

- Division
- Applicant
- Customer Operations
- Plant Accounting
- Customer Billing

Reference:
PM #30604380

Pacific Gas and Electric Company AGREEMENT FOR INSTALLATION OR ALLOCATION OF SPECIAL FACILITIES

At the request of Gill Ranch Storage, LLC (Applicant), PACIFIC GAS AND ELECTRIC COMPANY (PG&E) hereby agrees, as an accommodation, to install at the Applicant's expense within a reasonable time, or allocate for Applicant's use at PG&E's Gas Transmission Line 401 at or near mile point 419 and West Panoche Road in Fresno County, State of California, certain facilities consisting of Phase I of the Gill Ranch Meter Station, including: (i) pipeline tap; (ii) approximately 100 feet of piping from tap to station; (iii) bi-directional gas flow meters; (iv) gas quality measurement; (v) valving, controls, and regulation; (vi) communications; (vii) odorization; and (viii) appurtenant equipment (Special Facilities), at an estimated total additional installed cost of \$5,090,350 over and above the cost of standard facilities which PG&E would normally provide or allocate for regular service in accordance with its tariffs on file with and authorized by the California Public Utilities Commission (Commission), subject to the following terms and conditions:

1. Applicant shall pay to PG&E, on demand and in advance of construction by PG&E, the initial sum of:

(a) \$5,090,350 (Advance)* which consists of a credit of \$ N/A for that portion of the facilities provided by and conveyed to PG&E by the Applicant, and Applicant's payment of \$5,090,350 representing PG&E's additional costs for Special Facilities; plus,

(b) \$ N/A (Rearrangement) a non-refundable amount representing PG&E's cost of rearranging existing facilities to accommodate the installation of the Special Facilities.

2. Applicant shall also pay to PG&E, in addition to the monthly rates and charges for service, at the option of PG&E, either:

(a) A monthly charge for the Special Facilities of \$ 22,132 (Cost of Ownership Charge) representing the continuing ownership costs of the Special Facilities (.50% per month) as determined in accordance with the applicable percentage rate established in the Special Facilities section of PG&E's applicable Gas or Electric Rule No. 2, copy attached; or,

(b) \$ N/A (Equivalent One-Time Payment) which is the present worth of the monthly ownership costs (N/A%) for the Special Facilities in perpetuity. Refunds and adjustments, if any, of the Advance and Equivalent One-Time Payment will be made in accordance with paragraph 13. Interest at the rate of N/A% annually will be added to the unamortized balance of the Equivalent One-Time Payment on each anniversary of the date the Special Facilities are first made available, as such date is established in PG&E's records, before the current year's Cost of Ownership Charges are deducted.

The monthly Cost of Ownership Charge shall commence on the date the Special Facilities are first available for Applicant's use, as such date is established in PG&E's records. PG&E will notify Applicant, in writing, of such commencement date.

3. The annual ownership cost used to determine the Equivalent One-Time Payment or used to determine the monthly charges in paragraph 2 above shall automatically increase or decrease without formal amendment to this agreement if the Commission should subsequently authorize a higher or lower percentage rate for monthly costs of ownership for Special Facilities as stated in Rule No. 2, effective with the date of

* Includes Income Tax Component of Contribution (ITCC) on applicable project costs at the rate of 20% for contributions paid in 2009 and 20% for contributions paid in 2010.

such authorization. Thereafter, such revised annual ownership cost shall also be used to determine the unamortized balance of the Equivalent One-Time Payment, as provided in paragraph 13 (a).

4. Where it is necessary to install Special Facilities on Applicant's premises, Applicant hereby grants to PG&E:

(a) the right to make such installation on Applicant's premises along the shortest practical route thereon and of sufficient width to provide legal clearance from all structures now or hereafter erected on Applicant's premises for any facilities of PG&E; and,

(b) the right of ingress to and egress from Applicant's premises at all reasonable hours for any purposes reasonably connected with the operation and maintenance of the Special Facilities.

5. Where formal rights of way or easements are required on and over Applicant's property or the property of others for the installation of the Special Facilities, Applicant understands and agrees that PG&E shall not be obligated to install the Special Facilities unless and until any necessary permanent rights of way or easements, satisfactory to PG&E, are granted without cost to PG&E.

6. PG&E shall not be responsible for any delay in completion of the installation of the Special Facilities resulting from shortage of labor or materials, strike, labor disturbance, war, riot, weather conditions, governmental rule, regulation or order, including orders or judgments of any court or Commission, delay in obtaining necessary rights of way and easements, act of God, or any other cause or condition beyond the control of PG&E. PG&E shall have the right, in the event it is unable to obtain materials or labor for all of its construction requirements, to allocate materials and labor to construction projects which it deems, in its sole discretion, most important to serve the needs of its customers, and any delay in construction hereunder resulting from such allocation shall be deemed to be a cause beyond PG&E's control.

