



Lodi Gas Storage, LLC
23265 N. State Rt. 99 West Frontage
Acampo, CA 95220
U No. - U912-G

Second Revised Cal. P.U.C. Title Sheet 1-G
cancelling Original Cal. P.U.C. Title Sheet 1-G

**TARIFF SCHEDULES
for Natural Gas Storage Service
of
LODI GAS STORAGE, LLC**

**23265 N. State Rt. 99 West Frontage
Acampo, CA 95220**

Lodi Gas Storage, LLC operates in Sacramento and San Joaquin Counties, 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.

{00019469v2}

Advice Letter No. 2-G

Decision Nos. 00-05-048, 00-08-024

Issued by
Jason A. Dubchak
Vice President, Legal & Regulatory

Date Filed: April 25, 2018
Effective: May 25, 2018
Resolution No. [●]



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Second Revised Cal. P.U.C. Sheet No. 2-G
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TARIFF CHECKING SHEET

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TARIFF CHECKING SHEET (Cont'd)

Current Sheets in this tariff are as follows:

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PRELIMINARY STATEMENT

A. DESCRIPTION OF TERRITORY

Lodi Gas Storage, LLC (“Lodi”) operates a natural gas storage facility, including a natural gas reservoir, wells, pipeline, and compressor and processing facility, all located within Sacramento and San Joaquin Counties, California. Lodi provides storage service to customers located in any county of California or outside of California provided that said customer can arrange to have its gas transported to and from the Service Commencement Point and the Service Termination Point.

B. TYPES AND CLASSES OF SERVICE

Lodi provides two classes of natural gas storage services for customers: Firm Storage Service and Short Term Storage Service.

1. FIRM STORAGE SERVICE

Firm Storage Service (FSS), as defined in Rule 1, is a natural gas storage service comprised of firm inventory service, firm injection service and firm withdrawal service, subject to the terms and conditions of service set forth in the Tariff including the Appendix FSS evidencing a Transaction entered into by the Parties.

2. SHORT TERM STORAGE SERVICE

Short Term Storage (STS) Service, as defined in Rule 1, is a natural gas storage service comprised of inventory service, injection service and withdrawal service, subject to the terms and conditions of service set forth in the Tariff including the Appendix STS evidencing a Transaction entered into by the Parties.



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PRELIMINARY STATEMENT (Cont'd)

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 Lodi, then Lodi 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. ESTABLISHMENT AND OPERATION OF INVENTORY ACCOUNT

- 2.1 Lodi will maintain an Inventory Account for Customer to account for all Transactions entered into pursuant to the Storage Service Documents.

At any time when Service has been Confirmed under the Storage Service Documents:

- (a) quantities of gas delivered by or on behalf of Customer and accepted by or on behalf of Lodi will be added to Customer's Inventory Account; and
- (b) quantities of gas delivered by or on behalf of Lodi and accepted by or on behalf of Customer will be deducted from Customer's Inventory Account.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)

3.1 Subject to any provisions of the applicable Service Schedule, Customer shall request Service pursuant to a Transaction agreed to by the Parties in accordance with the following procedures:

- (a) On or before the applicable Request Time, Customer must submit to Lodi a Request setting out the quantity of gas that Customer wishes to deliver or receive at the Service Commencement Point or at the Service Termination Point, for the period commencing at the next Nomination Time.
- (b) If a FSS Customer desires FSS Service, the Customer has the option of not placing a Request with Lodi if such Request would not have been made for an Intraday Nomination Time and Customer is using the Designated Transportation Account.
- (c) After receiving all Requests for a Nomination Time, Lodi shall take the following actions:
 - (i) For Requests for FSS Service, Lodi will place a Nomination with the Connecting Pipeline in the amount of the Customer's Request, subject to reduction in whole or in part due to Curtailment Allowance, the provisions of Rule 14, or Force Majeure;
 - (ii) For Customers with FSS Service who have exercised their option to not Request pursuant to Section C.3.1(b) hereof, Lodi will place a Nomination with the Connecting Pipeline in the amount of its Maximum Daily Injection Quantity and its Maximum Daily Withdrawal Quantity;

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)

- (iii) For Requests for STS Service, Lodi will place a Nomination with the Connecting Pipeline in the amount of the Customer's Request, subject to reduction in whole or in part due to the exercise by Lodi of Flex Discretion, the provisions of Rule 14 and Force Majeure; and
- (iv) For Requests for FSS Overrun Service, Lodi will use reasonable efforts to deliver the FSS Overrun Service as agreed to by the Parties, subject to reduction in whole or in part due to Curtailment Allowance, the provisions of Rule 14, or Force Majeure.
- (d) If the Customer's Request has been reduced in whole or in part as described in Section C.3.1(c), Lodi will use reasonable efforts to give Customer notice of such reduction prior to the applicable Nomination Time.
- (e) On or before the Nomination Time, Customer will submit a Nomination for the quantity of Service that Customer indicated in its Request for that Nomination Time. If a FSS Customer has exercised the option set forth in Section C.3.1(b) hereof, then for that Nomination Time it may Nominate any quantity, provided that Nomination is not greater than the Maximum Daily Injection Quantity or the Maximum Daily Withdrawal Quantity.
- (f) A Request for Service for an Effective Time which is not amended by Customer prior to the next Request Time will be treated as a new Request for Service in the same quantity, submitted at that next Request Time, unless a stop time was stipulated in Customer's Request.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)

- (g) If Connecting Pipeline fails to Confirm some or all Customer and Lodi Nominations, then Customer's Request shall be treated as curtailed by the Connecting Pipeline to the extent not Confirmed.
- (h) Upon receiving the Confirmation from the Connecting Pipeline, Lodi and Customer will each be bound in accordance with that Confirmation, on the terms of the Storage Service Documents, and each Party shall have a firm obligation to deliver and accept gas in accordance with that Confirmation.
- (i) At the Customer's request, Lodi will net all of the Customer's STS Nominations that: (1) do not have Flex Discretion; and (2) do not reference an Inventory Account associated with an existing FSS Transaction. All such Nominations will be treated as a single Nomination.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)

3.2 The Request Times, the Nomination Times and Effective Times are set out on the Notification Schedule. Notwithstanding the foregoing, under extraordinary circumstances, Lodi may, in its sole and absolute discretion, accept a Nomination to have effect on one hours' notice.

3.3 Requests may be submitted via Oral or electronic means. Such Requests shall be accepted or rejected by Lodi in its sole discretion.

3.4 Transfers of gas between:

- (a) different Inventory Accounts of Customer, if it has more than one; or
- (b) an Inventory Account of Customer and an Inventory Account of another customer of Lodi;

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

3.5 Customer shall be responsible for all matters arising from or ancillary to the purchase, sale and transportation of natural gas which is delivered to or received by or on behalf of Customer at the Service Commencement Point and delivered to or received by or on behalf of Customer at the Service Termination Point. These responsibilities include, without limitation: (a) securing and maintaining all necessary transportation services with the Connecting Pipeline, except when the Service Commencement or Termination Point is designated as the PG&E Citygate as set out in the Appendix evidencing the Transaction entered into by the Parties, in which instance Lodi will secure transportation between

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)

the Lodi Storage Facility and the PG&E Citygate and the Customer shall be responsible for transportation charges assessed by the Connecting Pipeline, if any; (b) securing and maintaining all necessary ancillary transportation services, complying with all reporting requirements and payment obligations arising in respect of natural gas sales proceeds; (c) paying or delivering all royalties and other third party interests; (d) securing and maintaining all required permits and authorizations; and (e) paying all taxes (excluding income taxes payable by Lodi), levies, and charges associated with the Services provided under the Storage Service Documents.

- 3.6 Customer's ability to Nominate, deliver to, or accept delivery from Lodi for Service under this Service Schedule may be limited at any time when Customer or Lodi on the behalf of the 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. Lodi shall have no responsibility or liability for any such restrictions or curtailments by a Connecting Pipeline. Notwithstanding this Section C.3.6, in the event of a limitation in service resulting from: (a) curtailment in whole or in part by the Connecting Pipeline; or (b) the performance of planned or unplanned maintenance, repairs, or additions to the Lodi Storage Facility which would otherwise result in the reduction of previously accepted Request(s) for STS Service, Lodi, in its sole and absolute discretion, reserves the right to Backstop STS Customers' nominations, either individually or as a class, to and from the Lodi Storage Facility.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. REQUESTS, NOMINATIONS AND CONFIRMATIONS (Cont'd)

Natural gas delivered by one Party to the other hereunder shall be measured as to volume and energy by the Connecting Pipeline. The Parties shall accept such measurement and any adjustments thereof for all purposes, and all energy to volume and volume to energy estimates or conversions made for any purpose hereunder shall be calculated in accordance with that pipeline's tariff or approved operating procedures.

