

Attachment B

KRGT Firm Transportation Service Agreement

FIRM TRANSPORTATION SERVICE AGREEMENT
Rate Schedule KRF-L1

CONTRACT NO. 2003

THIS FIRM TRANSPORTATION SERVICE AGREEMENT ("Agreement") is made and entered into this [redacted] day of [insert month and year] by and between KERN RIVER GAS TRANSMISSION COMPANY ("Transporter") and CITY OF VICTORVILLE ("Shipper"), and supersedes all previous versions of this Agreement, if any.

WHEREAS, Shipper was awarded capacity via a partial permanent capacity release from High Desert Power Project, LLC's 2002 agreement pursuant to Award Number 2003.

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

ARTICLE I - GAS TO BE TRANSPORTED

- 1.1 Subject to the terms, conditions and limitations hereof, Transporter agrees to receive from Shipper for Transportation at the Receipt Point(s) specified in Exhibit "A" hereto, as amended from time to time, and to transport and deliver Thermally Equivalent Quantities of Natural Gas to Shipper at the Delivery Point(s) specified in Exhibit "A" hereto, as amended from time to time, Quantities of Natural Gas, exclusive of Quantities required for fuel used and lost and unaccounted-for Gas, up to Shipper's DMDQ. Shipper's DMDQ is set forth on Exhibit "A."
- 1.2 Shipper will reimburse Transporter for fuel used and lost and unaccounted-for Gas on an in-kind basis pursuant to the General Terms and Conditions of Transporter's FERC-approved tariff, as revised from time to time ("Transporter's Tariff").

ARTICLE II - APPLICABLE RATE SCHEDULE

- 2.1 Shipper agrees to pay Transporter for all Natural Gas Transportation service rendered under the terms of this Agreement in accordance with Rate Schedule KRF-L1 of Transporter's Tariff. This Agreement will be subject to the provisions of such Rate Schedule and the General Terms and Conditions of Transporter's Tariff, which by this reference are incorporated herein and made a part hereof.
- 2.2 Shipper has acquired its capacity via capacity release. Shipper's reservation rate for Transportation service is the rate Shipper bid for the capacity, as set forth on Exhibit "B." Special terms and conditions included in Releasing Shipper's Offer to Release are set forth on Exhibit "C."
- 2.3 Notwithstanding Section 5.5 of the General Terms and Conditions, and subject to any negotiated credit, Shipper will make payment of the monthly Reservation Charge pursuant hereto in full, irrespective of (but without prejudice to the rights otherwise of Shipper with respect to) any dispute relative to the amount invoiced. Shipper will not be entitled to any abatement of such payment or any set-off against it, including but not limited to, abatement or set-off due or alleged to be due by reason of any past, present or future claims or other rights of Shipper against Transporter or any other person or entity, whether in connection herewith or any unrelated transaction.

ARTICLE III - TERM OF AGREEMENT

3.1 Service under this Agreement will be in effect [redacted] through August 31, 2028 (the "Primary Term"). This Agreement shall continue in effect beyond the Primary Term and any extension thereof for successive additional terms of five (5) years, subject to the rate specified in Section 2.1 of Exhibit "B" hereto, unless Shipper shall have given Transporter written notice of its intent to terminate this Agreement not later than twelve (12) months prior to the expiration of the Primary Term or any extension thereof.

ARTICLE IV – MISCELLANEOUS PROVISIONS

4.1 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Transporter's Tariff will be deemed to be a part of this Agreement, nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.

4.2 This Agreement shall incorporate and in all respects shall be subject to the General Terms and Conditions and the applicable Rate Schedule(s) set forth in Transporter's Tariff. Transporter may file and seek approval from the FERC under Section 4 of the Natural Gas Act ("NGA") at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the General Terms and Conditions in Transporter's Tariff. Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any change that becomes effective by operation of law and FERC order, without prejudice to Shipper's right to protest the same.

4.3 The priority of service for this Agreement shall be September 1, 2002.

[If applicable--

4.4 TO THE FULLEST EXTENT PERMITTED BY LAW, SHIPPER AND TRANSPORTER WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this [redacted] day of [insert month and year].

"SHIPPER:"

CITY OF VICTORVILLE

By: _____

Title: _____

"TRANSPORTER:"

KERN RIVER GAS TRANSMISSION COMPANY

By: _____

Title: Director-Marketing & Customer Services

EXHIBIT "A"

TO
FIRM TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. 2003

BETWEEN

CITY OF VICTORVILLE

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Exhibit "A": [REDACTED],

Term of Service: Beginning [REDACTED] through August 31, 2028, and extending beyond the end date pursuant to Article III of the Agreement.

DMDQ: 10,000 Dth

<u>Receipt Point(s)</u>	<u>Meter Number</u>	<u>Loc. Type</u>	<u>Receipt Point Entitlement (Dth)</u>
Freemont Peak Rcpt-PG&E	017001	R	10,000
Sidewinder Rcpt- Kern River	017002	R	10,000

Total Receipt Point Entitlement: 20,000 Dth

Notes:

Notwithstanding such Receipt Point Entitlements listed above, the total DMDQ to be received on a firm basis from all Primary Receipt Points will not exceed 10,000 Dth/d at any time.

