

SAMPLE FORMS

Sheet 1

Contracts

Energy Service Provider Agreement for Core Aggregation Service (Form 6536-A, Rev. 1/99)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 2686-A
DECISION NO. 98-02-108

1C2

ISSUED BY

William L. Reed

Vice President
Chief Regulatory Officer

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jan 21, 1999
EFFECTIVE Feb 19, 1999

RESOLUTION NO. G-3246

ENERGY SERVICE PROVIDER AGREEMENT
FOR CORE AGGREGATION SERVICE

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This Contract ("Contract") is entered into this ____ day of _____, 199____, by and between Southern California Gas Company ("Utility") and _____ (indicate company name) ("ESP") a _____ (indicate state and type of business entity), whose business address is _____

_____ collectively referred to as "Parties" or individually as "Party."

WHEREAS, the California Public Utilities Commission ("CPUC") has authorized a Core Aggregation Transportation Program and the Parties hereto wish to engage in such Program subject to the applicable Utility tariff rules and rate schedules;

WHEREAS, the Core Aggregation Transportation Program provides small and medium-sized Utility customers an opportunity to purchase gas from sellers other than Utility, while continuing to purchase services needed to transport such gas quantities from Utility;

NOW THEREFORE, in consideration of the mutual undertakings set forth below the parties agree as follows:

I. CORE AGGREGATION SERVICE

1.1 Eligibility -- ESP must meet a minimum annual transport quantity of 250,000 therms delivered to qualified core aggregation transportation customers. If ESP's group load falls below 250,000 therms per year, ESP has 90 days from notification to make-up the deficient load. If sufficient additional load is not added within 90 days of the date of notification by Utility, this Contract will be terminated at Utility's sole discretion.

1.2 Compliance with Minimum Core Load Requirements and All Other Terms and Conditions -- ESP will provide service to one or more of Utility's core end-use customers hereunder. ESP shall meet the annual minimum core load requirement and comply with all terms and conditions set forth in Tariff Rule No. 32, "Core Aggregation Transportation," which is incorporated herein as an integral part of this Contract (see Attachment A).

1.3 Core Aggregation Transportation Authorization Forms -- ESP shall honor completed Core Aggregation Transportation Authorization Forms submitted by ESP prior to implementation of CPUC D. 98-02-108 duly executed by each Utility core end-use customer for whom ESP represents and provides gas supplies and/or service as required pursuant to Tariff Rule No. 32.

1.4. Adding and Deleting Customers -- ESP may add customers under this Contract by submitting Utility a Direct Access Service Request (DASR) via the Internet-based Energy

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Marketplace DADR system in accordance with Tariff Rule No. 32. DADRs received on-line by the fifteenth calendar day of the month will begin service under the Program at the customer's meter reading of the following calendar month. DADRs received on-line after the fifteenth calendar day of the month will begin service under the Program at the customer's meter reading of the second calendar month following. When ESP adds or deletes customers, firm interstate capacity will be assigned to ESP or returned to Utility as set forth in Tariff Rule No. 32.

By submission of the DADR, the ESP warrants that the customer being enrolled in the Transportation Service program by the DADR:

- Has been informed of, and consents to all terms and conditions of SoCalGas' Core Transportation Service, including but not limited to:
 - The initial term of this Authorization will be 12 consecutive months from the service date and thereafter will continue month-to-month until this Authorization is canceled by either Customer or ESP or as a result of other causes for termination specified in Rule 32.
 - Unless otherwise specified, DADR Termination Requests received by the fifteenth calendar day of the month will become effective on the customer's meter reading date in the following month. DADR Termination Requests received after the fifteenth calendar day of the month will become effective on the customer's meter reading date in the second calendar month following the DADR submission.
 - A DADR submitted for the purpose of transferring from one ESP to another, will not change the original DADR start-date.
 - DADRs will be processed by SoCalGas on a first come, first served basis. A DADR cannot be processed for a customer account where there is an existing DADR or Authorization Form until a DADR Termination Request is submitted against the existing DADR or Authorization Form.
 - Customer shall pay reasonable attorney's fees (including those of in-house counsel) and all other costs and expenses which may be incurred by Utility in the enforcement of this Authorization.
- Intended to change their status to "Core Transportation Service" and receive gas procurement and related services from that specific ESP.
- Has authorized the ESP to act on the customer's behalf for the purpose of establishing and administering core gas transportation service on behalf of Customer in accordance with the rules and regulations of the California Public Utilities Commission ("CPUC").
- Has authorized ESP to do any and all things both proper and necessary in establishing and administering core gas transportation service for and on behalf of Customer, including (by way of illustration and not limitation), the purchase, nomination and delivery of Customer's gas