- 3.7 Lodi shall have the right to remove constituents other than methane from gas delivered to it by Customer and Lodi 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 C.3.7 will permit Lodi to return to Customer a quantity of gas less than that given Lodi by Customer nor shall this Section C.3.7 permit Lodi to return to Customer gas that does not meet the quality specifications that Lodi and Customer have agreed to.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

4. REPLACEMENT PRICING REFERENCE

- 4.1 If either the Service Commencement Point Price Index or the Service Termination Point Price Index ceases to exist or to be published, notice will be given by one Party to the other of that cessation, and the Parties will attempt to agree on a replacement index. If the Parties fail to agree on a replacement index within 30 days of such notice, the Parties agree to submit the selection of a replacement index to arbitration, as described in this Article C.4, and to commence such arbitration process immediately upon the expiration of the 30-day period described above.
- 4.2 Each Party shall select one arbitrator within 10 days of the commencement of the arbitration process. Within 10 days thereafter, the two arbitrators selected by the Parties shall jointly select a neutral arbitrator. The neutral arbitrator, after receiving the oral or written presentation of the Parties, as determined by the agreement of the Parties or, failing such agreement, the direction of the neutral arbitrator, shall issue a written decision selecting a replacement index within 30 days. It is the intent of the Parties that the neutral arbitrator shall (1) form an opinion of the Parties' business purpose in selecting the initial index, and (2) choose a replacement index that most closely replicates that business purpose. All arbitrators shall be experts in field of natural gas and members of the American Arbitration Association's National Energy Panel.
- 4.3 Arbitration shall be conducted and enforced under the provisions of Part 3, Title 9 (commencing with Section 1280) of the California Code of Civil Procedure.
- 4.4 Lodi may, at its option, petition the court under Section 1281.3 of the California Code of Civil Procedure to consolidate separate arbitration proceedings.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

4. REPLACEMENT PRICING REFERENCE (Cont'd)

4.5 Either Party may petition the court to confirm the arbitrator's award and enter judgment accordingly pursuant to Sections 1285 and 1287.4 of the California Code of Civil Procedure.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

5. BILLINGS AND PAYMENTS

- 5.1 Lodi will provide an invoice or invoices that include the general information specified in this Article C.5 as well as specific information that is required in respect of each Transaction entered into by the Parties.
- 5.2 On or before the 15th day of each month, Lodi will invoice Customer by providing written notice of:
- (a) the number of Decatherms of natural gas delivered to or received by or on behalf of Customer or Lodi during the Billing Month at the Service Commencement Point(s) in accordance with each Transaction then entered into by the Parties;
 - (b) the number of Decatherms of natural gas delivered to or received by or on behalf of Customer or Lodi during the Billing Month at the Service Termination Point(s) in accordance with each Transaction then entered into by the Parties;
 - (c) the balance of Customer's Inventory Account(s) throughout the Billing Month, including any transfers permitted by Lodi 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 Lodi by Customer, or by Lodi to Customer, determined in accordance with each Transaction in effect during the Billing Month.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

5. BILLINGS AND PAYMENTS (Cont'd)

- 5.3 Customer understands and acknowledges that Lodi is dependent on the Connecting Pipeline for data on natural gas delivered or received by Customer at the Service Commencement Point or Service Termination Point. If prior to the 15th of the month Lodi has not received the Customer data needed to calculate the amount payable by Customer for the Billing Month, Lodi 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, Lodi 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 Lodi of the Customer data needed to so calculate the amount payable by Customer.
- 5.4 (a) The amount payable by Customer to Lodi or by Lodi to Customer pursuant to the Storage Service Documents during a Billing Month will be the net sum of the charges determined payable by one Party to the other in accordance with each Transaction in effect during the Billing Month, plus all applicable taxes, levies and charges for which that Party is responsible pursuant to the Storage Service Documents, excluding those amounts which are properly payable by the other Party directly to a taxing authority.
- (b) For the purposes of determining the amount payable from time to time to Lodi by Customer, or by Lodi to Customer, the balance of Customer's 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 (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

5. BILLINGS AND PAYMENTS (Cont'd)

- 5.5 Any amount from time to time payable by one Party to the other is due on the later of the 10th day after the day on Lodi gives notice pursuant to Section C.5.2 and 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.
- 5.6 Any amount payable hereunder by one Party to the other, 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.
- 5.7 If the Parties discover any overcharge or undercharge after the invoice has been paid, the Party who has underpaid or who has been overpaid will pay to the other the amount overpaid or underpaid within 30 days after that amount has been determined. The payment will include interest from the date of overpayment or underpayment, calculated in accordance with Section C.5.6, and any applicable taxes. No adjustment will be made beyond a period of 24 months following the date of an overpayment or underpayment unless that adjustment is made necessary by measurement or allocation adjustments instigated by a Connecting Pipeline, in which case, the 24 month limitation will not apply.
- 5.8 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 (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

6. TERM END ADJUSTMENT OF STORED INVENTORY

- 6.1 In respect of each Transaction entered into under the Storage Service Documents, Customer will Request Service in a manner which in its reasonable estimation, will result in the balance of its Inventory Account for such Transaction equaling zero at the end of the Term of that Transaction.
- 6.2 If in respect of a Transaction entered into under the Storage Service Documents Customer's Inventory Account has a positive or negative balance at the end of the Term of that Transaction the following provisions will have effect:
- (a) At the sole option of Lodi, Customer shall purchase from Lodi a quantity of gas equal to that negative balance in Customer's Inventory Account at a price equal to 110% of the average price determined by reference to the Service Termination Point Price Index for each day of the Gas Month next following the last Gas Day of the Term.
 - (b) Lodi may, at its option, and without Customer action or consent, purchase from Customer a quantity of gas equal to that positive balance in Customer's Inventory Account at a price equal to 90% of the average price determined by reference to the Service Commencement Point Price Index for each day of the Gas Month next following the last Gas Day of the Term.
 - (c) Upon Customer or Lodi, as the case may be, making payment of the amount determined pursuant to (a) or (b) of this Section C.6.2 the balance of Customer's Inventory Account in respect of that Transaction shall be adjusted to zero.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

6. TERM END ADJUSTMENT OF STORED INVENTORY (Cont'd)

(d) As an alternative to the payments provided in (a), (b), and (c) of this Section C.6.2 and at the sole option of Lodi, the Term of the Transaction in question may be extended by a period specified by Lodi so that Customer may submit additional Requests to deliver or receive, as the case may be, the quantity of gas needed to bring Customer's Inventory Account to zero.

6.3 If in respect of an Early Termination occurring pursuant to Sections 7.5(c) or 7.5(d), a Customer's Inventory Account has a positive or negative balance on an Early Termination Date, having first given precedence to Section 8.7(e), the following provisions will have effect:

- (a) Customer shall purchase from Lodi a quantity of gas equal to that negative balance in Customer's Inventory Account at a price equal to 110% of the average price determined by reference to the Service Termination Point Price Index for each day of the Gas Month next following the last Gas Day of the Term.
- (b) Lodi shall, and without Customer action or consent, purchase from Customer a quantity of gas equal to that positive balance in Customer's Inventory Account at a price equal to 90% of the average price determined by reference to the Service Commencement Point Price Index for each day of the Gas Month next following the last Gas Day of the Term.
- (c) Upon Customer or Lodi, as the case may be, making payment of the amount determined pursuant to (a) or (b) of this Section C.6.3 the balance of Customer's Inventory Account in respect of that Transaction shall be adjusted to zero.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

7. BREACH AND TERMINATION

7.1 If Customer fails to pay in full any amount owing to Lodi pursuant to the Storage Service Documents when that amount becomes payable, or fails to comply with any provision of the Storage Service Documents, then, in addition to all other remedies available to it pursuant to the Storage Service Documents or at law and in equity, Lodi may:

- (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; and/or
- (c) set off any amount owing by Lodi to Customer pursuant to any Transaction(s) against amounts otherwise owing by Customer to Lodi pursuant to any other Transaction(s);

until Customer corrects the default in full; provided that, before Lodi may exercise its remedies under this Section C.7.1 it must first give Customer 2 Business Days prior written notice of its intention to do so, setting out the details of the alleged breach by Customer. If before the end of that notice period Customer has corrected the default in full and given notice to Lodi advising it thereof, then Lodi's notice will be treated as withdrawn.

7.2 Subject to Section C.7.3, if Customer's default under any Storage Service Document continues for 30 days after notice was given by Lodi pursuant to Section C.7.1, then in addition to all other remedies available to it, Lodi will be entitled to terminate all or some of the Storage Service Documents, effective immediately upon written notice to Customer.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

7. BREACH AND TERMINATION (Cont'd)

7.3 Notwithstanding Section C.7.2, should Customer default under any Storage Service Document, by reason of, or in conjunction with, a Triggering Event occurring pursuant to Section C.7.5(c) or Section C.7.5(d), then all of the Storage Service Documents between Lodi and Customer shall terminate immediately, without further action on the part of Lodi or Customer. All amounts owing to Lodi by Customer shall then become due and payable immediately.