7. In the event that PG&E is prevented from completing the installation of the Special Facilities for reasons beyond its control within twelve (12) months following the date of this Agreement, PG&E shall have the right to terminate this Agreement upon thirty (30) days' written notice to Applicant.

8. If this Agreement is terminated as set forth in paragraph 7, the provisions of paragraph 13 shall be applicable, based on that portion of the Special Facilities then completed, if any, including charges for any expense incurred by PG&E for any engineering, surveying, right of way acquisition expenses and other associated expenses incurred by PG&E for that portion of the Special Facilities not installed or, in PG&E's sole judgment, not useful in supplying permanent service to PG&E's other customers.

9. Special Facilities provided by PG&E hereunder shall at all times be and remain the property of PG&E.

10. As provided in PG&E's applicable Electric Rule 14 or Gas Rules 14 and 21, copies attached, Applicant understands that PG&E does not guarantee electric or gas service to be free from outages, interruptions or curtailments and that the charges for the Special Facilities represent the additional cost associated with providing the Special Facilities rather than for a guaranteed level of service or reliability.

11. If it becomes necessary for PG&E to alter or rearrange the Special Facilities, including, but not limited to the conversion of overhead facilities to underground, Applicant shall be notified of such necessity and shall be given the option to either terminate this Agreement in accordance with paragraphs 12 and 13, or to pay PG&E additional Special Facilities consisting of:

(a) A facility termination charge for that portion of the Special Facilities which is being removed because of alteration or rearrangement. Such charge to be determined in the same manner as described in paragraph 13; plus,

(b) An additional Advance and/or rearrangement costs, if any, for any new Special Facilities requested which shall be determined in the same manner as described in paragraph 1; plus,

(c) A revised Equivalent One-Time Payment or monthly charge based on the total net estimated additional installed costs of all new and remaining Special Facilities. Such revised Equivalent One-Time Payment or monthly charge shall be determined in the same manner as described in paragraphs 2 and 3.

12. This Agreement shall be effective when executed by the parties hereto and shall remain in effect until terminated by either party on at least thirty (30) days' advance written notice.

13. Upon discontinuance of the use of any Special Facilities due to termination of service, termination of this Agreement, or otherwise:

(a) Applicant shall pay to PG&E on demand (in addition to all other monies to which PG&E may be legally entitled by virtue of such termination) a facility termination charge defined as the estimated installed cost, plus the estimated removal cost, less the estimated salvage value for the Special Facilities to be removed, as determined by PG&E in accordance with its standard accounting practices. PG&E shall deduct from the facility termination charge the Advance plus the unamortized balance of the Equivalent One-Time Payment previously paid, if any. If the Advance paid plus the unamortized balance of the Equivalent One-Time Payment is greater than the facility termination charge, PG&E shall refund the difference, without interest, to the Applicant;

(b) PG&E shall be entitled to remove and shall have a reasonable time in which to remove any portion of the Special Facilities located on the Applicant's premises;

(c) PG&E may, at its option, alter, rearrange, convey or retain in place any portion of the Special Facilities located on other property off Applicant's premises. Where all or any portion of the Special Facilities located off Applicant's premises are retained in place and used by PG&E to provide permanent service to other customers, an equitable adjustment will be made in the facility termination charge.

14. Applicant may, with PG&E's written consent, assign this Agreement if the assignee thereof will agree in writing to perform Applicant's obligations hereunder. Such assignment will be deemed to include, unless otherwise specified therein, all of Applicant's rights to any refunds which might become due upon discontinuance of the use of any Special Facilities.

15. This agreement shall be subject to all of PG&E's applicable tariffs on file with and authorized by the Commission and shall at all times be subject to such changes or modifications as the Commission may direct from time to time in the exercise of its jurisdiction.

Dated this 1st day of November, 2010

GILL RANCH STORAGE, LLC (Applicant)

PACIFIC GAS AND ELECTRIC COMPANY

BY: *Rick Daniel* ors

BY: *Trista Berkovitz*

NAME: Rick Daniel

NAME: Trista Berkovitz

TITLE: President

TITLE: Director, Gas System Operations

MAILING ADDRESS:
220 NW Second Avenue
Portland, OR 97209

MAILING ADDRESS:
77 Beale Street, Room 1611, MC B16A
San Francisco, CA 94105

Attachments: Rules 2 and 14(Electric), or
Rules 2, 14 and 21 (Gas)