



3333 Warrenville Road
Suite 630
Lisle, IL 60532

Original Cal. P.U.C. Sheet No. 1-G

TARIFF SCHEDULES
for Natural Gas Storage Service
of
CENTRAL VALLEY GAS STORAGE, LLC
3333 Warrenville Road, Suite 630
Lisle, IL 60563

Central Valley Gas Storage, LLC operates in Colusa County, 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

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Original Cal. P.U.C. Sheet No. 2-G

TARIFF CHECKING SHEET

Current Sheets in this Tariff are as follows:

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PRELIMINARY STATEMENT

A. DESCRIPTION OF TERRITORY

Central Valley Gas Storage, L.L.C. (“CVGS”) operates storage facilities that include underground Natural Gas reservoir, surface Gas compression and processing facilities and associated pipelines in Colusa County, California and using such facilities provides Gas storage services to customers under market terms and conditions.

B. TYPES AND CLASSES OF SERVICE

CVGS 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.

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PRELIMINARY STATEMENT (Continued)

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 CVGS, then CVGS 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. REQUESTS FOR SERVICE

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

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

3. NOMINATIONS AND CONFIRMATIONS

- 3.1 Subject to any provisions of the applicable Service Schedule, Customer shall Nominate Service pursuant to a Transaction agreed to by the Parties in accordance with the following procedures:
- (a) Nominations at the CVGS Facility will be accepted by utilizing CVGS's Electronic Transaction and Nomination System. If the Electronic Transaction and Nomination System is not available, CVGS will accept Nominations by e-mail, or by facsimile transmittal.
 - (b) All Nominations must be submitted to CVGS in Dekatherms.
 - (c) Customer or Customer's agent must submit matching nominations on the Connecting Pipeline in order for the desired Transactions to be valid. In the event the Nominations on CVGS's Electronic Transaction and Nomination System and the interconnecting parties' systems do not match, CVGS will Confirm and therefore schedule the lesser of the two nominations.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

3. NOMINATIONS AND CONFIRMATIONS (Continued)

3.2 Customer must be issued a user name and password before being allowed to Nominate Services using CVGS's Electronic Transaction and Nomination System. Customers will only have access to those Nominations and reports specifically linked to their company.

(a) Electronic Nominations are accepted through the link provided within CVGS's web site at <http://www.cvgasstorage.com>. The user will be prompted for a user name and a password. Nomination deadlines are concurrent with the Connecting Pipeline's nomination schedules and Nomination Confirmations by CVGS are made according to those schedules.

(b) Customers may fax or e-mail spreadsheet Nominations during emergency situations. Spreadsheet Nominations must be received by CVGS at least 30 minutes before the Connecting Pipeline's deadline and must contain the same elements as an electronic Nomination.

3.3 Nominations may be made at any time on CVGS's Electronic Transaction and Nomination System. The processing of the Nominations is dependent upon on the Connecting Pipeline's confirmation and processing schedule. Each Nomination shall specify, at a minimum, the Customer, the contract and Transaction under which activity is being Nominated, the type of activity, the date the activity is to commence, the date the activity is to cease, the receipt point, the delivery point, and the Volume Nominated.

If the Customer fails to Nominate to CVGS, CVGS will confirm zero activity with the Connecting 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 CVGS;

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

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

3. NOMINATIONS AND CONFIRMATIONS (Continued)

3.5 Customer shall be responsible for all matters arising from or ancillary to the purchase, sale and transportation of Natural Gas that 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, securing and maintaining all required permits and authorizations and paying all taxes (excluding income taxes payable by CVGS), levies, and charges associated with the Services provided under the Storage Service Documents.

3.6 Timing of Nominations shall be as follows:

- (a) For activity involving receipt or delivery points with the Connecting Pipeline, CVGS must receive the Nomination information at least 30 minutes before the applicable Connecting Pipeline deadline.
- (b) CVGS is not required to Confirm Volumes that would cause Customer to exceed its contractual Maximum Storage Quantity (MSQ), Total Contract Quantity, Maximum Daily Injection Quantity (MDIQ), or Maximum Daily Withdrawal Quantity (MDWQ.) In the event that a Customer Nomination would exceed contractual MSQ, Total Contract Quantity, MDIQ, or MDWQ limits, CVGS may Confirm a Volume that would bring the Customer's MSQ, Total Contract Quantity, MDIQ, or MDWQ, to contractual limits and the Volume reduction will be made according to the ranking that Customer has supplied to the Connecting Pipeline.
- (c) Intraday changes for points involving Connecting Pipeline receipt points will be subject to the Connecting Pipeline's nomination guidelines and must be received by CVGS at least 30 minutes before the Connecting Pipeline deadline. In the event the Nomination to CVGS is not received by CVGS 30 minutes before the Connecting Pipeline deadline, the nomination to the Connecting Pipeline will be submitted on a best efforts basis and CVGS will use due diligence to correct the Connecting Pipeline nomination in subsequent nomination cycles if permitted to do so by the Connecting Pipeline.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

3. NOMINATIONS AND CONFIRMATIONS (Continued)

3.7 On any Gas Day, CVGS may reduce Customer’s Request for Service duly made hereunder, in whole or in part, without penalty, in order to perform planned or unplanned maintenance, repairs, additions or modifications to any of the pipeline, the storage wells, and the equipment and plant comprising the CVGS Storage Facility; provided that, CVGS shall use reasonable efforts to give fifteen (15) days prior notice of planned maintenance. In the event of a flow constraint for reasons set forth above, 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 two or more customers are 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 of the affected customers as the denominator.

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 CVGS as a result thereof by the Connecting Pipeline, Customer will indemnify CVGS against and hold CVGS harmless from all such penalties imposed upon and incurred by CVGS. Any scheduling penalty may be waived by CVGS on a case-by-case nondiscriminatory basis. Any such waivers must be in writing and must be executed by an officer of CVGS or other authorized representative of CVGS.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

3. NOMINATIONS AND CONFIRMATIONS (Continued)

- 3.9 Customer's ability to Nominate, deliver to, or receive delivery from CVGS for Service under a 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. CVGS shall have no responsibility or liability for any such restrictions or curtailments.

- 3.10 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.

- 3.11 CVGS shall have the right to remove constituents other than methane from Gas delivered to it by Customer and CVGS 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 3.11 will permit CVGS to return to Customer a Quantity of Gas less than that delivered for storage to CVGS by Customer (Fuel Charges excepted) nor shall this Section 3.11 permit CVGS to return to Customer Gas that does not meet the quality specifications that CVGS and Customer have agreed to.

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Original Cal. P.U.C. Sheet No. 12-G

PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

4. BILLINGS AND PAYMENTS

- 4.1 CVGS will provide an invoice or invoices that include the general information specified in this Article 4 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, CVGS 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 CVGS during the Billing Month at the Point of Receipt 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 CVGS during the Billing Month at the Point of Delivery 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 CVGS 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 CVGS by Customer, determined in accordance with each Transaction in effect during the Billing Month.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

4. BILLINGS AND PAYMENTS (Continued)

4.3 Customer understands and acknowledges that CVGS 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 CVGS has not received the Customer data needed to calculate the amount payable by Customer for the Billing Month, CVGS 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, CVGS 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 CVGS of the Customer data needed to calculate the amount payable by Customer.