7.4 The Storage Services Documents and all Transactions occurring thereunder may be terminated early (an "Early Termination") as follows:

- (a) Upon the occurrence of a Triggering Event occurring pursuant to Section C.7.5(a) or Section C.7.5(b), the Non-Defaulting Party shall have the option to terminate the Storage Service Documents, and all Transactions occurring thereunder by delivering a notice (an "Early Termination Notice") to the Defaulting Party no later than 10 days following the discovery by the Non-Defaulting Party of a Triggering Event. The date that the Early Termination Notice is delivered shall be the "Early Termination Date".
- (b) Upon the occurrence of a Triggering Event occurring pursuant to Section C.7.5(c) or Section C.7.5(d), the Storage Service Documents, and all Transactions occurring thereunder shall terminate immediately with no further action required by Lodi or Customer. The "Early Termination Date" shall be the date that the obligations of the Customer are breached under Section C.7.5(c) or in the event of a Triggering Event listed in Section C.7.5(d), the date upon which that event occurred shall be the Early Termination Date.

If an Early Termination shall occur, the Defaulting Party shall pay the Non-Defaulting Party Early Termination Damages calculated in accordance with Article C.8.

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7.5 “Triggering Event” means:

- (a) the failure by the Defaulting Party to make, when due, any payment required under this Agreement if such failure is not remedied within 2 Business Days after written notice of such failure is given to the Defaulting Party, provided the payment is not the subject of a good faith dispute;
- (b) the failure by the Defaulting Party to perform any material obligation required to be performed by it pursuant to the Storage Service Documents (other than its obligation to make any payment or obligation which is otherwise specifically covered in this Section C.7.5 as a separate Triggering Event), where such failure is not excused by the applicable provisions of the Storage Service Documents and not cured within 5 Business Days after written notice thereof to the Defaulting Party;

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

7. BREACH AND TERMINATION (Cont'd)

- (c) the failure by Customer, within 2 Business Days of being required to do so by notice in writing given by Lodi, to provide Financial Assurance or Financial Statements or Other Security Documents pursuant to Rule 6 to or on behalf of Lodi, provided that Lodi may only give such notice if, acting reasonably, it determines in its sole judgment that the ability of Customer to make payments due or to become due to Lodi has, as a result of a material adverse change in financial condition, become impaired or commercially unsatisfactory, or if Customer exceeds or is about to exceed the credit limit then in effect, as established from time to time by Lodi.
- (d) the Defaulting Party
 - (i) makes an assignment or any general arrangement for the benefit of creditors;
 - (ii) otherwise becomes bankrupt or insolvent (however evidenced); or
 - (iii) is unable to pay its debts as they fall due.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

8. LIABILITY, LIQUIDATED DAMAGES AND EARLY TERMINATION DAMAGES

- 8.1 Whenever provision is made in a Service Schedule for a Party to pay Liquidated Damages, Early Termination Damages, or both, to the other Party, the applicable provisions of this Article C.8 shall apply, and the conflicting provisions of Article C.7 will not apply.
- 8.2 The provisions set out in this Article C.8 providing for payment of Liquidated Damages and Early Termination Damages shall settle completely any and all claims which could be advanced by the Non-Defaulting Party against the Defaulting Party on account of a Delivery Default or a Triggering Event, or both, and each Party hereby waives any other remedy it may have at law or in equity in respect of every such Delivery Default or Triggering Event, no matter how framed, whether in contract or in tort, including negligence. Those provisions of this Section 8.2 will have effect whether or not the Non-Defaulting Party exercises the option to require payment of Liquidated Damages under Section C.8.6, provided that, the payment of Liquidated Damages shall not excuse the payment by Customer to Lodi or by Lodi to Customer of the STS Service Charges stated in the Appendix STS evidencing the Transaction in question, or the fees and charges set forth in Service Schedule FSS and in the Appendix FSS evidencing the transaction in question, as the case may be.
- 8.3 The Parties acknowledge that it would be extremely difficult to ascertain the extent of any damages resulting from the breaches described in Article C. 8. Accordingly, the Parties agree that payment of Liquidated Damages and Termination Damages by the Defaulting Party as calculated in Section C.8.6 shall be the sole and exclusive damages remedy in the event of any such breach (including without limitation the right to seek specific performance or receive other damages for breach of this Agreement). The Liquidated Damages and Termination Damages shall be presumed to be a reasonable estimate of the amount of actual damages the Non-Defaulting Party would sustain because of Defaulting Party's breach of this Agreement. From the nature of this transaction, it is impracticable and extremely difficult to fix the actual damages that the Non-Defaulting Party would sustain if the Defaulting Party breaches

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such obligation. The impracticability and difficulty of fixing actual damages is caused in part by the following factors: (i) that on default Lodi will need to account for the gas stored in Customer's name to allow Lodi to store gas for other Lodi customers; (ii) that the gas stored by Lodi cannot as a practical matter be returned to Customer; (iii) that Lodi would incur costs to store Customer's gas after a Customer Delivery Default or a Triggering Event, or both, which Customer would owe to Lodi; (iv) both Parties' intent to account for the gas stored on Customer's account on default against the amounts owed under the Agreement on account of a Delivery Default or a Triggering Event, or both; and (v) the fluctuating price of gas. The payment of Liquidated Damages or Termination Damages, as the case may be, is not intended as a forfeiture or penalty within the meaning of California Civil Code 3275 or 3369, but is intended to constitute liquidated damages under California Civil Code 1671. Nothing herein shall be deemed to limit the Non-Defaulting Party's rights under Section C.8.2 and the Non-Defaulting Party's right to attorneys' fees and costs as provided for in this Agreement. This provision shall survive any termination of this Agreement.

- 8.4 Subject to Section C.8.5, if during any Gas Month a Delivery Default shall occur, the Non-Defaulting Party shall have the option to require the Defaulting Party to pay Liquidated Damages pursuant to this Article C.8. That option may be exercised by notice in writing given to the Defaulting Party, in the case of a FSS Transaction, at any time up to but not after the last day of the Gas Month next following the Gas Month in which the Delivery Default occurred, and in the case of an Short Term Storage Service, at any time up to but not after the 30th Gas Day following the end of the Term.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

8. LIABILITY, LIQUIDATED DAMAGES AND EARLY TERMINATION DAMAGES (Cont'd)

- 8.5 Should a Customer Delivery Default occur by reason of, or in conjunction with, a Triggering Event occurring pursuant to Section C.7.5(c) or Section C.7.5(d), then any Liquidated Damages arising therefrom, shall become payable automatically without further action required by Lodi or Customer.
- 8.6 Unless the Parties mutually agree to the contrary, Liquidated Damages shall be calculated and paid in accordance with the following provisions:
- (a) If a Delivery Default arises from the failure of the Defaulting Party to deliver gas at the Service Commencement Point, then Liquidated Damages shall be paid by the Defaulting Party in an amount equal to the product of the Deficient Quantity and 110% of the price determined by reference to the Service Commencement Point Price Index for the Delivery Default Date.
 - (b) If a Delivery Default arises from the failure of the Defaulting Party to accept gas at the Service Commencement Point, then Liquidated Damages shall be paid by the Non-Defaulting Party in an amount equal to the product of the Deficient Quantity and 90% of the price determined by reference to the Service Commencement Point Price Index for the Delivery Default Date.
 - (c) If a Delivery Default arises from the failure of the Defaulting Party to deliver gas at the Service Termination Point, then Liquidated Damages shall be paid by the Defaulting Party in an amount equal to the product of the Deficient Quantity and 110% of the price determined by reference to the Service Termination Point Price Index for the Delivery Default Date.
 - (d) If a Delivery Default arises from the failure of the Defaulting Party to accept gas at the Service Termination Point, then the Liquidated Damages shall be paid by the Non-Defaulting Party in an amount equal to the product of the Deficient Quantity and 90% of the price determined by



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reference to the Service Termination Point Price Index for the Delivery
Default Date.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