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- supplies, treatment of gas imbalances, management of gas storage inventories, and all procurement-related transactions for Customer's Utility account specified in the DASR.
- Understands and agrees that core gas transportation service will begin in accordance with the schedule established in Tariff Rule No. 32; that Utility will provide its services under the terms and conditions of the otherwise applicable SoCalGas rate schedule and Tariff Rule 32 (Core Aggregation Transportation), as well as other rules and regulations and any modifications thereto which are from time to time authorized by the CPUC.
 - Understands and agrees that Customer shall at all times remain responsible for payment of its core gas transportation service received from Utility, even if Customer has authorized Utility to send its bill to ESP for payment. Customer also understands that it is responsible for all Franchise Fees under Tariff Rate Schedule G-SUR and any Utility Users Tax that a city or county may require as a result of Customer receiving its gas commodity through ESP.
 - Has authorized SoCalGas to release the customer's current and historic gas consumption information for that specific service account to that specific ESP by written or electronic transfer. Customer releases and shall hold harmless, defend and indemnify, Utility from and against any liability, claims, demands, causes of action, damages, and/or expenses resulting from or in connection with any unauthorized use of such information.

Acknowledges that under CPUC-approved tariffs governing core gas transportation service, ESP is "an agent for one or more customers buying and arranging gas sales" and that ESPs operate independent of Utility. ESP is not an agent of Utility, and Utility is not liable for any of ESP's acts, omissions, or representations. Customer understands that the CPUC does not regulate ESP and that the resolution of any disputes with the ESP will be the sole responsibility of Customer. Utility shall have no responsibility to resolve disputes between ESP and Customer.

1.5 Interstate Pipeline Capacity -- Utility will assign firm interstate pipeline capacity to ESP in a manner consistent with Tariff Rule No. 32 and will notify ESP of DCQ and Core Capacity Assignment in writing, by facsimile or on Gas Select by the 20th calendar day of the month. ESP agrees that the total assigned core capacity quantity shall be the Daily Contract Quantity (DCQ) determined on a monthly basis by SoCalGas, in accordance with Tariff Rule 32, and shall be assigned and accepted at 100% of the "as-billed rate." ESP will be notified of bid posting by SoCalGas and will have 24 hours to confirm the capacity assignment on the appropriate interstate pipeline bulletin boards. It is the ESP's responsibility to verify and confirm posting with the interstate pipeline. ESP and interstate pipeline will be responsible for, or liable for any billing or administration of interstate pipeline capacity agreements. If SoCalGas has not received any communication from ESP within the 24 hour bid posting confirmation period, the bid will be considered confirmed. Consequences for failure to confirm shall be determined by Tariff Rule No. 32 and Tariff Rule No. 36. ESP shall be responsible for obtaining and maintaining credit with any interstate pipeline on which capacity is assigned consistent with Tariff Rule No. 32. ESP is responsible for, and shall pay directly to the interstate pipeline, all charges for assigned capacity. Utility will reimburse ESP an amount equal to

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ESP's payment to the interstate pipeline for its assigned capacity, offset by Procurement Management Charges due from ESP, all as set forth in Rule 32. ESP shall provide documentation of its payments to interstate pipelines for capacity used by ESP in this Core Aggregation Service in a form acceptable to Utility. Utility shall be entitled to set-off such amount from Utility's subsequent bills to ESP.