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

(b) For the purposes of determining the amount payable from time to time to CVGS by 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.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

4. BILLINGS AND PAYMENTS (Continued)

- 4.5 Any amount from time to time payable by Customer is due on the latter of the 10th day after the day on which CVGS gives notice pursuant to Section 4.2 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 Customer, 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 Customer in good faith disputes the amount of an invoice, Customer will nevertheless pay CVGS the amount of such invoice, and thereafter and until final determination which may be reached either by agreement or by judgment of the courts, as may be the case, CVGS will be obligated to refund any principal amount either agreed upon or otherwise found by the courts to be overpaid by Customer. However, CVGS has the right to terminate Service to any Customer hereunder for any continued non-payment of any invoices rendered by CVGS.

If an overcharge or undercharge is discovered after the invoice has been paid, CVGS will promptly issue a corrected invoice. If Customer owes an additional amount, Customer will have 30 days from the date of the corrected invoice to pay. The payment or credit will include interest from the date of underpayment or overpayment.

All invoices will be final and no payment will be made beyond a period of 24 months following the date of the original overpayment or underpayment.

- 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.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

5. TERM END ADJUSTMENT OF STORED INVENTORY

- 5.1 In respect of each Transaction entered into under the Storage Service Documents, Customer will Nominate Volumes in a manner that 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 CVGS, Customer shall purchase from CVGS 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 following the last Gas Day of the Term.
 - (b) At the sole option of CVGS, CVGS may 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 CVGS, 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 CVGS, the Term of the Transaction in question may be extended by a period specified by CVGS so that Customer may submit additional Nominations to deliver or receive, as the case may be, the Quantity of Gas needed to bring Customer's Gas Storage Inventory Account to zero.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

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 CVGS hereunder and such failure continues for a period of 5 Business Days after written notice to Customer by CVGS;
- (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 CVGS, and Customer does not remedy such failure within a period of 30 Days after receipt of a notice from CVGS and indemnify and hold harmless CVGS 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, CVGS 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 CVGS to Customer pursuant to any Transaction(s) against amounts otherwise owing by Customer to CVGS pursuant to any other Transaction(s);
- (d) suspend performance until Customer corrects the default in full.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

6. DEFAULT AND TERMINATION (Continued)

- 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 CVGS 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 CVGS. Additionally, if a default occurs solely as the result of the failure of Customer to make payment pursuant to the indemnification to CVGS 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, CVGS shall not be entitled to terminate this Contract but instead may seek recovery of damages caused by said nonperformance.
- (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) CVGS 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 CVGS from the date of termination to the end of the Term, should CVGS 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 CVGS from the date of termination to the end of the Term.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

6. DEFAULT AND TERMINATION (Continued)

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 that 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) CVGS's right to collect any amounts then due CVGS for Services provided to Customer prior to the time of such termination. Upon such termination, and subject to CVGS'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 CVGS 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 15 Days after such termination shall result in liquidation and removal by CVGS. In such case, CVGS 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 CVGS, such sale to be made to such Person or Persons and upon such terms as CVGS in, its sole discretion, may deem appropriate. Payment for the Gas sold shall serve as full compensation to Customer for such action by CVGS.
- (b) All indemnity and confidentiality obligations under this Tariff shall survive termination of Service.

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Original Cal. P.U.C. Sheet No. 19-G

PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

7. DISPUTE RESOLUTION

7.1 Unless otherwise provided in this Tariff or the Storage Service Documents, or resolved by the Parties, 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 San Francisco, 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 CVGS and Customer agree, or, if CVGS 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 CVGS 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 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 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.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

7. DISPUTE RESOLUTION (Continued)

- 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.

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Original Cal. P.U.C. Sheet No. 21-G

PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

8. FORCE MAJEURE

8.1 In the event CVGS 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.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

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 (i) actual receipt by the Party to whom such notice is to be given (including the receipt of a telecopy, email or facsimile of such notice with answer back) (ii) the next Business Day after sent via a nationally recognized overnight delivery service (iii) 3 Business Days following deposit of the same in the United States mail, postage prepaid. Notices shall be sent to CVGS as follows:

For Nominations:

Central Valley Gas Storage, L.L.C.
3333 Warrenville Road, Suite 630
Lisle, IL 60532
Attention: Storage Trader
Telephone: (630) 245-7814
Facsimile: (630) 245-7835

For any other purpose:

Central Valley Gas Storage, L.L.C.
3333 Warrenville Road, Suite 630
Lisle, IL 60532
Attention: Manager Hub Administration
Telephone: (630) 245-7845
Facsimile: (630) 245-7835

Customer shall provide CVGS 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, electronically, 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.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

10. TAXES AND OTHER CHARGES

- 10.1 CVGS 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 CVGS in connection with the CVGS Storage Facility or its operation, the Parties agree that CVGS, 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 user's 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 CVGS in connection with the CVGS Storage Facility or its operation, the Parties agree that CVGS may require Customer to pay any such taxes assessed on Customer's use of CVGS'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.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

10. TAXES AND OTHER CHARGES (Continued)

10.4 If any action by the Commission or any other regulatory agency, any statute, or any other governmental action requires CVGS 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 CVGS 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 CVGS 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 CVGS to pay a cost, charge, or fee for the transportation or distribution of Natural Gas that is not in existence or effect at the time this Tariff initially becomes effective, the Parties agree that CVGS 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 CVGS 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.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

11. TITLE, POSSESSION AND RISK OF LOSS

- 11.1 Except for the rights granted to CVGS in Sections 5.2(b), 6.4(a), and 11.3 of the General Terms and Conditions, title to the Gas stored by CVGS 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 CVGS, the right to inject the same, and that the same is free from all liens and adverse claims. Customer indemnifies CVGS 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 CVGS, 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, CVGS 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 CVGS in an amount and with sureties satisfactory to CVGS, conditioned for the protection of CVGS with respect to each such claim.

- 11.2 As between Customer and CVGS, Customer shall be in control and possession of the Gas covered by the Storage Service Agreement (i) prior to receipt by CVGS for injection at the Point of Receipt and (ii) after delivery by CVGS to Customer at the Point of Delivery, and Customer shall indemnify and hold CVGS harmless from any damage or injury caused thereby except for damages and injuries caused by the gross negligence or willful misconduct of CVGS. CVGS 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 CVGS to Customer at the Point of Delivery, and CVGS 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 CVGS shall be entitled to a warehouseman’s lien to all Gas delivered to CVGS by Customer as provided in California Civil Code Sec. 3051 with the rights of enforcement as provided herein.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

12. MISCELLANEOUS

- 12.1 Customer may not assign the Storage Service Documents, nor any interest therein, without the prior written consent of CVGS, whose consent shall not be unreasonably withheld. Customer will not be relieved of any of its obligations under the Storage Service Documents, unless and until CVGS expressly consents thereto by notice in writing signed by a duly authorized officer. Any such assignment shall not affect the Guarantees or other credit support provided pursuant to Rule 6 of this Tariff. 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 Customer from assigning, transferring or granting any interest in its rights hereunder to an Affiliate; provided that Customer shall not be relieved of its obligations hereunder unless and until it obtains the express written approval of CVGS. In connection with such assignment, Customer shall cause such Affiliate to assume all of Customer's responsibilities, duties, and obligations under all assigned agreements. Any such assignment shall not affect the Guarantees or other credit support provided pursuant to Rule 6 of this Tariff. Upon the approval of the Commission, CVGS may assign all its rights and obligations hereunder to an Affiliate or third party that succeeds to all or substantially all of its interests in the CVGS 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.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

12. MISCELLANEOUS (continued)

- 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 that 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.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

12. MISCELLANEOUS (continued)

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 CVGS Storage Facility.