8. LIABILITY, LIQUIDATED DAMAGES AND EARLY TERMINATION DAMAGES (Cont'd)

- (e) If during any Gas Month, a Delivery Default occurs on more than one Gas Day, then Liquidated Damages for each such Delivery Default shall be determined according to the above provisions and the obligation to pay Liquidated Damages owed by one Party to the other shall be netted against the amount, if any, otherwise payable to that Party by the other for that Gas Month.
- (f) The net amount of Liquidated Damages owing pursuant to the foregoing shall be determined and paid for each Gas Month in accordance with the provisions of Article C.5.
- (g) Upon payment of Liquidated Damages as outlined in Section C.8.6, Customer's Inventory Account shall be adjusted as follows:
 - (i) If the Delivery Default arose from the failure of Customer to deliver gas or from the failure of Lodi to accept gas, then Customer's Inventory Account shall be increased by an amount equal to the Deficient Quantity.
 - (ii) If the Delivery Default arose from the failure of Lodi to deliver gas or from the failure of Customer to accept gas, then Customer's Inventory Account shall be decreased by an amount equal to the Deficient Quantity.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

8. LIABILITY, LIQUIDATED DAMAGES AND EARLY TERMINATION DAMAGES (Cont'd)

- 8.7 If an Early Termination occurs, all Transactions then entered into by the Parties shall be deemed terminated effective immediately and the Non-Defaulting Party shall calculate the Early Termination Damages in respect of each Transaction so terminated, in accordance with the following provisions;
- (a) The total amount the Non-Defaulting Party would pay to or receive from, as the case may be, a third party under an arm's length replacement transaction, on terms substantially the same as the Transaction in question and calculated for a period of time equal to the remaining period of the Transaction, commencing on the Early Termination Date, plus the amount of its out-of-pocket expenses and reasonable counsel fees, minus the total amount the Non-Defaulting Party would have paid to, or received from, as the case may be, the Defaulting Party pursuant to the terms of the Transaction had it not terminated, and calculated for the period of time equal to the remaining period of the Transaction, commencing on the Early Termination Date.
 - (b) The Non-Defaulting Party may calculate a replacement transaction price for the purchase or sale of gas for the purposes of Section C.8.7(a), based on the settlement prices of the New York Mercantile Exchange gas futures contracts, adjusted for the basis differential between Henry Hub and the Service Commencement Point or Service Termination Point, as the case may be; or, the arithmetic average of bona fide prices quoted for a replacement transaction by at least 3 recognized dealers active in the energy swap markets.
 - (c) The present value for the Early Termination Damages will be calculated by using a discount rate equal to the Prime Rate in effect as of the Early Termination Date, plus 3%.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

8. LIABILITY, LIQUIDATED DAMAGES AND EARLY TERMINATION DAMAGES (Cont'd)

- (d) Notwithstanding the preceding provisions, if the Early Termination Damages, as calculated pursuant to this Section C.8.7, are less than zero, then they will be deemed to be zero.
- (e) Lodi shall, and with no Customer consent or action, apply the positive balance, if any, in a Customer's Inventory Account on an Early Termination occurring pursuant to Sections 7.5(c), or 7.5(d) as credit against any amount owed to Lodi pursuant to this Article C.8, or any Storage Services Document terminated because of the Early Termination, by selling Customer gas.

In such circumstances, Customer expressly agrees that, notwithstanding Section C.12.1, Customer' title in that portion of gas which is sold by Lodi shall have transferred to Lodi for the purposes of the sale to allow Lodi to sell the gas as contemplated in this Section C.8.7(e).

The value of such sold Customer gas as credit to Lodi shall be calculated as 90% of the price determined by reference to the Service Commencement Point Price Index for each day of the Gas Month next following the last Gas Day of the Term.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

8. LIABILITY, LIQUIDATED DAMAGES AND EARLY TERMINATION DAMAGES (Cont'd)

8.8 Upon payment in full by the Defaulting Party of the Early Termination Damages, the Transactions between the Parties that have been terminated by the Non-Defaulting Party, shall be deemed fully and entirely performed, the Storage Service Documents between Lodi and Customer with regard to only those Transactions shall be deemed terminated and the Parties shall be wholly and finally released from all further liability to each other in respect thereof, except as otherwise expressly provided in the Storage Service Documents.

8.9 Notwithstanding any other provision of this Tariff to the contrary, whenever Lodi deals with any third party at the request of or pursuant to instructions given by Customer:

- (a) Customer represents and warrants to Lodi that Customer has the power and authority to make such requests and issue such instructions, and all actions or omissions by Lodi hereunder will be in reliance on such representations and warranties by Customer.
- (b) Lodi shall not, by reason of any act or omission hereunder, be deemed to have entered into a contractual or other relationship with any third party and no third party shall by reason of any act or omission of Lodi become a beneficiary hereunder or acquire any rights or claims against Lodi.
- (c) No act or omission by Lodi hereunder, whether in accordance with or in contravention of any instructions given or requests made by Customer, shall give rise to any liability of Lodi to any third party.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

8. LIABILITY, LIQUIDATED DAMAGES AND EARLY TERMINATION DAMAGES (Cont'd)

- (d) The sole liability of Lodi for any claims, liability, losses, damages, costs and expenses (including, but not limited to attorney's fees and cost) directly or indirectly arising out of, resulting from, relating to or caused by the Transactions entered into by the Parties under the Storage Service Documents shall be to Customer, and any such liability shall be limited to the amounts calculated pursuant to Article C.8 of the General Terms and Conditions of the Tariff.
- (e) Customer shall be solely liable for and shall fully defend and indemnify Lodi and hold Lodi harmless from and against any and all claims, liability, losses, damages, costs and expenses (including but not limited to attorney's fees and costs) that Lodi becomes liable for or incurs directly or indirectly arising out of, resulting from, relating to or caused by any act or omission of Lodi in reliance on Customer's request or instructions in respect of such third party; and such indemnity shall be a complete indemnity and shall not be limited to the amount calculated in accordance with the foregoing provisions of this Article C.8.
- (f) The indemnifications set forth herein are intended to preclude claims against Lodi by any person or entity other than Customer with respect to the Transactions entered into by the Parties under the Storage Service Documents, but nothing herein is intended to excuse fraud, willful misconduct or gross negligence by Lodi.
- (g) If Customer is relying on a third party to deliver or accept delivery of gas, and such third party fails for any reason to do so, Customer's performance under the Storage Service Documents is not excused by reason of the third party's act or omission, and Customer will be fully subject to the provisions of Articles C.7 and C.8 of the General Terms and Conditions of this Tariff for any failure to meet its obligations under the Storage Service Documents.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

**8. LIABILITY, LIQUIDATED DAMAGES AND EARLY TERMINATION DAMAGES
(Cont'd)**

8.10 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.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

9. FORCE MAJEURE

- 9.1 The expression “Force Majeure” means a restraint on the performance by Lodi of one or more of its obligations pursuant to any Transaction entered into pursuant to Schedule FSS or Schedule STS (“Obligation” or “Obligations”) resulting from a cause not within its control and which, by the exercise of due diligence and planning, it was unable to prevent. In this Article 9, the expression “due diligence and planning,” means that the standards and practices generally prevailing among operators of similar storage facilities in North America have been adhered to.
- 9.2 If and for so long as Lodi is unable due to Force Majeure to fully perform its Obligations in response to a Request for injection or withdrawal of gas duly made by Customer under the Storage Service Documents, the Injection Demand Charge, Withdrawal Demand Charge, or both, as the case may be, or the STS Service Charge (if calculated based on Total Contract Quantity), as the case may be, shall be reduced proportionally having regard to the extent to which Lodi is unable to comply with any such Request.
- 9.3 If Lodi is rendered unable to perform or is restrained by reason of a Force Majeure from performing any Obligation in whole or in part, it may claim suspension of that Obligation to the extent that it is so restrained and for the duration of that Force Majeure, provided that:
- (a) Lodi gives written notice to the Customer, setting out the details of the Force Majeure as soon as reasonably possible after the commencement of the Force Majeure;
 - (b) Lodi takes all reasonable measures that are commercially feasible in the circumstances to mitigate the cause of and effect of the Force Majeure;

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

9. FORCE MAJEURE (Cont'd)

- (c) Lodi recommences performance of the Obligation to the extent reasonably possible during the cessation of and upon the conclusion of the Force Majeure; and
 - (d) as soon as reasonably possible after the conclusion of the Force Majeure, Lodi gives notice to the Customer of the date of such conclusion.
- 9.4 A strike, lockout or other industrial disturbance shall be considered an event of Force Majeure; however, the settlement of such an event involving the Lodi Storage Facility or Lodi personnel shall be entirely within the discretion of Lodi.
- 9.5 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 (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

10. NOTICES

- 10.1 Whenever provision is made in the Storage Service Documents for giving notice by one Party to the other, if no particular manner in which it is to be given is specified, such notice may be given orally or in writing. If oral notice is given, the notifying Party shall, if required by the notified Party, produce a voice recording clearly evidencing such notice. Written notice may be delivered by hand or electronically in accordance with the particulars set forth on the Notification Schedule. A Party may change its particulars set forth on the Notification Schedule by giving written notice thereof in accordance with the Storage Service Documents.
- 10.2 Except as otherwise expressly provided, any notice given in accordance with the foregoing provisions will be treated as received at the time of receipt.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

11. TAX MATTERS

- 11.1 Lodi and Customer acknowledge that notwithstanding any other provision of the Storage Service Documents, the amount of the consideration set out in 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.
- 11.2 If any city, county, or other local governmental entity imposes a franchise fee or similar tax, charge or levy on Lodi in connection with the Lodi Storage Facility or its operation, the Parties agree that Lodi, 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.
- 11.3 The Parties acknowledge that some local governments have imposed a utility users 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 Lodi in connection with the Lodi Storage Facility or its operation, the Parties agree that Lodi may require Customer to pay any such taxes assessed on Customer's use of Lodi's facilities, 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 utility users taxes.

