounts of insurance coverage for the entire term of this Agreement to insure against any and all liabilities, claims, losses, damages or expenses resulting from Applicant's facilities located at the Site and Applicant's responsibilities under the Tariff and this Agreement:

- i. Workers' Compensation and Employers' Liability Insurance - In accordance with the laws of California, Applicant shall maintain in force workers compensation insurance for all of its employees. Applicant shall also maintain Employers' Liability coverage in an amount of not less than \$\_\_,000,000.00 (\_\_\_ Million Dollars) per accident and per employee for disease. In lieu of such insurance, Applicant may maintain a self-insurance program meeting the requirements of California along with the required Employers' Liability insurance. Such insurance shall contain a waiver of subrogation in favor of Utility.
- ii. Commercial or Business Automobile Liability Insurance – Applicant shall maintain an automobile liability policy or policies insuring against liability for damages because of bodily injury, death, or damage to property, (including loss of use thereof), and occurring in any way related to the use by or on behalf of Applicant, including loading or unloading of any of Applicant's automobiles (including owned, non-owned, leased, rented and/or hired vehicles). Such coverage shall be in an amount of not less than \$\_\_,000,000.00 (\_\_\_ Million Dollars) combined single limit.
- iii. Commercial General Liability Insurance – Applicant shall carry and maintain on an "occurrence" form commercial general liability policy or policies, insuring against liability arising from bodily injury, death, property damage, personal and advertising injury, products/completed operations liability, contractual liability covering all operations of Applicant on the Site which policy shall contain a waiver of subrogation in favor of Utility. There shall be no explosion, collapse or underground exclusion. Such coverage shall be in an amount of not less than \$\_\_,000,000.00 (\_\_\_

Million Dollars) per occurrence. If the policy maintains a policy aggregate, such aggregate shall not be less than twice the per occurrence limit.

- iv. Pollution Liability Insurance – Applicant shall maintain pollution liability insurance or insurance policies in an amount not less than \$\_\_\_,000,000.00 (\_\_\_ Million Dollars) each claim. If the policy maintains a policy aggregate, such aggregate shall not be less than twice the per occurrence limit.
  
- b. On or before the effective date of this Agreement, and thereafter during its term, Applicant shall provide Utility with original, current certificates of insurance, and renewal certificates of insurance thereafter, executed by a duly authorized representative of each insurer, or by the insurance agent or broker authorized to do so, as evidence of all insurance policies required under this Section. Utility shall not commence Compression Services until Applicant has obtained all insurance required by this Section and has provided acceptable certificates of insurance to Utility for review and approval. No insurance policy may be canceled, materially revised, or subject to non-renewal without at least thirty (30) calendar days prior written notice being given to Utility, ten (10) days for non-payment of premium. Applicant shall provide Utility with renewal certificates of insurance or binders within five (5) business days prior to or after such expiration. Insurance shall be maintained without lapse in coverage during the term of this Agreement.
  
- c. The required policies and any of Applicant’s policies providing coverage in excess of the required policies shall provide that the coverage is primary for all purposes and Applicant shall not seek any contribution from any insurance or self-insurance maintained by Utility. All required policies of insurance shall be written by companies having an A.M. Best rating of “A -, VII” or better, or equivalent. Applicant shall be solely responsible for any deductible or self-insured retention on insurance required hereunder this Agreement.
  
- d. Utility, its parent company, and its subsidiaries, affiliates and their respective officers, directors, employees, successors and assigns shall be named as additional insureds for policies listed above, except for Workers’ Compensation. Commercial General Liability insurance shall provide a severability of interest or cross-liability clause. Applicant shall not violate nor knowingly permit to be violated any condition of the policies required under this Section.

## 8. EXCUSABLE DELAYS

- a. Utility shall notify Applicant in writing immediately of any delay, or anticipated delay in Utility’s performance of this Agreement due to the occurrence of events of Force Majeure (as hereinafter defined), including causes or circumstances beyond the reasonable control of Utility, and the reason for and anticipated length of such delay.

Applicant will extend the Initial Term or any Renewal Terms for a period equal to the time lost by reason of the delay. Utility and Applicant shall mutually agree on any additional capital contribution of either party due to any such extension of time. Any extension to the term of this Agreement pursuant to this Section 8 shall be documented by a written amendment to this Agreement signed by both parties. For purposes of this Agreement, "Force Majeure" shall mean any occurrence beyond the reasonable control of and without the fault or negligence of the party claiming Force Majeure which causes the party to be unable to perform its obligations, except to make capital contributions, which by exercise of due foresight such party could not reasonably have been expected to avoid and which such party is unable to overcome by the exercise of due diligence. Such occurrences may include, but are not limited to, acts of God, acts of terrorism, disruption of natural gas supplies, power outages or disruptions, labor disputes, sudden actions of the elements, actions or inactions by federal, state, and municipal agencies, and actions or inactions of legislative, judicial, or regulatory agencies.