12.11 Each Party (the "recipient Party") acknowledges that the Storage Service Documents, including any Documents given it pursuant to CVGS' Electronic Transaction Approval Procedures, may contain Confidential Information of the other Party (the "transmitting Party"). 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 12.11, CVGS 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 CVGS and the particulars of Customer's Gas Storage Inventory Account. CVGS shall make reasonable efforts to ensure that the Commission treats Customer's Confidential Information as commercially sensitive and confidential.

12.12 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.

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PRELIMINARY STATEMENT (Continued)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Continued)

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.

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL 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" - 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 Use of CVGS' Electronic Transaction and Nomination System is 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 CVGS.

2. ELECTRONIC TRANSACTION 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 CVGS' Electronic Transaction and Nomination System 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.

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL PROCEDURES (Continued)

2. ELECTRONIC TRANSACTION REQUESTS (Continued)

- 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 CVGS' Electronic Transaction and Nomination System 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.

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL PROCEDURES (Continued)

3. THE ELECTRONIC TRANSACTION AND NOMINATION SYSTEM

- 3.1 CVGS shall provide a link to an internet-based Electronic Transaction and Nomination System within CVGS's web site at <http://www.cvgasstorage.com> to enable Customer to Nominate Gas deliveries or withdrawals or to initiate storage Transactions at the CVGS Storage Facility by communicating with CVGS's office. Title in and to any of the Software accessed through the aforementioned link is not transferred to Customer and shall remain with CVGS or with its Nomination Service Provider ("NSP"), in the case of the NSP Software.

Customer shall provide and maintain at its own risk and expense telecommunications equipment and software necessary for interacting with the Electronic Transaction and Nomination System used by CVGS.

- 3.2 Customer is obligated to use the Software for the sole purpose of using CVGS' Electronic Transaction and Nomination System to transact its own business and only in accordance with all applicable laws and regulations and these Electronic Transaction Approval Procedures.

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL PROCEDURES (Continued)

3. THE ELECTRONIC TRANSACTION AND NOMINATION SYSTEM (Continued)

3.3 Each Customer’s use of the Software is governed by, and each Customer must comply with, the terms and conditions prescribed by the NSP, identified in Attachment “B” hereto, in addition to the terms and conditions contained in these Procedures. Use of the Software is at Customer’s sole risk. Neither CVGS, the NSP, nor any of their respective agents, employees, or suppliers of services and/or software (“Third Party” in this Section 3.4) warrants that the NSP equipment or Software will be uninterrupted or error free. Nor does CVGS, the NSP or any Third Party make any warranty as to the results to be obtained from use of the Software. Use of the Software 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 that are implied by and incapable of exclusion, restriction or modification under the laws applicable to these Procedures. Neither CVGS, the NSP 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 Software 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.

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL PROCEDURES (Continued)

3. THE ELECTRONIC TRANSACTION AND NOMINATION SYSTEM (Continued)

3.4 The Parties shall cooperate in testing the telecommunications access and Document exchange process on the Electronic Transaction and Nomination System 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 electronic Transaction Requests and electronic Nominations.

4. USE OF ELECTRONIC TRANSACTION REQUESTS

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 CVGS at its office. Such receipt shall not validate the information in a Document and consequently, CVGS shall not be liable, in the performance of the Request, for having acted on improper, invalid or erroneous information.

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL PROCEDURES (Continued)

5. RELIABILITY OF ELECTRONIC TRANSACTION REQUESTS AND APPROVAL

- 5.1 By submitting a Document under these Electronic Transaction Approval 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 Electronic Transaction Approval process that is under its control.
- 5.3 CVGS shall be responsible for ensuring that the Software automatically formats each Document to include authentication data so as to permit CVGS to verify that it is an authentic Document originating from the Software.
- 5.4 If the Receiver of a Document or other communication via the Electronic Transaction and Nomination System 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 via the Electronic Transaction and Nomination System 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 Electronic Transaction and Nomination System to normal operating condition as soon as possible.

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL PROCEDURES (Continued)

6. RECORDS AND AUDIT PROCEDURES

- 6.1 CVGS will provide to Customer: (a) Nomination Confirmation information within two hours of each Nomination Time, containing the Nomination data accepted and acted upon by CVGS with respect to Customer’s Transaction, and (b) at Customer’s request a Nomination History, which is a record of all Nominations with respect to Customer’s Transaction that Customer has placed and that CVGS 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 CVGS, one or more individuals with appropriate authority as the Persons responsible for the custody of the Nomination Confirmations and Transaction Nomination Histories. Any such authorized Person shall be deemed competent to verify the accuracy and completeness of a Nomination Confirmations or a Transaction Nomination History.

- 6.2 Customer shall have until the end of the next two Business Days, in the case of a Nomination Confirmation, or the end of 30 calendar days from the date of the requested Nomination period, in the case of a Nomination History, in each case following receipt, to compare such record with its own records and give notice to CVGS stating the details of any objections with respect to the accuracy or completeness of a Nomination Confirmation or a Nomination History. Subject to any such notice or objection, upon the expiration of that period, the Nomination Confirmation or Nomination History 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 Document transmitted via the electronic Nomination system used by CVGS and duly certified copies of a Nomination Confirmation or a Nomination 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, Nomination Confirmations and Nomination 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, Nomination Confirmation or Nomination 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.

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL PROCEDURES (Continued)

7. LIABILITY AND INDEMNITY

7.1 By taking or providing Service under this Tariff, the Parties acknowledge that the existence and use of the Electronic Transaction and Nomination System is 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. CVGS shall not be liable to Customer for acting, in good faith, upon any information transmitted electronically by Customer or any other customer of CVGS.

7.2 CVGS 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 that is not received or that is corrupted in transmission as a result of a malfunction in any equipment used to send or receive electronic Nominations except in circumstances where CVGS 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 indemnify CVGS against all actions, proceedings, claims, demands and costs that may be brought against CVGS arising directly or indirectly out of Customer's use or misuse of the Software.

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 CVGS or a Customer utilizing the Electronic Transaction and Nomination System are subject.

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL PROCEDURES (Continued)

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.

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL PROCEDURES (Continued)

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

The Parties may send the following Documents via CVGS' Electronic Transaction and Nomination System:

1. Requests
2. Transaction Confirmations
3. Nominations
4. Nomination Confirmation
5. Gas Storage Inventory Account Activity
6. Nomination History
7. Price Index Daily Data

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PRELIMINARY STATEMENT (Continued)

D. ELECTRONIC TRANSACTION APPROVAL PROCEDURES (Continued)

**ATTACHMENT "B"
SOFTWARE**

PART A – CVGS SOFTWARE

EXAMPLE --- ACTUAL SCREENS TO BE DETERMINED The Navigator Bar Icon, Database Logon Screen, Company Selection Screen, Main Desktop, Transaction Request Screen, Price Index Screen, Gas Storage Inventory Account Activity Screen, Storage Inventory Screen, and all related lookup, search or sort windows constitute the CVGS Software.