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

11. TAX MATTERS (Cont'd)

If any action by the Commission or any statute requires Lodi 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 Lodi may require Customer to pay a fair or proportionate share of any such cost, charge, or fee, and that the amount of the consideration set out in any of the Storage Service Documents to be paid by Customer to Lodi is exclusive of any and all public purpose or similar costs, charge, or fees.

{00019469v2}

Advice Letter No. 2-G

Decision Nos. 00-05-048, 00-08-024

Issued by
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Vice President, Legal & Regulatory

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Lodi Gas Storage, LLC
23265 N. State Rt. 99 West Frontage
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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

12. TITLE AND TRANSFER OF POSSESSION

- 12.1 Possession and risk of loss of gas will pass to Lodi when it is delivered to Lodi at the Service Commencement Point or Service Termination Point by or on behalf of Customer; and possession and risk of loss of gas will pass to Customer or its nominee when it is delivered to or on behalf of Customer at the Service Commencement Point or Service Termination Point by Lodi, except when the Service Commencement or Service Termination Point is designated as the PG&E Citygate as set out in the Appendix evidencing the Transaction entered into by the Parties. In such circumstance, the risk of loss of gas will pass to the Customer or its Nominee at interconnection between the Connecting Pipeline and the Lodi Storage Facility. Legal title to and ownership of gas, or possessory title as bailor of such gas, remains at all times with Customer, notwithstanding any commingling of such gas with gas owned by others.
- 12.2 Customer represents and warrants to Lodi that it has title to the gas in question, and shall give Lodi possession of such gas pursuant to the terms of the Storage Service Documents, free from all adverse liens, taxes, charges, third party interests and other encumbrances whatsoever.
- 12.3 Lodi represents and warrants to Customer that it shall give Customer or its nominee possession of such gas pursuant to the terms of the Storage Service Documents, free from all adverse liens, taxes, charges, third party interests and other encumbrances whatsoever, other than those for which Customer bears responsibility pursuant to the provisions of the Storage Service Documents.

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Vice President, Legal & Regulatory

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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

13. MISCELLANEOUS

- 13.1 Neither Party may assign the Storage Service Documents, nor any interest therein, without the prior written consent of the other, which consent shall not be unreasonably withheld. The assigning Party will not be relieved of any of its obligations under the Storage Service Documents, unless and until the other Party expressly consents thereto by notice in writing signed by a duly authorized officer. The Storage Service Documents shall bind and enure to the benefit of the successors and permitted assigns of each Party.
- 13.2 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.
- 13.3 The provisions of the Storage Service Documents shall not restrain a Party from assigning, transferring or granting any interest in its rights hereunder to an Affiliate; provided that the assigning Party shall not be relieved of its obligations hereunder unless and until it obtains the express approval of the other Party. Upon the approval of the Commission, Lodi may assign all its rights and obligations hereunder to an Affiliate which succeeds to all or substantially all of its interests in the Lodi Storage Facility or any business unit or portion thereof.
- 13.4 The Storage Service Documents set forth the full and complete understanding of the Parties in respect of the Services to be provided. Any prior or collateral agreement, whether expressed or implied pertaining to the subject matter hereof is void and of no further force or effect. Any waiver by one Party of the non-performance by the other of any obligation or duty owed under the Storage Service Documents will not constitute a waiver of any future non-performance by that Party of that duty or obligation.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

13. MISCELLANEOUS (Cont'd)

- 13.5 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.
- 13.6 The headings used throughout 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.
- 13.7 Any provision of the Storage Service Documents which 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.
- 13.8 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.
- 13.9 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 Lodi Storage Facility.



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PRELIMINARY STATEMENT (Cont'd)

C. GENERAL TERMS AND CONDITIONS OF SERVICE (Cont'd)

13. MISCELLANEOUS (Cont'd)

13.10 Each Party (the “recipient Party”) acknowledges that the Storage Service Documents may contain Confidential Information of the other Party (the “transmitting Party”). “Confidential Information” means the confidential information and 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. 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 C.13.10, Lodi 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 Lodi and the particulars of Customer’s Inventory Account. Lodi shall take all reasonable steps to ensure that the Commission treats Customer’s Confidential Information as commercially sensitive and confidential.

13.11 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.



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MAP OF SERVICE AREA

Location of Lodi and Kirby Hills facilities





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SERVICE SCHEDULES

SCHEDULE FSS - FIRM STORAGE SERVICE

CLASS OF SERVICE

Firm Storage Service (FSS), as defined in Rule 1 of the Tariff, is a natural gas storage service comprised of firm inventory service, firm injection service, firm withdrawal service and overrun service, subject to the terms and conditions of service set forth in the Tariff including the Appendix FSS and Appendix FOS evidencing a Transaction entered into by the Parties.

APPLICABILITY

FSS Service is applicable to natural gas stored at the Lodi Storage Facility in Sacramento and San Joaquin Counties, California.

TERRITORY

Lodi provides FSS Service to customers located in any county of California or outside of California provided that said customer can arrange to have its natural gas transported to and from the Service Commencement Point and the Service Termination Point.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS

1.1 In this Service Schedule, terms will have the meanings given in Rule 1 of the Tariff, unless expressly indicated otherwise.



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SERVICE SCHEDULES (Cont'd)

SCHEDULE FSS – FIRM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

2. CONTRACTING FOR SERVICES AND NOMINATIONS

2.1 The following provisions will apply between the Parties:

- (a) From time to time, Customer and Lodi may agree orally to one or more Transactions hereunder. Such oral agreement shall be recorded by Lodi and thereafter shall be confirmed by Lodi sending Customer an electronic confirmation in the form of an Appendix FSS, or Appendix FOS (as applicable) documenting the particulars of the Transaction thereby entered into.
- (b) Unless Customer objects by notice in writing given to Lodi by 07:00 hours Pacific Clock Time on the second Business Day following the day on which Lodi sends electronically the confirmation notice in the form of an Appendix FSS, or Appendix FOS (as applicable) pursuant to Section 2.1(a) of Schedule FSS, such Appendix FSS, or Appendix FOS (as applicable) shall be accepted as correct by 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 which clearly evidences the oral agreement of the Parties, then in the event of conflict between the electronic confirmation and the voice recording, the agreement of the Parties shall be governed by the latter. In the absence of a voice recording, a conversation through electronic means between the parties shall govern a conflict between the electronic confirmation and the conversation through electronic means.
- (c) Customer may access the Services provided for in this Service Schedule by following the procedures set out in Article 3: “Requests, Nominations, and Confirmations” of the General Terms and Conditions of this Tariff, and in this Service Schedule.



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SERVICE SCHEDULES (Cont'd)

SCHEDULE FSS – FIRM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

2. CONTRACTING FOR SERVICES AND NOMINATIONS (Cont'd)

- 2.2 Lodi is not required to accept any Request which would result in Customer's Inventory Account having a negative balance or which would result in Customer exceeding the Inventory Capacity.
- 2.3 Unless otherwise permitted in the Storage Service Documents, Customer must pay Lodi all applicable charges on account of the Injection Commodity Rate, the Withdrawal Commodity Rate, or both, for any Intraday Request made by Customer. Due to the obligations imposed on Lodi as a result of an Intraday Request, any Intraday Request 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 (Cont'd)

SCHEDULE FSS – FIRM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. REDUCTIONS, ALLOCATIONS

3.1 On any Gas Day, Lodi 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 Lodi Storage Facility (the “Curtailment Allowance”); provided that, Lodi shall use reasonable efforts to give 15 days prior notice of the planned maintenance. Over any period of 365 consecutive Gas Days, the Curtailment Allowance made use of by Lodi shall not in the aggregate exceed 100%, where the Curtailment Allowance made use of on any Gas Day is expressed as a percentage determined according to the following formula:

$$CA\% = \frac{(CR_t - CM_t)}{CR_t} \times 100/14$$

Where:

- t* denotes the Gas Day in question.
- CR_t* is the Customer’s Request, duly made for that Gas Day in accordance with the Storage Service Documents; and
- CM_t* is the Customer’s Request for that Gas Day, as reduced solely as a result of Lodi making use of the Curtailment Allowance.



