

RESTATEMENT OF
FIRM TRANSPORTATION SERVICE AGREEMENT
Rate Schedule KRF-1

CONTRACT NO. 1724

DATE OF RESTATEMENT: _____

THIS RESTATED FIRM TRANSPORTATION SERVICE AGREEMENT ("Agreement") is made and entered into as of this 28th day of August, 2003 by and between KERN RIVER GAS TRANSMISSION COMPANY ("Transporter") and CALIFORNIA DEPARTMENT OF WATER RESOURCES ("Shipper"), and supersedes all previous versions of this Agreement, if any.

WHEREAS, Transporter and Edison Mission Energy ("EME") entered into that certain Firm Transportation Service Agreement, Contract No. 1708, dated May 29, 2001, for 85,000 Dth per day ("Contract 1708");

WHEREAS, EME, Sunrise Power Company, LLC ("Sunrise") and Transporter entered into that Assignment and Consent to Assignment of Firm Transportation Service Agreement dated April 24, 2003, whereby EME assigned all of its rights and obligations in and under Contract No. 1708 to Sunrise and Transporter consented to such assignment ("EME Assignment");

WHEREAS, pursuant to the EME Assignment, Contract No. 1719 was created, which replaced and superseded Contract 1708;

WHEREAS, Sunrise, Shipper and Transporter entered into that Assignment and Consent to Assignment of Firm Transportation Service dated August 28, 2003, whereby Sunrise assigned all of its rights and obligations in and under Contract No. 1719 to Shipper and Transporter consented to such assignment ("Assignment and Consent");

WHEREAS, pursuant to the Assignment and Consent, Contract No. 1724 was created which replaced and superseded Contract No. 1719;

WHEREAS, Transporter filed and the FERC accepted as of April 20, 2009, revisions to the form of service agreement applicable to the rate schedule under which service is provided to Shipper; and

WHEREAS, Transporter and Shipper have agreed to restate this Agreement pursuant to such form.

NOW, THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the parties agree as follows:

ARTICLE I - GAS TO BE TRANSPORTED

- 1.1 Subject to the terms, conditions and limitations hereof, Transporter agrees to receive, on a firm basis, from Shipper for Transportation at the Receipt Point(s) specified in Exhibit "A" and to transport and deliver Thermally Equivalent Quantities to Shipper at the Delivery Point(s) specified in Exhibit "A," Quantities of Natural Gas, exclusive of Quantities required for fuel used and lost and unaccounted-for Gas, up to Shipper's TMDQ. Shipper's TMDQ is 85,000 Dth per day. Shipper's DMDQ is equal to Shipper's TMDQ.
- 1.2 Shipper will reimburse Transporter for fuel used and lost and unaccounted-for Gas on an in-kind basis at the factors applicable to incremental rate service related to the 2003 Expansion Project, pursuant to the General Terms and Conditions of Transporter's FERC-approved tariff, as revised from time to time ("Transporter's Tariff"). Backhaul Shippers will reimburse Transporter for system-wide lost and unaccounted-for Gas, but will not reimburse Transporter for compressor fuel.

ARTICLE II - APPLICABLE RATE SCHEDULE

- 2.1 Shipper agrees to pay Transporter for all Natural Gas Transportation service rendered under the terms of this Agreement in accordance with Rate Schedule KRF-1 of Transporter's Tariff. This Agreement will be subject to the provisions of such Rate Schedule and the General Terms and Conditions of Transporter's Tariff, which by this reference are incorporated herein and made a part hereof.
- 2.2 Shipper's rates for Transportation service will be in accordance with Transporter's effective Rate Schedule KRF-1 for 15-year incremental rate service related to the 2003 Expansion Project, subject to the parties' understanding and agreement that Transporter may change the rates from time to time in accordance with the Natural Gas Act.
- 2.3 Notwithstanding Section 5.5 of the General Terms and Conditions of Transporter's Tariff, and subject to any negotiated credit, Shipper will make payment of the Monthly Reservation Charge pursuant hereto in full irrespective of (but without prejudice to the rights otherwise of Shipper with respect to) any dispute relative to the amount invoiced, and will not be entitled to any abatement of such payment or any set-off against it, including but not limited to, abatement or set-off due or alleged to be due by reason of any past, present or future claims or other rights of Shipper against Transporter or any other person or entity, whether in connection herewith or any unrelated transaction.

ARTICLE III - TERM OF SERVICE

- 3.1 Service under this Agreement shall be in effect from September 1, 2003 through April 30, 2018.