1.6 Nominations and Deliveries -- ESP shall perform capacity nominations and gas deliveries pursuant to the provisions and conditions of Tariff Rules No. 30 "Transportation of Customer-Owned Gas" (see Attachment B to this Contract) and Tariff Rule No. 32.

1.7 Rebrokering -- ESP may rebroker their allocated interstate pipeline capacity pursuant to the applicable regulations of the Federal Energy Regulatory Commission (FERC). If ESP rebrokers its allocated interstate pipeline capacity, in whole or part, to another party, ESP shall remain financially responsible to Utility for the rebrokered capacity and any associated charges.

ESPs may participate under the provisions of Tariff Rule No. 36, "Interstate Capacity Brokering," which is incorporated herein as an integral part of this Contract (see Attachment C), for any capacity that is additional to their reserved capacity amount.

1.8 Storage -- For its core aggregation load, ESP is required to deliver quantities of gas to Utility sufficient to meet the storage targets assigned to ESP by Utility as described in Tariff Rule No. 32. Such gas will be injected and/or withdrawn, subject to tariff rules and regulations and the operational requirements of Utility. In the event ESP has not delivered gas quantities sufficient to meet an assigned the month-end storage target, the deficient quantity will be considered an imbalance and treated accordingly.

1.9 Balancing Transportation Services and End-Use Consumption -- ESP is responsible for balancing transportation services with its aggregation customers' end-use consumption. ESP shall manage the imbalances of its end-use customers through means which include participation in Utility's Imbalance Trading Program as permitted in Tariff Rate Schedule G-IMB, which is incorporated herein as an integral part of this Contract (see Attachment D). ESP cannot use any of its storage quantities needed to meet minimum month-end storage targets to offset imbalances. Pursuant to Tariff Rule No. 32, imbalances will be calculated based on the combined gas deliveries and usage of all of ESP's customers, rather than on an individual end-use customer basis. ESP shall pay Utility any and all imbalance charges incurred, pursuant to CPUC authorized tariff rules and regulations, including any Utility Users Tax and any other applicable taxes or fees levied by cities and political subdivisions where ESP's transportation gas quantities are consumed.

1.10 Operational Flow Order -- In the event of an Operational Flow Order (OFO), ESP agrees to nominate the full Daily Contract Quantity (DCQ) as firm deliveries to Utility's system and

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understands that ESP shall be subject to penalties for non-compliance as outlined in Tariff Rule No. 32.

1.11 Utility Services -- Utility shall read customer meters, send customers legally required notices and bill inserts in accordance with Public Utilities Code 454(a), and provide customers with all other regular Utility services. This includes direct billing, unless the customer specifies in the Core Aggregation Transportation Authorization (Form No. 6568-A) that Utility bill ESP for all charges.

II. TARIFF SCHEDULES

ESP is subject to all applicable tariff rules and regulations, including but not limited to the rates, terms and conditions set forth in Tariff Rule No. 30, "Transportation of Customer-Owned Gas;" Tariff Rule No. 32, "Core Aggregation Transportation;" Tariff Rule No. 33, "GasSelect;" Tariff Rule No. 36, "Interstate Capacity Brokering;" and Tariff Rate Schedule G-IMB. Each of these tariff rules and regulations as they may be amended from time to time (or their legal successors, if superseded) are incorporated herein as an integral part of this Contract (see Attachments A - E).

III. OPERATING PROCEDURES

ESP agrees to comply with all operating procedures established by Utility, including but not limited to those reasonably required to comply with the interstate pipeline tariffs; the tariffs of Utility (as in effect from time to time); and any applicable rules, procedures, decisions or orders of any governmental entity having jurisdiction. Such procedures shall be established as reasonably necessary to permit Utility to both act as a resource for information and comply with its applicable tariffs (including any applicable General Terms and Conditions) as may be in effect from time to time, and the rules, orders, decisions, and procedures of any governmental entity having jurisdiction over such operating matters.