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SERVICE SCHEDULES (Cont'd)

SCHEDULE FSS - FIRM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. REDUCTIONS, ALLOCATIONS (Cont'd)

3.2 If on any Gas Day reductions should become necessary pursuant to Section C.3.1 of Schedule FSS, or for any other reason including Force Majeure, the allocation of remaining Physical Capacity, if any, will be made among Customer's Request and all other customers then Requesting FSS Service, consistent with Rule 14 and in accordance with the following:

- (a) in the case of injection capacity: pro rata to Customer according to the ratio of its Maximum Daily Injection Quantity on that Gas Day to the total of all Maximum Daily Injection Quantities of all customers Requesting FSS Service on that Gas Day; and
- (b) in the case of withdrawal capacity: pro rata to Customer according to the ratio of its Maximum Daily Withdrawal Quantity on that Gas Day to the total of all Maximum Daily Withdrawal Quantities of all customers Requesting FSS Service on that Gas Day.

3.3 Notwithstanding the provisions of this Service Schedule, when Customer is Requesting FSS Service for any Gas Day, such Request may be reduced or rejected in accordance with Rule 14.

4. EARLY TERMINATION OPTION

4.1 If pursuant to any FSS Transaction, over a period of any 12 or fewer consecutive months, Lodi as Defaulting Party shall have incurred Real Default Value in an aggregate amount greater than or equal to one half of the Total Storage Demand Charge calculated for that period (the "Threshold Amount"), then Lodi shall have the option to terminate that Transaction. Lodi may exercise that option by giving written notice to Customer no later than 6 months after the Threshold Amount is reached, and that Transaction shall terminate 15 days following such notice being given.

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SERVICE SCHEDULES (Cont'd)

SCHEDULE FSS - FIRM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

4. EARLY TERMINATION OPTION (Cont'd)

4.2 If at the time the option for Early Termination is exercised, a positive or negative balance exists in the Customer's Inventory Account then:

- (a) Lodi will purchase from Customer any positive balance in Customer's Inventory Account at a price equal to 90% of the average price determined by reference to the Service Commencement Point Price Index for each day of the Gas Month next following the Early Termination Date; or
- (b) Customer will purchase from Lodi any negative balance in Customer's Inventory Account at a price equal to 110% of the average price determined by reference to the Service Termination Point Price Index for each day of the Gas Month next following the Early Termination Date.

5. SERVICE FEES

5.1 Customer will pay the fees and charges described in this Article C.5 and in Appendix FSS for the Services provided under this Service Schedule.

5.2 The amount payable each Gas Month by Customer pursuant to this Service Schedule shall 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 Service Commencement Point and credited to Customer's 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 Service Termination Point and deducted from Customer's Inventory Account during that Gas Month;

Continued



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SERVICE SCHEDULES (Cont'd)

SCHEDULE FSS – FIRM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

5. SERVICE FEES (Cont'd)

- (c) the Monthly Storage Demand Charge applicable to the Billing Month;
- (d) The sum of Customer’s share of Fuel Charge for the Gas Month, calculated for each Gas Day using one of the following formulas:
 - (i) Where Appendix FSS or Appendix FOS specifies Customer’s Fuel Charge Election as “fixed % of”: $FC = SP \times F\% \times CN$

Where:

“FC” means the fuel charge for that Gas Day;

“SP” means the Service Midpoint Price of Natural Gas at PG&E, Citygate, as specified

“CN” means the amount of Customer’s nomination confirmed by the Connecting Pipeline; and

“F%” means the percentage of fuel specified in Appendix FSS or Appendix FOS or

- (ii) Where Appendix FSS or Appendix FOS specifies Customer’s Fuel Charge Election as “taken in kind” (TIK): $FC = CN \times F\%$

Where:

“FC” means the fuel charge for that Gas Day;

“CN” means the Customer’s Nomination, as Confirmed by Connecting Pipeline

“F%” means the percentage of fuel specified in Appendix FSS Appendix FOS.

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SERVICE SCHEDULES (Cont'd)

SCHEDULE FSS – FIRM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

5. SERVICE FEES (Cont'd)

- (e) All other fees, charges, damages, and other amounts payable in accordance with the Storage Service Documents for that Gas Month.

6. RATES

6.1 The rates for FSS Service shall be within the range set forth in the following table.

Schedule FSS Rate Table

	Unit	Minimum	Maximum
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

7. SPECIAL CONDITIONS

- 7.1 In order to receive Service under this schedule, Customer must execute and deliver to Lodi a Storage Services Agreement (Form A) and enter into a Transaction as evidenced by an Appendix FSS (Form B), or Appendix FOS (Form D), as applicable.
- 7.2 All Service under this Service Schedule is subject to the provisions of this Tariff.
- 7.3 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 STS SHORT TERM STORAGE SERVICE

STS Service, as defined in Rule 1 of the Tariff, is a natural gas storage service comprised of inventory service, injection service and withdrawal service, subject to the terms and conditions of service set forth in the Tariff and the Appendix STS evidencing a Transaction entered into by the Parties.

APPLICABILITY

STS Service is applicable to natural gas stored at the Lodi Storage Facility in Sacramento and San Joaquin Counties, California.

TERRITORY

Lodi provides STS Service to customers located in any county of California or outside of California provided that said customer can arrange to have its natural gas transported to and from the Service Commencement Point and the Service Termination Point.

TERMS AND CONDITIONS OF SERVICE DEFINITIONS

1. DEFINITIONS

- 1.1 In this Service Schedule, terms will have the meanings given in Rule 1 of the Tariff, unless expressly indicated otherwise.



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SERVICE SCHEDULES (Cont'd)

SCHEDULE STS - SHORT TERM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

2. CONTRACTING FOR SERVICES AND NOMINATIONS

2.1 The following provisions will apply between the Parties:

- (a) From time to time, Customer and Lodi may agree orally to one or more Transactions hereunder. Such oral agreement shall be recorded by Lodi and thereafter shall be confirmed by Lodi sending Customer an electronic confirmation in the form of an Appendix STS documenting the particulars of the Transaction thereby entered into.
- (b) Unless Customer objects by notice in writing given to Lodi by 07:00 hours Pacific Clock Time on the second Business Day following the day on which Lodi confirms electronically the Appendix STS pursuant to Section C.2.1(a) of Schedule STS, such Appendix STS shall be accepted as correct by 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 which clearly evidences the oral agreement of the Parties, then in the event of conflict between the electronic confirmation and the voice recording, the agreement of the Parties shall be governed by the latter. In the absence of a voice recording, a conversation through electronic means between the parties shall govern a conflict between the electronic confirmation and the conversation through electronic means.
- (c) Customer may access the services provided for in this Service Schedule by following the procedures set out in Article 3 "Requests, Nominations, and Confirmations" of the General Terms and Conditions of this Tariff, and in this Service Schedule.



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SERVICE SCHEDULES (Cont'd)

SCHEDULE STS - SHORT TERM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

2. CONTRACTING FOR SERVICES AND NOMINATIONS (Cont'd)

- 2.2 If during the Term, as, specified on the Appendix STS, there are no existing FSS Transactions that reference the same Inventory Account as specified on Appendix STS, then the following obligations shall be applicable:
- (a) For service rendered at the Service Commencement Point, Lodi is not required to accept any Request, which, 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 STS evidencing the Transaction.
 - (b) Lodi is not required to accept any Request which would result in Customer's Inventory Account exceeding the Inventory Capacity.
 - (c) For service rendered at the Service Termination Point, Lodi is not required to accept any Request, which, if fulfilled, will result in the balance of the Customer's Inventory Account exceeding, in absolute value, zero at the end of the Term of that Transaction.
 - (d) Lodi's right to not accept any Request, pursuant to Section 2.2(a) and 2.2(b) of Schedule STS, supersedes any obligation or right the Customer may otherwise have to Request the Minimum Daily Quantity or the Maximum Daily Quantity or to exercise any Flex Discretion to which it is otherwise entitled, as specified in the Appendix STS evidencing the Transaction.