ARTICLE IV - MISCELLANEOUS PROVISIONS

- 4.1 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Transporter's Tariff will be deemed to be a part of this Agreement, nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.
- 4.2 This Agreement shall incorporate and in all respects shall be subject to the General Terms and Conditions and the applicable Rate Schedule(s) set forth in Transporter's Tariff. Transporter may file and seek approval from the FERC under Section 4 of the Natural Gas Act ("NGA") at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the General Terms and Conditions in Transporter's Tariff, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any change that becomes effective by operation of law and FERC order, without prejudice to Shipper's right to protest the same.
- 4.3 The priority of service for this Agreement shall be November 30, 2000.
- 4.4 Shipper has entered into this Agreement solely under its authority under Division 27 of the Water Code of California (Chapter 4 of the Statutes of 2001, First Extraordinary Session, as amended by Chapter 9 of the Statutes of 2001, First Extraordinary Session) codified as Section 80000, et. seq.) (the "Authorizing Law"). Shipper's obligation to make any payments under this Agreement is limited solely to available moneys therefore within the Department of Water Resources Electric Power Fund established by Section 80200 of the Water Code of the State of California (the "Fund") and are payable as an operating expense of the Fund solely from Power Charges as defined in the Rate Agreement, by and between Shipper and the California Public Utilities Commission ("CPUC") adopted by CPUC on February 21, 2002 in Decision 02-02-051 (the "Rate Agreement"), subject and subordinate to each Priority Long Term Power Contract (as defined in the Rate Agreement) in accordance with the priorities and limitations established with respect to the Fund's operating expenses in any indenture providing for the issuance of Bonds (as defined in the "Rate Agreement") and in the Rate Agreement and in the Priority Long Term Contracts. Further, any liability of Shipper arising in connection with this Agreement or any claim based thereon or with respect thereto, including, but not limited to, any payment arising as the result of any breach or event of default under this Agreement, and any other payment obligation or liability of or judgment against Shipper thereunder, shall be satisfied solely from available moneys therefore within the Fund. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA ARE OR MAY BE PLEDGED FOR ANY PAYMENT UNDER THIS AGREEMENT. Transporter further acknowledges that revenues and assets

of the State Water Resources Development System, and Bond Charges under the Rate Agreement, are not liable for or available to make any payments or satisfy any obligation arising under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

"SHIPPER":

"TRANSPORTER":

CALIFORNIA DEPARTMENT OF WATER RESOURCES

KERN RIVER GAS TRANSMISSION COMPANY

By:  , CFO
ACTING FOR

By: 

Name: TIMOTHY J. HAINES

Name: PRESTON J. MILLER

Title: DEPUTY DIRECTOR

Title: MGR, MARKETING & CUSTOMER SERVICES

Date: AUGUST 12, 2009

Date: AUGUST 9, 2009

EXHIBIT "A"

TO RESTATED FIRM TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. 1724

BETWEEN

CALIFORNIA DEPARTMENT OF WATER RESOURCES

AND

KERN RIVER GAS TRANSMISSION COMPANY

Effective Date of this Exhibit "A": _____

From May 23, 2005 to April 30, 2018 TMDQ: 85,000 Dth 1/

| <u>Receipt Point(s)</u> | <u>Meter Number</u> | <u>Loc. Type</u> | <u>Receipt Point Entitlement</u> | <u>Receipt Pressure 2/ (psig)</u> |
|----------------------------------|---------------------|------------------|----------------------------------|-----------------------------------|
| Opal - WFS | 014001 | Physical | 85,000 | 792 |
| Total Receipt Point Entitlement: | | | 85,000 | |

| <u>Delivery Point(s)</u> | <u>Meter Number</u> | <u>Loc. Type</u> | <u>Delivery Point Entitlement</u> | <u>Delivery Pressure 3/ (psig)</u> |
|-----------------------------------|---------------------|------------------|-----------------------------------|------------------------------------|
| Wheeler Ridge - SoCal Gas | 025011 | Physical | 30,000 | 550 |
| Kramer Junction - SoCal Gas | 025032 | Physical | 55,000 | 650 |
| Total Delivery Point Entitlement: | | | 85,000 | |

1/ The Receipt Point Entitlements and Delivery Point Entitlements specified on this Exhibit "A" must each be equal to (1) Shipper's TMDQ, if this is an original Exhibit "A" or (2) the Receipt and Delivery Point Entitlement proportions set forth on the original Exhibit "A" to the Agreement, if this is an amended Exhibit "A."

2/ The minimum pressure at which Shipper will be obligated to cause Gas to be delivered to Transporter for Shipper's account at the Receipt Point(s).

3/ The minimum pressure at which Transporter will be obligated to deliver Gas for Shipper's account at the Delivery Point(s).