IV. GASSELECT

ESP may contract separately with Utility to access and use GasSelect, pursuant to Tariff Rule No. 33 "GasSelect," incorporated herein as an integral part of this Contract (see Attachment E).

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V. CREDITWORTHINESS

Prior to acceptance by Utility, ESP shall have complied with all the provisions and obligations of Tariff Rule No. 32. ESP has the continuing obligation to provide such information to Utility upon the Utility's written request, but not less than annually. Additionally, ESP represents and warrants that there has been no materially adverse change in its financial position from the date of the latest available and provided financial statements to the date hereof (as Utility has relied on such information in entering into this Contract). In the event that (a) Utility determines that a material financial change has adversely affected ESP's credit worthiness, subsequent to the signing of this Contract, or (b) ESP does not provide the information, evidence or assurances requested, Utility may terminate this Contract as of the day written notice is given.

VI. TAXES

ESP shall pay the applicable Utility User's Tax, and any other fees and taxes applicable within the city or political subdivision where the gas is actually used unless otherwise specified in Tariff Rule No. 32.

VII. BILLING AND PAYMENT

7.1 Billing and Payment Terms -- During the term hereof, all charges including, any and all procurement management charges, end-use Customer's utility charges and/or any other applicable charges, shall be billed by Utility and paid by ESP in accordance with Tariff Rule No. 32.

7.2 ESP's Obligation to Pay Procurement Management Charges -- ESP shall pay any and all procurement management charges including, but not limited to, imbalance/adjustment charges, curtailment/Operational Flow Order (OFO) charges and any storage transactional charges which may arise out of ESP's management of its procurement portfolio on behalf of the customers it serves. ESP shall pay the rate and charges as set forth in Tariff Rate Schedule G-IMB and any applicable taxes, utility users tax or similar assessments which become applicable to this Contract.

7.3 Billing for Interstate Pipeline Capacity -- Pursuant to Tariff Rule No. 32, ESP will remit payment for interstate pipeline demand charges for all assigned firm interstate pipeline capacity hereunder directly to the appropriate interstate pipeline company and Utility will reimburse ESP for such payments, less any Procurement Management Charges or other charges that ESP owes to Utility, after receiving confirmation from the interstate pipeline company that ESP has made full payment for its assigned capacity.

7.4 ESP Responsibility for Paying Utility Bills on Behalf of End-Use Customers -- ESP is responsible for paying bills from Utility for Utility services as required pursuant to Tariff Rule No. 32 for those end-use customers who have specifically requested this option in their Core Aggregation

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Transportation Authorization Form. ESP shall pay in entirety such customers' bills at the rates set forth in the Tariff Rate Schedule(s) applicable to each end-use customer, including but not limited to, customer and service charges, utility users' tax and other taxes, franchise fees and other rates as they become applicable to the customer.

7.5 Billing Disputes -- ESP agrees to resolve any disputed bills and/or charges in accordance with Tariff Rule No. 32.

VIII. TERM

ESP's rights to Transportation Capacity hereunder shall commence at 12:01 A.M. on the first day of the month following the month that this Contract is fully executed by both Parties. The term of this Contract is twelve months, beginning with the first day of the month after it is fully executed by both Parties, and then month-to-month thereafter, until terminated as set forth in Tariff Rule No. 32.

IX. TERMINATION

9.1 Termination by Utility -- If a payment is not received within seven days of issuance of a past due notice, ESP's participation in this Contract and participation in the Program will be subject to termination by Utility as set forth in Tariff Rule No. 32. In addition, if Utility receives any notification that ESP has filed or will be filing any type of bankruptcy, or is closing its business, ESP's participation in the Program will be terminated immediately and all of ESP's rights to conduct business under the Program shall be terminated, consistent with any bankruptcy laws that take precedence over the rules set forth in Tariff Rule No. 32. Furthermore, Utility may terminate ESP's participation in the Program for failure to pay the interstate pipeline for the full cost of ESP's assigned capacity.

9.2 Rights and Responsibilities -- Utility's and ESP's rights and responsibilities following such termination under this Contract are set forth in Tariff Rule No. 32.