PART B – NSP

The following company is the NSP that currently hosts CVGS' electronic Nomination services:

N/A.

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SERVICE AREA MAP

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

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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 CVGS Storage Facility in Colusa County, California.

TERRITORY

CVGS has no specific service territory. CVGS 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.

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SERVICE SCHEDULES

SCHEDULE FSS – FIRM STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

2. CONTRACTING FOR SERVICES AND NOMINATIONS

2.1 The following provisions will apply between the Parties:

- (a) From time to time, Customer and CVGS may negotiate terms of one or more Transactions hereunder. Such Transactions shall be confirmed by CVGS sending Customer a Transaction Confirmation notice in the form of an Appendix FSS via facsimile or electronic communication documenting the particulars of the Transactions thereby entered into.
- (b) Unless Customer objects by notice in writing given to CVGS by 07:00 hours Pacific Clock Time on the 15th Business Day following the day that CVGS provides the Transaction Confirmation notice in the form of an Appendix FSS pursuant to Section 2.1(a), such Appendix FSS shall be accepted as correct 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 that clearly evidences the oral agreement of the Parties, then in the event of conflict between the Transaction Confirmation and the voice recording, the agreement of the Parties shall be governed by the latter. Taking Service from CVGS 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 CVGS and Customer to voice recordation of any personal, telephonic, or other conversation between CVGS 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 “Nominations and Confirmations” of the General Terms and Conditions, and in this Service Schedule.

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SERVICE SCHEDULES

SCHEDULE FSS – FIRM STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

2. CONTRACTING FOR SERVICES AND NOMINATIONS (Continued)

- 2.2 CVGS is not required to accept any Nomination that would result in Customer's Gas Storage Inventory Account having a negative balance or that would result in Customer exceeding its MSQ, MDIQ or MDWQ.

- 2.3 Unless otherwise permitted in the Storage Service Documents, Customer must pay CVGS all applicable charges on account of the Injection Commodity Rate, the Withdrawal Commodity Rate, or both, for any Intraday Nomination made by Customer. Due to the obligations imposed on CVGS as a result of an Intraday Nomination, any Intraday Nomination 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.

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SERVICE SCHEDULES

SCHEDULE FSS – FIRM STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

3. REDUCTIONS, ALLOCATIONS

On any Gas Day, CVGS may reduce Customer’s Request for Service duly made hereunder, in whole or in part, without penalty, in order to perform planned or unplanned maintenance, repairs, additions or modifications to any of the pipeline, the storage wells, and the equipment and plant comprising the CVGS Storage Facility; provided that, CVGS shall use reasonable efforts to give fifteen (15) days prior notice of planned maintenance. In the event of a flow constraint for reasons set forth above, 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 two or more customers are 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.

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SERVICE SCHEDULES

SCHEDULE FSS – FIRM STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

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 be 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 product of the monthly Inventory Demand Rate and the MSQ;
 - (d) the product of the monthly Injection Demand Rate and the MDQ;
 - (e) the product of the monthly Withdrawal Demand Rate and the MDQ; and
 - (f) all other fees, charges, damages, and other amounts payable in accordance with the Storage Service Documents for that Gas Month.
- 4.3 CVGS 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 CVGS, subject to the minimums and maximums stated in this Schedule FSS.

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SERVICE SCHEDULES

SCHEDULE FSS – FIRM STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

5. RATES

The rates for FSS Service shall be within the range set forth in the following table. Rates are for Service beginning September 1, 2010.

Schedule FSS Rate Table

	<u>Unit</u>	<u>Minimum</u>	<u>Maximum</u>
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 CVGS 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 the Electronic Transaction Approval Procedures set forth in this Tariff.

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SERVICE SCHEDULES

SCHEDULE FSS – FIRM STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

6. SPECIAL CONDITIONS (Continued)

6.3 Without the necessity of obtaining Customer’s consent, CVGS 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 CVGS 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 CVGS 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 CVGS’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 CVGS to the pledgee or mortgagee and to accept performance by the pledgee or mortgagee of any duty or obligation of CVGS 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 CVGS 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 CVGS’s duties and obligations hereunder and (B) Customer shall accept the pledgee, mortgagee, or other party as the successor to CVGS under this Tariff and the Storage Service Documents.

6.4 In the event that CVGS is unable to meet its full Schedule FSS Inventory Capacity commitments during development of the Storage Facility, CVGS may adjust certain Transaction Terms as specified in an Exhibit provided on a pro-forma basis herein as Appendix FSS - Exhibit A.

6.5 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.

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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 CVGS Storage Facility in Colusa County, California.

TERRITORY

CVGS has no specific service territory. CVGS 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.

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SERVICE SCHEDULES

SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

2. CONTRACTING FOR SERVICES AND NOMINATIONS

2.1 The following provisions will apply between the Parties:

- (a) From time to time, Customer and CVGS may negotiate terms of one or more Transactions hereunder. Such Transactions shall be confirmed by CVGS sending Customer a Transaction Confirmation notice in the form of an Appendix ISS via facsimile or electronic communication documenting the particulars of the Transactions thereby entered into.
- (b) Unless Customer objects by notice in writing given to CVGS by 07:00 hours Pacific Clock Time on the second (2nd) Business Day following the day on which CVGS provides the Appendix ISS pursuant to Section 2.1(a) of this Schedule ISS, such Appendix ISS shall be accepted as correct 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 that clearly evidences the oral agreement of the Parties, then in the event of conflict between the Transaction Confirmation and the voice recording, the agreement of the Parties shall be governed by the latter. Taking Service from CVGS 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 CVGS and Customer to voice recordation of any personal, telephonic, or other conversation between CVGS 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 “Nominations and Confirmations” of the General Terms and Conditions, and in this Service Schedule.

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SERVICE SCHEDULES

SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

2. CONTRACTING FOR SERVICES AND NOMINATIONS (Continued)

- 2.2 During the Term of a Transaction, as specified on the Appendix ISS, the following obligations shall be applicable:
 - (a) For Service rendered at the Point of Receipt, CVGS is not required to accept any Nomination that, 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) CVGS is not required to accept any Nomination that would result in Customer exceeding its MSQ, MDIQ or MDWQ.
 - (c) For Service rendered at the Point of Delivery, CVGS is not required to accept any Nomination, that, 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) CVGS’s right to not accept any Nomination, pursuant to Sections 2.2(a) and (b) of this Schedule ISS, supersedes any obligation or right the Customer may otherwise have to Nominate 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.
 - (e) CVGS will not be required to accept Requests for Interruptible Service nor Nominations for Interruptible Service if such Service is unavailable due to the allocation of capacity for Firm Service.

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SERVICE SCHEDULES

SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

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 two or more customers are 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.

