

MASTER SERVICES CONTRACT

SCHEDULE I

TRANSACTION BASED STORAGE SERVICE AGREEMENT

THIS TRANSACTION BASED STORAGE SERVICE AGREEMENT ("Agreement") is entered into as of the 17 day of February, 2011, by and between Southern California Gas Company ("Utility") and City of Long Beach ("Service User") and sets forth the terms and conditions under which Utility will provide storage services to Service User. This Agreement shall be attached to and incorporated as Schedule I to the Master Services Contract ("MSC") entered into by the parties.

SECTION 1 - STORAGE SERVICES

(a) For the Time Period for Service indicated below (the "Service Period"), Utility shall provide Service User with the storage services set forth below. This Agreement and the rights established herein shall be subject to the terms and conditions of Utility's Tariff Rate Schedule G-TBS and other applicable Tariff Rules hereto as they may be amended from time to time (including, without limitation, the definitions in Utility's Tariff Rule No. 1).

<u>Storage Services</u>	<u>Maximum Quantity</u>	<u>Firm or Interruptible</u>	<u>Time Period for Service ("Service Period")</u>
Inventory	654,050 (Dth)	Firm	April 1, 2011 - March 31, 2012
Injection	2,987 (Dth/day)	Firm	April 1, 2011 - March 31, 2012
Withdrawal	32,548 (Dth/day)	Firm	April 1, 2011 - March 31, 2012

(b) All gas to be stored under this Agreement must be delivered by Service User to Utility system at the SoCalGas Citygate during the period from April 1, 2011 to March 31, 2012, subject, however, to Utility system constraints. Withdrawals must be completed by March 31, 2012.

(c) Upon Service User's request for withdrawal, Utility will re-deliver all gas stored by Service User under the terms of this Agreement at the SoCalGas Citygate or other mutually agreed upon locations.

(d) Other: Service User has multiple cycling rights. Service User has year-round interruptible injection and withdrawal rights. Service User's firm rights, shown above in Section 1(a), are subject to capacity reductions from events such as core emergencies, force majeure, scheduled maintenance outages, or situations of near maximum or minimum physical inventory levels. Service User may change its storage services through a negotiated agreement ("Transaction") with Utility. Utility shall record each Transaction in a letter agreement ("Transaction Confirmation") that references this Agreement. The Transaction Confirmation is considered an integral part of the Agreement and will be sent by Utility to Service User by facsimile, or other mutually agreeable electronic means, no later than close of the first Business Day (a day during which Federal Reserve banks in New York City are open for business) immediately following the date of entering into the Transaction. Service User shall identify any error in such Transaction Confirmation and shall immediately provide written notice to Utility. If no such notice is received by Utility within 2 Business Days from Service User's receipt of the Transaction Confirmation, the Transaction Confirmation will be deemed correct. Both parties hereby agree that the Transaction Confirmation sent electronically to Service User forms a binding and enforceable contract.

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SECTION 2 - RESERVATION AND STORAGE CHARGES

Service User agrees to pay to Utility the following charges:

<u>Storage Services</u>	<u>Quantity (Dth)</u>		<u>Unit Reservation Charges</u>		<u>Variable Storage Charges</u>		
					<u>In-Kind Fuel</u>	<u>O&amp;M Injection or Withdrawal</u>	
Inventory	<u>654,050</u>	(Dth)	<u>0.23200</u>	\$(Dth)			
Injection	<u>2,987</u>	(Dth/day)	<u>29.71200</u>	\$(Dth/day)	<u>2.4</u>	%	<u>NA</u> \$(Dth)
Withdrawal	<u>32,548</u>	(Dth/day)	<u>9.78500</u>	\$(Dth/day)			<u>NA</u> \$(Dth)

The per-Unit Reservation Charges stated above result in Period Reservation Charge of five hundred fifty-eight thousand nine hundred seventy-two dollars (\$558,972). Variable charges are subject to change and are those specified in the G-TBS tariff.

Other charges: Fuel and O&M charges are subject to change and are those specified in the G-TBS tariff.

SECTION 3 - TRANSMISSION CHARGES

Service User agrees to pay Utility all applicable transportation or other charges incurred to move gas to the agreed upon delivery point on the Utility system.