X. GOVERNMENTAL AUTHORIZATION

Performance hereunder shall be subject to prior receipt by Utility of all necessary governmental authorizations (federal and state) in form and substance satisfactory to Utility.

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XI. NOTICES

11.1 Mailing Address -- Any formal notice, request, or demand concerning this Agreement shall be given in writing by ESP, Customer or Utility, and shall be mailed by Registered, Certified or other overnight mail, or delivered in hand, or faxed with confirmation as set forth below, to the other party as indicated below, or to such other address as the parties may designate by written notice.

To ESP: _____

Fax Number: _____

To Utility: Southern California Gas Company
Core Aggregation Transportation Program Manager
M.L. 19C2
555 West Fifth Street
Los Angeles, CA 90013-1011
Fax Number: (213) 244-8113

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11.2 Billing Address -- Statements, invoices and billings, and routine communications shall be sent by Utility to ESP by first class U.S. mail to:

and by ESP to Utility by first class U.S. mail to:

Southern California Gas Company
Billing Collections Manager
M.L. 22B1
P.O. Box 3249
Los Angeles, CA 90051-1249

11.3 Notices -- Notices delivered by hand shall be deemed received when delivered. Notices sent electronically or by FAX shall be deemed received upon receipt but must be confirmed by mail within seventy-two (72) hours. Notices delivered by first class mail shall be deemed received forty-eight (48) hours (not including weekends and holidays) after deposit, postage prepaid, in the U.S. mail, or if Certified, Registered or overnight mailing is used, as acknowledged by the signed receipt of mailing.

XII. MISCELLANEOUS

12.1 Assignment -- This Contract, and the rights and obligations granted and/or obtained by ESP hereunder, shall not be further transferred or assigned by ESP without the prior written consent of Utility; Utility will refuse to approve any such assignment to a party it determines not to be creditworthy.

12.2 Choice of Law -- This Contract shall be carried out and interpreted under the laws of the State of California.

12.3 Resolution of Disputes -- Any dispute or need for interpretation arising out of this Contract which cannot be resolved after discussion between the parties to this Contract shall be submitted to the CPUC for resolution.

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12.4 Waiver -- Any failure or delay by either party to exercise any right, in whole or part, hereunder shall not be construed as a waiver of the right to exercise the same, or any other right, at any time thereafter.

12.5 Damages -- Notwithstanding any other provision hereof, neither party shall be assessed any special, punitive, consequential, incidental, or indirect damages, whether in contract or tort, for any actions or inactions related to this Contract.

12.6 Governmental Actions -- This Contract shall be subject to the continuing jurisdiction of the CPUC and all orders, rules, regulations, decision or actions of any governmental entity (including a court) having jurisdiction over Utility or this Contract. The Contract is subject to such changes or modifications by the CPUC as it may direct from time to time in the exercise of its jurisdiction.

12.7 Entire Contract -- This Contract including the Exhibits and Attachments listed below, sets forth the entire understanding of the parties as to the subject matter hereof, and supersedes any prior discussions, offerings, representations or understanding (whether written or oral), and shall only be superseded by an instrument in writing executed by both parties. This Contract shall not be modified by course of performance, course of conduct or usage of trade.

- Exhibit A: Core Aggregation Authorization Form*
- Attachment A: Tariff Rule No. 32 - Core Aggregation Transportation*
- Attachment B: Tariff Rule No. 30 - Transportation of Customer-Owned Gas*
- Attachment C: Tariff Rule No. 36 - Interstate Capacity Brokering*
- Attachment D: Tariff Rate Schedule G-IMB*
- Attachment E: Tariff Rule No. 33 - GasSelect*

IN WITNESS WHEREOF, the authorized representatives of Utility and ESP have executed two (2) copies hereof as of the date written above.

UTILITY:
SOUTHERN CALIFORNIA GAS COMPANY

By: _____

Signature: _____

Name: _____

Title: _____

ESP: _____

By: _____

Signature: _____

Name: _____

Title: _____