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SERVICE SCHEDULES

SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

4. SERVICE FEES

- 4.1 Customer will pay to CVGS 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 a “Total Contract Quantity,” “Inventory” or “Commodity” basis, or any combination thereof, as stipulated on the Appendix ISS evidencing the Transaction between the Parties.
 - (a) The ISS Service Charge for Total Contract Quantity in any Gas Month is equal to the ISS Service Rate for Total Contract Quantity times the Total Contract Quantity divided by number of months comprising the Term of that Transaction.
 - (b) The ISS Service Charge for Commodity in any Gas Month is equal to the ISS Service Rate for Commodity times the Quantity of Gas Nominated by Customer and accepted by CVGS pursuant to that Transaction during that Gas Month at the Point of Receipt, the Point of Delivery or both, or
 - (c) The ISS Service Charge for Inventory in any Gas Month is equal to the ISS Service Rate for Inventory times the Inventory Capacity divided by the number of months comprising the Term of that Transaction.

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SERVICE SCHEDULES

SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

5. RATES

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

Schedule ISS Rate Table

	<u>Unit</u>	<u>Minimum</u>	<u>Maximum</u>
ISS Service Rate	\$/Dth	\$0.00	\$500.00
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 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 the Electronic Transaction Approval Procedures set forth in this Tariff.

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SERVICE SCHEDULES

SCHEDULE ISS – INTERRUPTIBLE STORAGE SERVICE

TERMS AND CONDITIONS OF SERVICE (Continued)

6. SPECIAL CONDITIONS (Continued)

6.3 Without the necessity of obtaining Customer’s consent, CVGS 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 CVGS 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 CVGS 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 CVGS’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 CVGS to the pledgee or mortgagee and to accept performance by the pledgee or mortgagee of any duty or obligation of CVGS 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 CVGS 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 CVGS’s duties and obligations hereunder and (B) Customer shall accept the pledgee, mortgagee, or other party as the successor to CVGS 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.

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LIST OF CONTRACTS AND DEVIATIONS

CVGS does not currently have Transactions at rates or under conditions other than those contained in its filed Tariff.

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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: “BBB” from Standard & Poor’s, “Baa2” 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 CVGS.

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

“Bcf” means billion cubic feet.

“Billing Month” means the Gas Month immediately preceding the Gas Month in which CVGS 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.

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

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RULES (Continued)

RULE 1 – DEFINITIONS (Continued)

“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” or “Confirmation” means the act of CVGS making a Nomination Confirmation.

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

“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.

“Customer” means the Person or Persons who contract for Service at the CVGS Storage Facility and includes the Person’s or Persons’, successors and permitted assigns.

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

“CVGS Software” means the software described in Part A of Attachment “B” of the Electronic Transaction Approval Procedures.

“CVGS Storage Facility,” “CVGS Storage Facilities” or “Storage Facilities” means the underground Gas reservoir, surface Gas compression and processing facilities and associated pipelines owned and operated by CVGS.

“Dekatherm” or “Dth” means ten Therms.

“Document(s)” for the purposes of Electronic Transaction Approval Procedures mean data that relate to a Transaction and that are in a form contemplated by or listed in Attachment “A” of the Electronic Transaction Approval Procedures.

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RULES (Continued)

RULE 1 – DEFINITIONS (Continued)

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

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

“Electronic Transaction Approval Procedures” means the Electronic Transaction Approval Procedures contained in this Tariff, as amended from time to time.

“Electronic Transaction and Nomination System” means the computer processing equipment and communications facilities by means of which Documents are transmitted and received by the Parties.

“Exhibit” means a document, a pro forma of which is attached to Sample Form B, modifying the terms of an Appendix.

“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 CVGS.

“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 CVGS 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 CVGS 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.

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RULES (Continued)

RULE 1 – DEFINITIONS (Continued)

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

“Force Majeure” means acts of God; governmental action; strikes, lockouts or other industrial disturbances; acts of the public enemy; wars; blockades; insurrections; riots; government-ordered evacuations; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; storm warnings; floods; washouts; freezes; arrests and restraints of governments and people; civil disturbances; acts of terror; 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 Connecting Pipeline 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 that 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 CVGS Storage Facility, as negotiated between CVGS and Customer and reflected in the applicable Storage Service Document, that CVGS 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 CVGS as the means by which Transactions entered into by the Parties are accounted for. CVGS 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.

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RULES (Continued)

RULE 1 – DEFINITIONS (Continued)

“Injection Commodity Rate” means the rate, expressed in Dollars per Dekatherm, payable by Customer for injecting Gas into the CVGS 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 CVGS Storage Facility for Customer’s exclusive use, as stipulated in Appendix FSS.

“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 CVGS’s ability to provide the Service and that the Service is subject to claims of higher priority of Firm or other Interruptible Storage Service customers.

“Interruptible Storage Service” or “ISS Service” mean a Service offered by CVGS 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 CVGS Storage Facility sufficient to store on behalf of Customer, the Maximum Storage Quantity (MSQ) of Gas for a Gas Storage Inventory Account as stipulated as such on Appendix FSS or Appendix ISS referencing such Gas Storage Inventory Account, and in accordance with the provisions of the Storage Service Documents.

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RULES (Continued)

RULE 1 – DEFINITIONS (Continued)

“Inventory Demand Rate” means the rate, expressed in Dollars per Dekatherm per month, charged for reserving Inventory Capacity at the CVGS Storage Facility, 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.

“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 CVGS 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.

“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 Nominate for delivery by Customer at the Point of Receipt during any Gas Day at constant hourly rates of flow over the course of such Day as stipulated in the Appendix FSS or Appendix ISS evidencing the Transaction entered into by the Parties. The MDIQ may vary with Customer Inventory level as stipulated in such Appendix FSS or Appendix ISS.

“Maximum Daily Quantity” or MDQ means the maximum Quantity of Gas during the Term of a Transaction that Customer may Nominate for delivery by Customer or by CVGS at the Point of Receipt or the Point of Delivery, as the case may be, during any Gas Day at constant hourly rates of flow over the course of such Day as stipulated in the Appendix FSS or Appendix ISS evidencing the Transaction entered into by the Parties. The MDQ does not vary with Customer Inventory level.

“Maximum Daily Withdrawal Quantity” or “MDWQ” means the maximum Quantity of Gas that Customer may Nominate for delivery by CVGS at the Point of Delivery during any Gas Day at constant hourly rates of flow over the course of such Day as stipulated in the Appendix FSS or Appendix ISS evidencing the Transaction entered into by the Parties. The MDWQ may vary with Customer Inventory level as stipulated in such Appendix FSS or Appendix ISS.

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

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RULES (Continued)

RULE 1 – DEFINITIONS (Continued)

“Minimum Daily Quantity” or “MinDQ” means the minimum Quantity of Gas that Customer must Nominate for delivery on any Gas Day at that point, and the minimum Quantity of Gas that CVGS must Nominate for delivery on any Gas Day, at the Point of Receipt or the Point of Delivery, as 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

“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 Customer’s submission to CVGS in the form established by CVGS 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.

“Nomination Confirmation” means CVGS’ notification of Quantity of Gas delivered to or received at Point of Receipt, or delivery to or receipt at the Point of Delivery, for the period commencing at the next Effective Time in response to Nomination submitted by Customer pursuant to Section 6.1 of the Electronic Transaction Approval Procedures.

