

PERIOD TWO FIRM TRANSPORTATION SERVICE AGREEMENT
Rate Schedule KRF-1

CONTRACT NO. 20025 (LADWP No. BP 16-019)

THIS PERIOD TWO FIRM TRANSPORTATION SERVICE AGREEMENT ("Agreement") is made and entered into as of this _____ day of _____, _____ by and between KERN RIVER GAS TRANSMISSION COMPANY ("Transporter") and THE DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES ("Shipper"), and supersedes all previous versions of this Agreement, if any.

WHEREAS, Transporter and Shipper entered into a Period One firm transportation service agreement under Contract No. 1706 with an end date of April 30, 2018;

WHEREAS, during Period One, Shipper was a 15-year 2003 Expansion Project shipper under Contract No. 1706 for 39,000 Dth per day;

WHEREAS, in accordance with Section 30.2(a) of the General Terms and Conditions of Transporter's Tariff, Shipper made a binding request for Period Two firm transportation service for a term of 15 years; and

WHEREAS, Transporter is willing to render such Transportation service.

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

ARTICLE I - GAS TO BE TRANSPORTED

- 1.1 Subject to the terms, conditions and limitations hereof, Transporter agrees to receive, on a firm basis, from Shipper for Transportation at the Receipt Point(s) specified in Exhibit "A" and to transport and deliver Thermally Equivalent Quantities to Shipper at the Delivery Point(s) specified in Exhibit "A," Quantities of Natural Gas, exclusive of Quantities required for fuel used and lost and unaccounted-for Gas, up to Shipper's TMDQ. Shipper's TMDQ is 39,000 Dth per day. Shipper's DMDQ is equal to Shipper's TMDQ.
- 1.2 Shipper will reimburse Transporter for fuel used and lost and unaccounted-for Gas on an in-kind basis at the factors applicable to incremental rate service related to the 2003/2010 Expansion Projects, pursuant to the General Terms and Conditions of Transporter's FERC-approved tariff, as revised from time to time ("Transporter's Tariff"). Backhaul Shippers will reimburse Transporter for system-wide lost and unaccounted-for Gas, but will not reimburse Transporter for compressor fuel.

ARTICLE II - APPLICABLE RATE SCHEDULE

- 2.1 Shipper agrees to pay Transporter for all Natural Gas Transportation service rendered under the terms of this Agreement in accordance with Rate Schedule KRF-1 of Transporter's Tariff. This Agreement will be subject to the provisions of such Rate Schedule and the General Terms and Conditions of Transporter's Tariff, which by this reference are incorporated herein and made a part hereof.
- 2.2 Shipper's rates for Transportation service will be the 15-year Period Two rates applicable to former 15-year Period One incremental rate, 2003 Expansion Project shippers, subject to the parties' understanding and agreement that Transporter may change the rates from time to time in accordance with the Natural Gas Act.
- 2.3 Notwithstanding Section 5.5 of the General Terms and Conditions of Transporter's Tariff, and subject to any negotiated credit set forth in this transportation service agreement; or, if there is no individually negotiated provision any Reservation Charge Adjustments applicable pursuant to Section 9 of Rate Schedule KRF-1, Shipper will make payment of the Monthly Reservation Charge pursuant hereto in full irrespective of (but without prejudice to the rights otherwise of Shipper with respect to) any dispute relative to the amount invoiced, and will not be entitled to any abatement of such payment or any set-off against it, including but not limited to, abatement or set-off due or alleged to be due by reason of any past, present or future claims or other rights of Shipper against Transporter or any other person or entity, whether in connection herewith or any unrelated transaction.

ARTICLE III - TERM OF AGREEMENT

- 3.1 This Agreement is subject to approval by both the City Council and the Board of Water and Power Commissioners of the City of Los Angeles.
- 3.2 This Agreement shall be in effect from May 1, 2018, through April 30, 2033.

ARTICLE IV - MISCELLANEOUS PROVISIONS

- 4.1 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Transporter's Tariff will be deemed to be a part of this Agreement, nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.
- 4.2 This Agreement shall incorporate and in all respects shall be subject to the General Terms and Conditions and the applicable Rate Schedule(s) set forth in Transporter's Tariff. Transporter may file and seek approval from the FERC under Section 4 of the Natural Gas Act ("NGA") at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the General Terms and Conditions in Transporter's Tariff, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any change that becomes effective by operation of law and FERC order, without prejudice to Shipper's right to protest the same.
- 4.3 The priority of service for this Agreement shall be _____.
- 4.4 This Agreement will be construed in accordance with the laws of the State of California, excluding any conflicts of law provisions thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this _____ day of _____, _____.

"SHIPPER:"

"TRANSPORTER:"

THE DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES

KERN RIVER GAS TRANSMISSION COMPANY

By: _____

By: _____

Name: DAVID H. WRIGHT

Name: _____

Title: GENERAL MANAGER

Title: _____

And: _____
BARBARA E. MOSCHOS

Title: BOARD SECRETARY

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

OCT 05 2016
BY [Signature]
WILLIAM H. KYSELLA, JR.
DEPUTY CITY ATTORNEY

EXHIBIT "A"

TO

PERIOD TWO FIRM TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. 20025 (LADWP No. BP 16-019)

BETWEEN

THE DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Exhibit "A": _____

From May 1, 2018 to April 30, 2033

TMDQ: 39,000 Dth

<u>Receipt Point(s)</u>	<u>Meter Number</u>	<u>Loc. Type</u>	<u>Receipt Point Entitlement (Dth)</u>
Opal-WFS	014001	Physical	39,000
Total Receipt Point Entitlement:			39,000 Dth

<u>Delivery Point(s)</u>	<u>Meter Number</u>	<u>Loc. Type</u>	<u>Delivery Point Entitlement (Dth)</u>
Kramer Junction-SoCal Gas	025032	Physical	39,000
Total Delivery Point Entitlement:			39,000 Dth