Other charges and conditions:

SECTION 4 - BILLING AND PAYMENT

(a) All Period Reservation Charges shall be billed by Utility and paid by Service User in equal monthly installments over the Service Period of this Agreement. All other charges shall be billed and paid as the applicable services are provided.

(b) All bills rendered by Utility shall be timely paid by Service User in accordance with provisions of Utility's Tariff Rule No. 9.

(c) In the event of a billing dispute, the bill must be paid in full by Service User pending resolution of the dispute. Such payment shall not be deemed a waiver of Service User's right to a refund. All bills shall be sent to Service User as specified below in Section 5 (a).

SECTION 5 - MISCELLANEOUS

(a) Notices - All notices and requests under this Agreement shall be deemed to have been duly given if sent by facsimile (fax), or other mutually acceptable electronic means, or a nationally recognized overnight courier service, or first class mail, or hand delivered and properly addressed as follows:

<u>SERVICE USER</u>		<u>UTILITY</u>	
		<u>Operating Matters</u>	
Contact Name:	<u>David Sanchez</u>	Contact Name:	<u>Gas Transactions Hotline</u>
Contact Title:	<u>Gas Supply Business Officer</u>	Contact Title:	<u>Gas Transactions &amp; Operations</u>
Telephone:	<u>(562) 570-3981</u>	Telephone:	<u>(213) 244-3900</u>
Fax No.:	<u>(562) 570-2008</u>	Fax No.:	<u>(213) 244-8281</u>
		<u>Billing Matters</u>	
Contact Name:	<u>Dennis Burke</u>	Contact Name:	<u>Susana Santa Maria</u>
Contact Title:	<u>Administrative Analyst II</u>	Contact Title:	<u>Billing Analyst</u>
Telephone:	<u>(562) 570-2066</u>	Telephone:	<u>(213) 244-4337</u>
Fax No.:	<u>(562) 499-1087</u>	Fax No.:	<u>(213) 244-8449</u>

Contract Matters

Contact Name: David Sanchez  
Contact Title: Gas Supply Business Officer  
Telephone: (562) 570-3981  
Fax No.: (562) 570-2008

Contact Name: Gwoon Tom  
Contact Title: Storage Products Manager  
Telephone: (213) 244-3692  
Fax No.: (213) 244-8645

Either party may change its designation set forth above by giving the other party at least seven (7) days prior written notice.

(b) Governing Law - This Agreement shall be construed in accordance with the laws of the State of California and the orders, rules and regulations of the Public Utilities Commission of the State of California in effect from time to time.

(c) Credit Worthiness - From time to time, as is deemed necessary, Utility may request that Service User furnish Utility with all relevant information or data to establish Service User's credit worthiness, including, without limitation, financial statements of Service User which are audited or otherwise attested to Utility's satisfaction. Following review of such information, Utility may require that Service User supply additional assurance as may be necessary to establish Service User's ongoing financial ability to perform under this Agreement during the Term, including, without limitation, contractual guarantees, or cash, or financial instruments such as letters of credit.

(d) Limited Storage Liability - Utility shall not be responsible for any loss of gas in storage, including, without limitation, losses due to the inherent qualities of gas (including leakage and migration) or due to physical or legal inability to withdraw gas from storage, unless such loss is caused by failure of Utility to exercise the ordinary care and diligence required by law. In the event of any such loss, the portion of such loss which is attributable to Service User shall be determined based on Service User's pro rata share of the total recoverable working gas inventory in Utility's storage facilities at the time of the loss.

(e) Incorporated Provisions - The provisions of the MSC, including but not limited to Section 6, are incorporated by reference herein as if set forth in full herein, except to the extent such Section 6 is superseded by Utility's Tariff Rule 4.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed two (2) duplicate original copies of this Agreement as of the date first written above.

CITY OF LONG BEACH ~~Assistant City Manager~~ SOUTHERN CALIFORNIA GAS COMPANY

By: [Signature]  
Print Name: Ralph H. West  
Title: City Manager

By: [Signature]  
Print Name: Beth Musick  
Title: Director, Energy Markets & Capacity Products

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER.

APPROVED AS TO FORM

3.9, 20 11  
ROBERT E. SHANNON, City Attorney

By [Signature]  
RICHARD ANTHONY  
DEPUTY CITY ATTORNEY