“Nomination History” means the information prepared by CVGS pursuant to Section 6.1 of the Electronic Transaction Approval Procedures.

“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 CVGS Storage Facilities from or to its direct interconnection with the Connecting Pipeline.

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

“NSP” or “Nomination Service Provider” means a third party CVGS contracts with to host CVGS’ electronic Nomination services. The current NSP for CVGS’ electronic Nomination services is identified in Attachment “A” of the Electronic Nomination Customer Access Procedures.

“NSP Software” means the software furnished by the NSP to facilitate electronic Nominations.

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

“Party” or “Parties” means either or both Customer and CVGS, as the case may be.

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RULES (Continued)

RULE 1 – DEFINITIONS (Continued)

“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).

“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 with the Storage Facility at which CVGS shall deliver Gas to Customer from the Storage Facilities.

“Point of Delivery Price Index” means the pricing index at the point 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 CVGS shall receive Gas from Customer for injection into the Storage Facilities.

“Point of Receipt Price Index” means the pricing index at the point 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 Electronic Transaction Approval 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” 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.

“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.

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RULES (Continued)

RULE 1 – DEFINITIONS (Continued)

“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 the Electronic Transaction Approval Procedures.

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

“Storage Facility” means the underground Natural Gas reservoir, surface Gas compression and processing facilities and associated pipelines used to provide Service.

“Storage Service Agreement” means a Storage Services Agreement entered into between CVGS 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, and the Appendices and Exhibits evidencing all Transactions binding on the Parties.

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

“Tariff” means the Schedules, General Terms and Conditions, Rules, Storage Service Documents, Sample Forms, including effective rates and charges, the title page, preliminary statement, service area map as approved by the Commission and in effect.

“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 CVGS under either Schedule FSS or Schedule ISS shall commence on the later of the in-service date of the CVGS 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).

“Total Contract Quantity” is the Quantity of Gas that may be injected into a Gas Storage Inventory Account during the Term of a Transaction as stipulated on Appendix FSS or 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.

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RULES (Continued)

RULE 1 – DEFINITIONS (Continued)

“Transaction” means a commercial transaction entered into by Customer and CVGS, 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 Confirmation” means the document that CVGS provides to Customer documenting details of any Transaction the Parties agree to as a result of a Customer Request.

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

“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 CVGS 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 CVGS Storage Facility as stipulated in Appendix FSS.

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

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RULES (Continued)

RULE 2 – DESCRIPTION OF SERVICE

CVGS 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 CVGS and Customer, unless otherwise expressly provided, will be limited to that set forth in this Tariff, and there are no other express or implied warranties or representations with respect to the Services provided. 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.

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RULES (Continued)

RULE 3 – APPLICATION 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.

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RULES (Continued)

RULE 4- CONTRACTS

All contracts for Natural Gas storage Service by CVGS shall be subject to the following terms and conditions:

- A. Definition — “Contract” when used in these Rules refers to one or more Transactions entered into between Customer and CVGS 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 that would result in the loss of CVGS’s Hinshaw Exemption from federal regulations and a contract entered into by CVGS remains in effect, CVGS may terminate such a contract.

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RULES (Continued)

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 ___(FSS or ISS), 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.”

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RULES (Continued)

RULE 6 – ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT

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

1. REQUIREMENT FOR FINANCIAL ASSURANCES

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

2. WAIVER OF FINANCIAL ASSURANCES

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

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

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RULES (Continued)

**RULE 6 – ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT
(Continued)**

2. WAIVER OF FINANCIAL ASSURANCES (Continued)

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 CVGS 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 CVGS with one or more of the Financial Assurances, at the option of CVGS, 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, CVGS will not require Customer to provide Financial Assurances unless and until Customer desires to enter into a Transaction.

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3333 Warrenville Road
Suite 630
Lisle, IL 60532

Original Cal. P.U.C. Sheet No. 73-G

RULES (Continued)

**RULE 6 – ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT
(Continued)**

3. FINANCIAL ASSURANCES – LETTER OF CREDIT OR GUARANTEE BY OTHER COMPANY (Continued)

3.2 Customer shall provide to CVGS, to secure its obligation to CVGS 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 CVGS, 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 CVGS 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 CVGS is secured continuously, and accordingly shall provide CVGS with a replacement Letter of Credit no later than 120 days prior to the expiration of the then-effective Letter of Credit. CVGS 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 CVGS and without limiting the generality of the foregoing shall be issued by a financial institution acceptable to CVGS 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 CVGS at law or in equity, if Customer fails to provide a replacement Letter of Credit in accordance with this Section 3.2, CVGS 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:
NAME

Date Filed: _____

Decision Nos. _____

TITLE

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 74-G

RULES (Continued)

**RULE 6 – ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT
(Continued)**

3. FINANCIAL ASSURANCES – LETTER OF CREDIT OR GUARANTEE BY OTHER COMPANY (Continued)

3.3 Customer shall provide to CVGS, to secure its obligation to CVGS pursuant to the Storage Service Documents, a Guarantee granted to CVGS 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, CVGS 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 CVGS 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, CVGS shall return to Customer, if applicable:

- (a) the Letter of Credit and funds held by CVGS 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 CVGS pursuant to the provisions of the Storage Service Documents;
- (b) the Guarantee held by CVGS pursuant to Section 3.3 of this Rule 6; or
- (c) any security accepted by CVGS pursuant to Section 3.4 of this Rule 6.

Advice Letter No. 1-G

Issued By:
NAME

Date Filed: _____

Decision Nos. _____

TITLE

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 75-G

RULES (Continued)

RULE 6 – ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT (Continued)

4. FAILURE TO MEET OBLIGATIONS

- 4.1 If Customer fails to pay in full any amount owing to CVGS within the time specified pursuant to the Storage Service Documents, then, in addition to the rights CVGS has pursuant to the provisions of the Storage Service Documents and all other remedies available to CVGS at law or in equity, CVGS may take one or more of the following actions:
- (a) draw upon the Letter of Credit and funds held by CVGS 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 CVGS 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 CVGS pursuant to Section 3.4 of this Rule 6;
or
 - (d) sell for CVGS'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 CVGS.

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

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 76-G

RULES (Continued)

RULE 7 – DEPOSITS

Not applicable.

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 77-G

RULES (Continued)

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

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 78-G

RULES (Continued)

RULE 9- ISSUANCE AND PAYMENT OF BILLS

The preparation and rendering of bills and the payment thereof for 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

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 79-G

RULES (Continued)

RULE 10- DISPUTED BILLS

Disputes about bills or invoices rendered by CVGS 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 Electronic Transaction Approval Procedures.

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 80-G

RULES (Continued)

RULE 11- DISCONTINUANCE AND RESTORATION OF SERVICE

Not applicable.

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Lisle, IL 60532

Original Cal. P.U.C. Sheet No. 81-G

RULES (Continued)

RULE 12- INFORMATION ON SERVICES AND PROMOTIONAL OFFERINGS

Information on Services and any promotional offerings available are as described at the CVGS web site, cvgasstorage.com. The web site also contains current e-mail addresses for contacting CVGS with requests for information.

CVGS telephone contact information is included in Section 9 of the General Terms and Conditions of Service.