EXHIBIT "A" (Continued)

The following paragraph is applicable if the PG&E Line 300, Freemont Peak, Receipt Point is designated:

Transporter's obligation to receive quantities at the Line 300 Primary Receipt Point on a firm basis is subject to and conditioned upon PG&E's maintenance of delivery pressure at the Line 300 Receipt Point at levels that permit delivery of such quantities into the High Desert Lateral at the pressures existing in the High Desert Lateral from time to time. Subject to its obligations to maintain deliveries at the High Desert Generating Facility at not less than the minimum guaranteed pressure specified on contracts for service to that facility, Transporter will regulate the pressure on the High Desert Lateral down to a maximum pressure that does not exceed the pressure existing at the Line 300 Receipt Point from time to time in order to permit the firm receipt at such point of the nominated quantity, up to the applicable Receipt Point Entitlements. Notwithstanding the foregoing, Transporter reserves the right to operate the High Desert Lateral at pressures up to the applicable MAOP on any day on which it does not receive a confirmed nomination for the receipt of Gas at the Line 300 Receipt Point. Transporter will continue to regulate the pressure on the High Desert Lateral in the manner described in this paragraph for so long as firm service to all Shippers having Primary Receipt Points and Primary Delivery Points on the High Desert Lateral, as modified from time to time, can be maintained at such regulated pressure. Nothing will preclude Transporter from installing additional Receipt or Delivery Points on the High Desert Lateral or from providing firm service to other Shippers.

<u>Delivery Point(s)</u>	<u>Meter Number</u>	<u>Loc. Type</u>	<u>Delivery Point Entitlement (Dth)</u>
Freemont Peak Div-PG&E	027001	D	10,000
Victorville- HDPP	027002	D	10,000

Total Delivery Point Entitlement: 20,000 Dth

Notes:

Notwithstanding such Delivery Point Entitlements listed above, the total DMDQ to be delivered on a firm basis at all Primary Delivery Points will not exceed 10,000 Dth/d at any time.

The following paragraph is applicable if the PG&E Line 300, Freemont Peak, Delivery Point is designated:

Transporter's obligation to deliver quantities at the Line 300 Primary Delivery Point on a firm basis is subject to and conditioned upon PG&E's maintenance of pressures at the Line 300 Delivery Point at levels that permit receipt of such quantities from the High Desert Lateral into Line 300 at the pressures existing in the High Desert Lateral from time to time. Subject to its obligations to maintain deliveries at the High Desert Generating Facility at not less than the pressure specified on contracts for service to that facility, Transporter will operate the High Desert Lateral (including the regulation of pressure and the adjustment of line pack) so that it can make deliveries into the Line 300 Delivery Point from time to time of nominated quantities up to the applicable Delivery Point Requirements. Notwithstanding the foregoing, Transporter reserves the right to operate the High Desert Lateral at such pressures as are consistent with its obligation to maintain delivery pressures at the High Desert Generating Facility at not less than the minimum guaranteed pressure specified on contracts for service to that facility on any day on which it does not receive a confirmed nomination for the delivery of Gas at the Line 300 Delivery Point. Transporter will continue to operate the High Desert Lateral in the manner described in this paragraph for so long as firm service to all Shippers having Primary Receipt Points and Primary Delivery Points on the High Desert Lateral, as modified from time to time, can be maintained. Nothing will preclude Transporter from installing additional Receipt or Delivery Points on the High Desert Lateral or from providing firm service to other Shippers.

EXHIBIT "B"
TO
FIRM TRANSPORTATION SERVICE AGREEMENT
CONTRACT NO. 2003
BETWEEN
CITY OF VICTORVILLE
AND
KERN RIVER GAS TRANSMISSION COMPANY
Execution Date of this Exhibit "B": [REDACTED],

Shipper's rate shall be:

1. NEGOTIATED RATE

- 1.1 Pursuant to Section 5.10 of Rate Schedule KRF-L1, Transporter and Shipper have mutually agreed to a Negotiated Rate for service under this Transportation Service Agreement, as provided in Section 23 of the General Terms and Conditions of Transporter's FERC Gas Tariff. Effective commencing [DATE], such Negotiated Rate is a Daily Reservation/Demand Rate of \$0.0140 per Dth for the Primary Term.
- 1.2 Transporter will invoice Shipper a monthly amount determined by multiplying Shipper's DMDQ by the applicable Negotiated Rate and then multiplying the result by the number of days in the month.

2. RATE TO APPLY FOLLOWING CONCLUSION OF THE PRIMARY TERM RATE

- 2.1 Notwithstanding any other provision of this Agreement, the rate to be charged hereunder following the conclusion of the Primary Term shall be not greater than the amount determined on the basis of the most recent available data for the preceding twelve (12) months at the time of the rate redetermination by calculating the O&M expenses and taxes associated with Transporter's ownership, operation and maintenance of the Delivery Facilities ("Applicable O&M + A&G + Taxes Other Than Income"), and increasing the sum of those amounts by ten percent (10%) of the average pre-tax return on the Delivery Facilities during the Primary Term. The rate shall also include the charges resulting from Section 2.2 of this Exhibit "B," if applicable.

- 2.2 Capital Replacement and Betterments: The rate to apply following the conclusion of the Primary Term shall be adjusted, if necessary, to provide for payment by shipper for capital replacements and betterments installed after December 31, 2021. The rate shall include amounts reflecting the capital costs of such capital replacements or betterments made to maintain the Delivery Facilities in accordance with applicable safety and regulatory requirements, including recovery of such capital expenditures, ad valorem taxes and an allowance for pre-tax rate of return calculated using Transporter's then applicable pre-tax rate of return used to establish Transporter's effective base rates contained in its FERC Gas Tariff. In the event that this Agreement terminates prior to full recovery by Transporter of all of the costs of such capital replacements and betterments, Shipper agrees to reimburse Transporter for the remaining net book value of such facilities, including applicable income taxes, except to the extent that a replacement shipper (or shippers) assumes such obligation.

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EXHIBIT "C"
TO
FIRM TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. 2003

BETWEEN

CITY OF VICTORVILLE

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Exhibit "C": [REDACTED]

[Insert special terms and conditions included in Releasing Shipper's Offer to Release]