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SERVICE SCHEDULES (Cont'd)

SCHEDULE STS - SHORT TERM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

3. FLEX DISCRETION

3.1 Flex Discretion shall be governed by the following provisions:

- (a) In the Appendix STS evidencing a Transaction, the Parties shall specify the Flex Quantity of either Party or both Parties in that Transaction, as well as the Minimum Daily Quantity and the Maximum Daily Quantity at either the Service Commencement Point, the Service Termination Point, or both.
- (b) If, pursuant to any Transaction, Lodi has Flex Discretion, it may elect to reduce Customer's Request at the Service Commencement Point, the Service Termination Point, or both. If, pursuant to any Transaction, Customer has Flex Discretion, it may elect to Request less than the Maximum Daily Quantity at the Service Commencement Point, the Service Termination Point, or both, as applicable. Customer may not Request and Lodi may not reduce Customer's Request at the Service Commencement Point, the Service Termination Point, or both, as applicable, to an amount less than the Minimum Daily Quantity. Customer shall not Request an amount greater than the Maximum Daily Quantity.
- (c) If on any Gas Day Lodi exercises Flex Discretion hereunder, the Flex Quantity at the Service Commencement Point, the Service Termination Point, or both, as applicable, to which it is entitled in the Transaction in question shall be reduced by the quantity duly Requested by Customer on that Gas Day but not served by Lodi due to such exercise of Flex Discretion. If on any Gas Day, Customer exercises Flex Discretion hereunder, the Flex Quantity at the Service Commencement Point, the Service Termination Point, or both, as applicable, to which it is entitled to in the Transaction in question shall be reduced by the amount the Maximum Daily Quantity exceeds the quantity in fact Requested by Customer on that Gas Day.

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SERVICE SCHEDULES (Cont'd)

SCHEDULE STS - SHORT TERM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

- (d) When a Party's Flex Quantity at the Service Commencement Point, the Service Termination Point, or both, as applicable, in any

Transaction equals zero, that Party may no longer exercise Flex Discretion in that Transaction at that point.

4. SERVICE FEES

4.1 Customer will pay to Lodi, or Lodi will pay to Customer, the STS Service Charge, as calculated pursuant to the Appendix STS evidencing each Transaction, for the Services provided or to be provided under this Service Schedule.

4.2 The STS Service Charge shall be based on either a "Total Contract Quantity," "Inventory" or "Commodity" basis, as stipulated on the Appendix STS evidencing the Transaction between the Parties.

- (a) If based on the Total Contract Quantity, then the STS Service Charge for any Gas Month is equal to the STS Service Rate times the Total Contract Quantity divided by number of months comprising the Term of that Transaction, or
- (b) If based on Commodity, then the STS Service Charge for any Gas Month is equal to the STS Service Rate times the quantity of gas Requested by Customer and accepted by Lodi pursuant to that Transaction during that Gas Month at the Service Commencement Point, the Service Termination Point or both, or
- (c) If based on Inventory, then the STS Service Charge for any Gas Month is equal to the STS Service Rate times the Inventory Capacity divided by the number of months comprising the Term of that Transaction.



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SERVICE SCHEDULES (Cont'd)

SCHEDULE STS - SHORT TERM STORAGE SERVICE (Cont'd)

TERMS AND CONDITIONS OF SERVICE (Cont'd)

5. RATES

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

Schedule STS Rate Table

	Unit	Minimum	Maximum
STS Service Rate	\$/Dth	\$0.00	\$500.00

6. SPECIAL CONDITIONS

- 6.1 In order to receive Service under this schedule, Customer must enter into a Storage Services Agreement (Form A) and a Transaction as evidenced by an Appendix STS (Form C).
- 6.2 All Service under this Service Schedule is subject to the provisions of this Tariff.
- 6.3 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

Lodi does not currently have or expect to enter into Transactions at rates or under conditions other than those contained in its filed Tariff. If Lodi enters into Transactions with customers at rates that are outside the range of rates established for its Services or under conditions other than those contained in its Tariff, Lodi will follow the procedures of Section 8 of the Commission's General Order 96-B or its successor, and will list such Transactions in this section.

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Advice Letter No. 2-G

Decision Nos. 00-05-048, 00-08-024

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Jason A. Dubchak
Vice President, Legal & Regulatory

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Lodi Gas Storage, LLC
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Second Revised Cal. P.U.C. Sheet No. 60-G
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RULES

1. **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:

1. “Acceptable Credit Rating” means a Credit Rating no lower than any of the following: “BBB” from Standard & Poor’s, “Baa” from Moody’s, “B++” from Canadian Bond Rating Service.
2. “Affiliate” means, with respect to the relationship between corporations, that one of them is controlled by the other or that both of them are controlled by the same person, corporation or body politic; and for this purpose a corporation will be treated as controlled by those persons, corporations or bodies politic who own or effectively control, other than by way of security only, sufficient voting shares of the corporation (whether directly through the ownership of shares of the corporation or indirectly through the ownership of shares of another corporation which owns shares of the corporation) to elect the majority of its board of directors. A partnership which is a Party and which is comprised of corporations or partnerships which in each case are Affiliates, as described above, will be treated as an Affiliate of each such corporation or partnership and its other Affiliates.
3. “Appendix” means a document, a pro forma of which is set forth as Sample Forms B, C and D, that adopts that Service Schedule and confirms the particulars of the Transaction that is set forth therein.
4. “Appendix FOS” means an Appendix FOS in the form set forth as Sample Form D, evidencing a Transaction between Customer and Lodi.
5. “Appendix FSS” means an Appendix FSS in the form set forth as Sample Form B(i) and B(ii), evidencing a Transaction between Customer and Lodi.
6. “Appendix STS” means an Appendix STS in the form set forth as Sample Form C, evidencing a Transaction between Customer and Lodi.
7. “Backstop” means the affecting of sales or purchases by Lodi which offset the physical flow of Customers’ nominations in the event of a potential or actual curtailment of service at Lodi’s sole discretion.

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RULES (Cont'd)

RULE 1 — DEFINITIONS (Cont'd)

8. “Billing Month” means the Gas Month immediately preceding the Gas Month in which Lodi is required to bill Customer pursuant to Section C.5.2 of the General Terms and Conditions of this Tariff.
9. “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.
10. “Business Day” means any day except a Saturday, Sunday or Federal Reserve Bank holiday.
11. “Commencement Quantity” means the aggregate quantity of gas actually delivered or received at the Service Commencement Point.
12. “Commission” means the Public Utilities Commission of the State of California, or its successor.
13. “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.



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RULES (Cont'd)

RULE 1 — DEFINITIONS (Cont'd)

14. “Confirm” means the act of making a Confirmation.
15. “Confirmation” means the Connecting Pipeline’s matching and confirmation of the Nominations submitted by either or both of Customer and Lodi.
16. “Connecting Pipeline” means the pipeline system immediately upstream of the Service Commencement Point or immediately downstream of the Service Termination Point, as the case may be, or if there is more than one such pipeline system at the Service Commencement Point or the Service Termination Point, then the pipeline system or systems specified on the Appendix evidencing the Transaction between the Parties.
17. “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.
18. “Curtailed Allowance” has the meaning given in Section C.3.1 of Schedule FSS.
19. “Customer” means the person or persons who contract for Service at the Lodi Storage Facility and includes the person’s or persons’ successors and permitted assigns.
20. “Defaulting Party” means the Party who in the circumstances is responsible for a Delivery Default or is responsible for or subject to a Triggering Event.
21. “Deficient Quantity” means the quantity of gas which the Defaulting Party failed to deliver or accept, as the case may be, on the Delivery Default Date.
22. “Decatherm” or “Dth” means one million Btu or ten therms.
23. “Delivery Default” means the failure by a Party, for any reason not excused by the applicable provisions of the Storage Service Documents, to deliver or accept gas on any Gas Day in accordance with its obligations.
24. “Designated Transportation Account” means the Transportation Account specified on the Appendix evidencing the Transaction between the Parties.



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RULES (Cont'd)

RULE 1 — DEFINITIONS (Cont'd)

25. “Delivery Default Date” means the Gas Day on which the Delivery Default occurred.
26. “Documentation” means the instruction manual(s) provided with and describing the use and functionality of the hardware and Software.
27. “dollars” or “\$” means United States dollars, unless expressly indicated otherwise.
28. “Early Termination Damages” means the net present value of the economic loss, if any, as calculated pursuant to Article C.8 of the General Terms and Conditions of this Tariff, deemed to have been suffered by the Non-Defaulting Party as a result of the early termination of some or all Transactions, as designated by the Non-Defaulting Party.
29. “Early Termination Date” has the meaning given in Section C.7.4(a) of the General Terms and Conditions of this Tariff.
30. “Effective Time” means, when used in connection with any of the terms Request, Nomination, and Confirmation, the time when gas will begin to flow on the Connecting Pipeline in response to such Request, Nomination or Confirmation.
31. “Financial Assurance” 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 Lodi.
32. “Financial Statements” means Customer’s current balance sheet, statement of income, statement of retained earnings or statement of changes in financial position and notes.
33. “Firm Storage Service” or “FSS Service” means a service offered by Lodi for delivery of Gas at the Service Commencement Point by or on behalf of the Customer and for delivery of Gas at the Service Termination Point to or on behalf of Customer, pursuant to an FSS Transaction.