CVGS normal office hours are from 6:00 a.m. to 2:00 p.m. Pacific Clock Time.

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 82-G

RULES (Continued)

RULE 13- TEMPORARY SERVICE

Not applicable.

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Lisle, IL 60532

Original Cal. P.U.C. Sheet No. 83-G

RULES (Continued)

RULE 14- CONTINUITY OF SERVICE

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

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 84-G

RULES (Continued)

RULE 15 – EXTENSIONS OF LINES OR MAINS

Not applicable.

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 85-G

RULES (Continued)

RULE 16 – FACILITIES ON CUSTOMERS’ PREMISES AND SERVICE CONNECTIONS

Not applicable.

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Lisle, IL 60532

Original Cal. P.U.C. Sheet No. 86-G

SAMPLE FORMS

- A. STORAGE SERVICES AGREEMENT
- B. APPENDIX FSS
- C. APPENDIX ISS
- D. CVGS NOMINATION FORM
- E. LETTER OF CREDIT
- F. GUARANTEE

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Lisle, IL 60532

Original Cal. P.U.C. Sheet No. 87-G

SAMPLE FORMS (Continued)

SAMPLE FORM "A"

STORAGE SERVICES AGREEMENT

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

<COMPANY NAME>
("CUSTOMER")

- and -

CENTRAL VALLEY GAS STORAGE, LLC
("CVGS")

RECITALS:

- A. CVGS has developed certain facilities known as the CVGS Storage Facility that permit CVGS 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.

CVGS 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 CVGS Tariff.
-

Advice Letter No. 1-G

Issued By:
NAME

Date Filed: _____

Decision Nos. _____

TITLE

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 88-G

SAMPLE FORMS (Continued)

**STORAGE SERVICES AGREEMENT
PAGE 2**

2. REPRESENTATIONS OF CUSTOMER

2.1 Customer represents and warrants to CVGS as follows, and such representations and warranties shall survive for the benefit of CVGS 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 that might materially affect any of the Transactions contemplated in this Agreement or the Storage Service Documents, or that 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 CVGS 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 CVGS 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:
NAME

Date Filed: _____

Decision Nos. _____

TITLE

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 89-G

SAMPLE FORMS (Continued)

**STORAGE SERVICES AGREEMENT
PAGE 3**

4. CVGS STORAGE SERVICES

- 4.1 CVGS 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 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 Transaction before a court, arbitrator, mediator, or administrative agency.

5. TERMS OF CVGS TARIFF

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

Date Filed: _____

Decision Nos. _____

TITLE

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 90-G

SAMPLE FORMS (Continued)

**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 Electronic Transaction Approval 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 Electronic Transaction Approval 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 Electronic Transaction Approval 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>

CENTRAL VALLEY GAS STORAGE, LLC

PER: _____

PER: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

Advice Letter No. 1-G

Issued By:
NAME

Date Filed: _____

Decision Nos. _____

TITLE

Effective: _____

Resolution No: _____



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 Lisle, IL 60532

Original Cal. P.U.C. Sheet No. 91-G

SAMPLE FORMS (Continued)

**STORAGE SERVICES AGREEMENT
 Notification Schedule**

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

NOTICES TO CVGS

<u>NOTICES</u>	<u>NOMINATIONS</u>	<u>PAYMENTS</u>
CENTRAL VALLEY GAS STORAGE, LLC. 3333 WARRENVILLE ROAD SUITE 630 LISLE, IL 60532 ATTN: CONTRACT ADMINISTRATOR	CENTRAL VALLEY GAS STORAGE, LLC. 3333 WARRENVILLE ROAD SUITE 630 LISLE, IL 60532 ATTN: STORAGE TRADER	INFORMATION TO BE PROVIDED
TELEPHONE: (630) 245-7816	TELEPHONE: (630) 245-7814	
FAX: (630) 245-7835	FAX: (630) 245-7835	

NOTICES TO <COMPANY NAME>

<u>NOTICES</u>	<u>CONFIRMATIONS</u>	<u>PAYMENTS</u>
ADDRESS ATTENTION TELEPHONE FAX	ADDRESS ATTENTION TELEPHONE FAX	BANK ACCOUNT NUMBER GST NUMBER

SUBMISSION TIMES, NOMINATION TIMES & EFFECTIVE TIMES
 All times are Pacific Clock Time

SUBMISSION TIME (FOR FSS SERVICE)	SUBMISSION TIME (FOR ISS SERVICE)	NOMINATION TIME (TO PG&E)	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)	06:00 (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:
NAME

Date Filed: _____

Decision Nos. _____

TITLE

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 92-G

SAMPLE FORMS (Continued)

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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 Lisle, IL 60532

SAMPLE FORM "B"

APPENDIX FSS

FIRM STORAGE SERVICE

Central Valley Gas Storage, LLC (CV) and <COMPANY NAME> (Customer) hereby adopt Service Schedule FSS, along with the previously executed Firm Storage Service Agreement, CV's General Terms and Conditions and "Electronic Nomination" Service Agreement and agree to the additional provisions contained in this Appendix FSS:

Agreement Start Date: < MM/DD/YYYY >	Agreement End Date: < MM/DD/YYYY >
--------------------------------------	------------------------------------

Firm Inventory Capacity/MSQ:	< Quantity >	Dekatherms
Firm MDIQ: Inventory less than or equal to ___% of MSQ	< Quantity >	Dekatherms/Day
Inventory more than ___% and less than or equal to ___% of MSQ	< Quantity >	Dekatherms/Day
Inventory greater than ___% OF MSQ	< Quantity >	Dekatherms/Day
Firm MDWQ: Inventory greater than ___% of MSQ	< Quantity >	Dekatherms/Day
Inventory more than ___% and less than or equal to ___% of MSQ	< Quantity >	Dekatherms/Day
Inventory less than or equal to ___% of MSQ	< Quantity >	Dekatherms/Day

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 Injected
Withdrawal Commodity Rate	< \$ XX.XXXX >	per Dekatherm Withdrawn
Inventory Transfer Fee	< \$ XX.XXXX >	per Dekatherm Transferred
Fuel Charge	< XX.XXXX % >	Retention per Dekatherm Injected

Transaction term adjustments apply and are attached as Exhibit A Yes No

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.