- b. If either party, because of an occurrence of an event of Force Majeure, is unable to perform its obligations under this Agreement, that party shall be excused from whatever performance is affected by the event of Force Majeure to the extent so affected, except as to obligations to make payments, provided that:
  - i. The non-performing party, within two weeks after the commencement of the Force Majeure event, gives the other party written notice describing the full particulars of the occurrence.
  - ii. The suspension of performance is of no greater scope and of no longer duration than is required by the event of Force Majeure.
  - iii. The non-performing party shall expeditiously remedy its inability to perform.
- c. When the non-performing party is able to resume performance of its obligations under this Agreement, that party shall give the other party written notice to that effect. This Section shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms that, in the sole judgment of the party involved in the dispute, are contrary to its interest. Settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the party having the difficulty.

## 9. TAXES

- a. Utility assumes exclusive liability for and shall pay before delinquency, all federal, state, regional, municipal or local sales, use, excise, ad valorem and other taxes, charges or contributions imposed on, or with respect to, or measured by the Compression Facilities, materials, supplies or labor furnished hereunder, or the wages, salaries or other remunerations paid to individuals employed in connection with, the performance of the Compression Services.

- b. Without limiting the generality of this Section 9, Utility agrees to comply with all laws and regulations setting forth withholding requirements for federal and state income taxes, Social Security and Medicare taxes, unemployment and disability insurance premiums applicable to its employees (collectively, the "Withholding Requirements"). Utility also agrees to secure the agreement of each of its subcontractors to comply with all Withholding Requirements applicable to such subcontractor's employees.
  - c. Applicant shall be responsible for any increased real property taxes it may be subject to as a result of the Compression Facilities.
10. APPLICANT'S DEFAULT - If Applicant (a) abandons the Site or fails to pay the Service Fee in Section 2 above, or (b) becomes bankrupt or insolvent, or assigns this Agreement, or sublets any part thereof, without the express prior written authorization of Utility, or (c) violates any of the provisions of this Agreement, and Applicant fails to cure such event of default within seven (7) calendar days after written notice from Utility, Utility may notify Applicant that it will discontinue all or any part of the Compression Services and Applicant shall be obligated to pay a make-whole amount equivalent to all of Utility's unrecovered capital and other ownership costs and including any costs resulting from early termination of Utility's subcontracts ("Termination Payment"). The remedies herein shall be inclusive and additional to any other rights or remedies in law or equity, and no action by Utility shall constitute a waiver of any such other rights or remedies.
11. COUNTERPARTS - This Agreement may be executed in counterparts which, taken together, shall constitute a single instrument.
12. AUTHORITY - Each individual executing this Agreement on behalf of Applicant and Utility represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of said party, and that this Agreement is binding upon said party in accordance with its terms and conditions.
13. COMPLETE AGREEMENT - This Agreement constitutes the complete and entire agreement between the parties and supersedes any previous communications, representations or agreements, whether oral or written, with respect to the subject matter hereof. There are no additions to, or deletions from, or changes in, any of the provisions hereof, and no understandings, representations or agreements concerning any of the same, which are not expressed herein, unless stated below. **THE PARTIES HEREBY AGREE THAT NO TRADE USAGE, PRIOR COURSE OF DEALING OR COURSE OF PERFORMANCE UNDER THIS AGREEMENT SHALL BE A PART OF THIS AGREEMENT OR SHALL BE USED IN THE INTERPRETATION OR CONSTRUCTION OF THIS AGREEMENT.**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SOUTHERN CALIFORNIA GAS COMPANY	APPLICANT
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____



**Exhibit A - Technical Services Scope of Work**

- a. Mechanical equipment including:
  - i. \_\_\_\_\_,
  - ii. \_\_\_\_\_,
  - iii. \_\_\_\_\_,
  - iv. \_\_\_\_\_,
  
- b. Electrical equipment including:
  - i. \_\_\_\_\_,
  - ii. \_\_\_\_\_,
  - iii. \_\_\_\_\_,
  - iv. \_\_\_\_\_,
  
- c. Other work including:
  - i. \_\_\_\_\_,
  - ii. \_\_\_\_\_,
  - iii. \_\_\_\_\_,
  - iv. \_\_\_\_\_,

**Exhibit B – Location of Compression Facilities at Site**

**Exhibit C – Pricing Assumptions**