<COMPANY NAME>

Central Valley Gas Storage, LLC

PER: _____
 NAME: _____
 TITLE: _____

PER: _____
 NAME: _____
 TITLE: _____

Advice Letter No. 1-G

Issued By:
 NAME

Date Filed: _____

Decision Nos. _____

TITLE

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 93-G

SAMPLE FORMS (Continued)

Exhibit A – Transaction Terms
RESERVED

Reserved for Exhibit A

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Lisle, IL 60532

Original Cal. P.U.C. Sheet No. 94-G

SAMPLE FORMS (Continued)

Exhibit A – Transaction Terms
RESERVED

Reserved for Exhibit A

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 95-G

SAMPLE FORMS (Continued)

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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SAMPLE FORM "C"

APPENDIX ISS

INTERRUPTIBLE STORAGE SERVICE

Central Valley Gas Storage, LLC (CV) and <COMPANY NAME> (Customer) hereby adopt Service Schedule ISS, along with the previously executed Interruptible Storage Service Agreement, CV's General Terms and Conditions and "Electronic Nomination" Service Agreement and agree to the additional provisions contained in this Appendix ISS:

Agreement Start Date:	<i>< MM/DD/YYYY ></i>	Agreement End Date:	<i>< MM/DD/YYYY ></i>
-----------------------	-----------------------------	---------------------	-----------------------------

Inventory Capacity/MSQ	<i><</i>	Quantity	<i>></i>	Dekatherms
Total Contract Quantity	<i><</i>	Quantity	<i>></i>	Dekatherms

MDIQ:	Inventory less than or equal to ___% of MSQ	<i>< Quantity ></i>	Dekatherms/Day
	Inventory more than ___% and less than or equal to ___% of MSQ	<i>< Quantity ></i>	Dekatherms/Day
	Inventory greater than ___% OF MSQ	<i>< Quantity ></i>	Dekatherms/Day
MinDQ (injection)	From: <i><MMDD/YYYY></i> to: <i><MMDD/YYYY></i> :	<i>< Quantity ></i>	Dekatherms/Day

MDWQ:	Inventory greater than ___% of MSQ	<i>< Quantity ></i>	Dekatherms/Day
	Inventory more than ___% and less than or equal to ___% of MSQ	<i>< Quantity ></i>	Dekatherms/Day
	Inventory less than or equal to ___% of MSQ	<i>< Quantity ></i>	Dekatherms/Day
MinDQ (withdrawal)	From: <i><MMDD/YYYY></i> to: <i><MMDD/YYYY></i> :	<i>< Quantity ></i>	Dekatherms/Day

Point of Receipt:	<i>< Location ></i>	Point of Delivery:	<i>< Location ></i>
-------------------	---------------------------	--------------------	---------------------------

ISS Service Rate - Total Contract Quantity	<i><\$XX.XXXX ></i>	per Dekatherm
ISS Service Rate - Commodity	<i><\$XX.XXXX ></i>	per Dekatherm
ISS Service Rate - Inventory	<i><\$XX.XXXX ></i>	per Dekatherm
Inventory Transfer Fee	<i><\$XX.XXXX ></i>	per Dekatherm Transferred

ISS Service Rate applies to:

- "Total Contract Quantity"
 - "Commodity"
 - "Inventory"
- Applied at point of Receipt Applied at point of Delivery

Application of the ISS Rate shall be as described in Article 4.2 of Service Schedule ISS.

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.

<COMPANY NAME>	Central Valley Gas Storage, LLC
PER: _____	PER: _____
NAME: _____	NAME: _____
TITLE: _____	TITLE: _____

Advice Letter No. 1-G

Issued By:
NAME

Date Filed: _____

Decision Nos. _____

TITLE

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 96-G

SAMPLE FORMS (Continued)

Reserved for Nomination Form.

Advice Letter No. 1-G

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 97-G

SAMPLE FORMS (Continued)

SAMPLE FORM "E"

TERMS AND CONDITIONS OF THE LETTER OF CREDIT

To: CENTRAL VALLEY GAS STORAGE, L.L.C. ("CVGS")

Conditions of Payment:

- (1) Payable at sight upon delivery by CVGS to the issuer of a certificate signed by a Senior Officer of CVGS stating that CVGS 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 that 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 CVGS.
- (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

Decision Nos. _____

Issued By:
NAME

TITLE

Date Filed: _____

Effective: _____

Resolution No: _____



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Original Cal. P.U.C. Sheet No. 98-G

SAMPLE FORMS (Continued)

SAMPLE FORM "E"

TERMS AND CONDITIONS OF THE LETTER OF CREDIT

(6) Without the necessity of obtaining Customer's consent, CVGS 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 CVGS Storage Facilities and this Contract without the further consent of Customer, to receive a copy of any notice given by CVGS or Customer pursuant to the Terms hereof, and to deliver any notice permitted under this Letter of Credit on CVGS'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 CVGS to the pledgee or mortgagee and to accept performance by the pledgee or mortgagee of any duty or obligation of CVGS 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 CVGS Storage Facilities and this Letter of Credit, (A) the pledgee, mortgagee, or other Party shall assume full liability for the performance of CVGS's duties and obligations hereunder and (B) Customer shall accept the pledgee, mortgagee, or other party as the successor to CVGS 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.

Amount:

Delivery:

The Letter of Credit shall be delivered to:

CENTRAL VALLEY GAS STORAGE, LLC
3333 WARRENVILLE ROAD
LISLE, IL 60532
Attn: Manager of Hub Administration

Advice Letter No. 1-G

Issued By:
NAME

Date Filed: _____

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SAMPLE FORMS (Continued)

SAMPLE FORM "F"

FORM OF GUARANTEE

THIS GUARANTEE is executed as of the ____ day of _____, 20__, by [____], a _____ corporation (the "Guarantor") in favor of Central Valley Gas Storage, LLC, a Delaware limited liability company ("CVGS").

RECITAL

[Name of Customer] a [State under whose laws Customer is organized] ("Customer"), and CVGS have entered into a Storage Service Agreement, dated _____, ("Agreement") pursuant to CVGS's Tariff on file with the California Public Utilities Commission ("CVGS Tariff"). CVGS shall provide Gas storage Services to Customer pursuant to the Agreement and the CVGS Tariff. A capitalized term or expression not otherwise defined herein shall have the meaning ascribed to it in Rule 1 of the CVGS Tariff. As an inducement to CVGS 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 CVGS 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 that the Customer has failed to pay CVGS, 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 CVGS may resort to the Guarantor for payment of any of the Guaranteed Obligations, whether or not CVGS 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 that 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:

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SAMPLE FORMS (Continued)

SAMPLE FORM "F" (Continued)

(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, nonperfection 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 CVGS;

(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 that the Guarantor may have at any time against the Customer, CVGS 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 CVGS 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.

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SAMPLE FORMS (Continued)

SAMPLE FORM "F" (Continued)

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 CVGS'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 CVGS 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 CVGS 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 CVGS.

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SAMPLE FORMS (Continued)

SAMPLE FORM "F" (Continued)

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 CVGS and its successors and assigns. Guarantor may not assign its rights and obligations hereunder without the prior written consent of CVGS, and any such purported assignment without such written consent will be void. Without the necessity of obtaining Guarantor's consent, CVGS 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 by notice given by CVGS or Guarantor pursuant to the terms hereof, and to deliver any notice permitted under this Guarantee on CVGS'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 CVGS to the pledge and to accept performance by the pledgee or mortgagee of any duty or obligation of CVGS 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 CVGS's duties and obligations hereunder and (B) Guarantor shall accept the pledgee or other party as the successor to CVGS 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 CVGS.

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.

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SAMPLE FORM "F" (Continued)

(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 CVGS:

Central Valley Gas Storage, L.L.C.
3333 Warrenville Road, Suite 630
Lisle, IL 60563
Attention: Hub Administration
Telephone: (630) 245-7845
Facsimile: (630) 245-7835

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

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SAMPLE FORMS (Continued)

SAMPLE FORM "F" (Continued)

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 CVGS shall have been notified pursuant to Article 9 of the General Terms and Conditions of the CVGS 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 CVGS.

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

[GUARANTOR]

By: _____
Name: _____
Title: _____

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NAME

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