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RULES (Cont'd)

RULE 1 — DEFINITIONS (Cont'd)

34. “Flex Discretion” means that either Lodi or Customer, or both, has been assigned a Flex Quantity at the Service Commencement Point, Service Termination Point, or both, as stipulated in Appendix STS, and has the rights set out in Article 0 of Schedule STS.
35. “Flex Quantity” when used in relation to a Party having Flex Discretion, means the quantity of gas as initially stipulated in the Appendix STS evidencing the Transaction entered into by the Parties and as reduced from time to time by that Party’s exercise of Flex Discretion.
36. “Force Majeure” has the meaning given it in Article 9 of the General Terms and Conditions of this Tariff.
37. “FSS Overrun Service” means the ability of a Customer to Request for Service on any Gas Day at the Service Commencement Point or Service Termination Point, an amount of gas which exceeds the Maximum Daily Injection Quantity or Maximum Daily Withdrawal Quantity, as applicable, as stipulated in the Appendix FOS evidencing the Transaction entered into by the Parties, on the terms and conditions of Service Schedule FSS and Appendix FOS. FSS Overrun Service will only be authorized after all other Service has been Requested and accepted and only if the Lodi Storage Facility has additional Physical Capacity on that Gas Day.
38. “FSS Transaction” means a Transaction for Physical Capacity at the Lodi Storage Facility, entered into by the Parties whereby Lodi accepts delivery of quantities of Gas from or on behalf of Customer from time to time, stores such Gas, and delivers Gas from time to time thereafter to or on behalf of Customer, all on the terms and conditions set out in the Tariff and as agreed to by the Parties, as specified on the Appendix FSS confirming such Transaction and Service Schedule FSS.
39. “Fuel Charge” means the fees payable by Customer in respect of gas which is required to operate the Lodi Storage Facility to inject Customer gas into the Lodi Storage Facility, as detailed in Schedule FSS.
40. “Fuel Charge Election” means the formula agreed to by Lodi and Customer for calculating the Fuel Charge in accordance with the terms of Schedule FSS.
41. “gas” or “natural gas” means natural gas that meets the quality specifications of the Connecting Pipeline.

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RULES (Cont'd)

RULE 1 — DEFINITIONS (Cont'd)

42. “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 on which it commences.
43. “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.
44. “Guarantee,” “Guaranteed Obligations” and “Guarantor” each have the meaning given in Rule 6 and Sample Form “F” thereto.
45. “Injection” means quantities of gas delivered into the Lodi Storage Facility for later use by Customer.
46. “Injection Commodity Rate” means the rate, expressed in dollars per Decatherm, payable by Customer for injecting gas into the Lodi Storage Facility, as stipulated in Appendix FSS.
47. “Injection Demand Rate” means the rate, expressed in dollars per Decatherm per month, charged for reserving injection service at the Lodi Storage Facility for Customer’s exclusive use, as stipulated in Appendix FSS.
48. “Injection Demand Charge” means for any Gas Month, the Maximum Daily Injection Quantity times the Injection Demand Rate for that Gas Month.
49. “Intraday” means when a Nomination Time and the corresponding Effective Time occur within the same calendar day.
50. “Inventory Account” means an account maintained by Lodi as the means by which Transactions entered into by the Parties are accounted for. Lodi may maintain more than one Inventory Account on behalf of Customer.



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RULES (Cont'd)

RULE 1 — DEFINITIONS (Cont'd)

51. "Inventory Capacity" means that portion of the Physical Capacity of the Lodi Storage Facility sufficient to store on behalf of Customer, the total quantity of gas for an Inventory Account as stipulated as such on Appendix FSS and Appendix STS referencing such Inventory Account, and in accordance with the provisions of the Storage Service Documents.
52. "Inventory Demand Rate" means the rate, expressed in dollars per Decatherm per month, charged for reserving inventory capacity at the Lodi Storage Facility for Customer's exclusive use, as stipulated in Appendix FSS.
53. "Inventory Demand Charge" means for any Gas Month, the Inventory Capacity times the Inventory Demand Rate for that Gas Month.
54. "Inventory Profile" means a form of FSS Service, in which Customer receives a certain firm injection rate and a certain firm withdrawal rate on a given Gas Day, derived by a formula as set out on the Appendix FSS confirming the FSS Transaction and typically based upon the balance in Customer's Inventory Account credited to that Transaction for that Gas Day.
55. "Letter of Credit" has the meaning given in Rule 6 and Sample Form "E."
56. "Liquidated Damages" means an amount determined in accordance with the provisions of Article C.8 of the General Terms and Conditions of this Tariff.
57. "Lodi" means Lodi Gas Storage, LLC, including its successors and permitted assigns.
58. "Lodi Storage Facility" means the natural gas storage facility operated by Lodi in Sacramento and San Joaquin Counties, in the State of California.
59. "Maximum Daily Injection Quantity" means the maximum quantity of gas that Customer may Request or Nominate for delivery by Customer at the Service Commencement Point during any Gas Day, as stipulated in the Appendix FSS 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.
60. "Maximum Daily Quantity" means, in relation to the Service Commencement Point or the Service Termination Point, the maximum quantity of gas that Customer may Request or Nominate for delivery on any Gas Day at that point, as stipulated in the Appendix STS evidencing the Transaction entered into by the Parties; and, when used in

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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.

61. “Maximum Daily Withdrawal Quantity” means the maximum quantity of gas that Customer may Request or Nominate for delivery by Lodi at the Service Termination Point during any Gas Day, as stipulated in the Appendix FSS 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.
62. “Maximum Pipeline Pressure” means for any Connecting Pipeline the maximum pressure as stipulated on the Notification Schedule for that Pipeline.
63. “Minimum Daily Quantity” means the minimum quantity of gas that Customer must Request and Nominate for delivery on any Gas Day at that point, and the minimum quantity of gas that Lodi Nominate for delivery on any Gas Day, at the Service Commencement Point or the Service Termination Point, as the case may be, all as stipulated in the Appendix STS 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.
64. “Minimum Pipeline Pressure” means for any Connecting Pipeline the minimum pressure as stipulated on the Notification Schedule for that pipeline.
65. “Monthly Profile” means a form of FSS Transaction, in which Customer receives a certain firm injection rate and a certain firm withdrawal rate for each Gas Day as specified on the Appendix FSS evidencing that Transaction.
66. “Monthly Storage Demand Charge” means in respect of any FSS Transaction, the amount appearing on the Appendix FSS evidencing that Transaction.
67. “Nominate” means the act of making a Nomination.
68. “Nomination” means a request for transportation by Customer or Lodi made to the Connecting Pipeline of the quantity of gas that the Party wishes to flow on the Connecting Pipeline system on the date specified.
69. “Nomination Time” means the deadline for submitting Nominations as set out on the Notification Schedule.
70. “Non-Defaulting Party” means in any circumstance the party that is not the Defaulting Party in that circumstance.
71. “Notification Schedule” means the form attached to the Storage Services Agreement setting forth, among other things, the Nomination Times, Request Times, addresses for notice, Minimum Pipeline Pressure, Maximum Pipeline Pressure, and other information relating to Customer and Lodi.

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RULES (Cont'd)

RULE 1 — DEFINITIONS (Cont'd)

72. “Obligation” has the meaning given it in Section C.9.1 of the General Terms and Conditions of this Tariff.
73. “Other Security Documents” means financial statements of parent or subsidiary entities, credit reports or any other form of security or document review as deemed acceptable by Lodi in its sole and unfettered discretion.
74. “Party” or “Parties” means either or both of Customer and Lodi, as the case may be.
75. “person” or “persons” means any legal entity.
76. “PG&E Citygate” means the Midpoint price of natural gas at the “PG&E city-gate” shown in the Daily Price survey (\$/ MMBtu) published by Gas Daily or its successor.
77. “Physical Capacity” means the capability of Lodi to inject or withdraw actual molecules of Gas on any given day notwithstanding any offset positions or Backstopping that may have been transacted prior.
78. “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.
79. “quantity of gas,” unless expressly provided to the contrary, means Decatherms or a multiple or fraction thereof.
80. “Real Default Value” means for any Delivery Default Date, 10% of the price determined by application of the Service Commencement Point Price Index or the Service Termination Point Price Index, as the case may be, times the Deficient Quantity on that Delivery Default Date.
81. “Receiver” in relation to a Document means the party that is intended to receive it.
82. “Request,” when used as a noun, means a Customer’s request for Service in the form established by Lodi setting out the quantity of gas that Customer wishes to deliver to or receive at the Service Commencement Point, or deliver to or receive at the Service Termination Point, for the period commencing at the next Effective Time. When used as a verb, “Request” means the act of making a request for Service in accordance with Article 3 of the General Terms and Conditions of this Tariff and any applicable provisions of the Storage Service Documents.
83. “Request Time” means the deadline for submitting Requests set out on the Notification Schedule.

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RULES (Cont'd)

RULE 1 — DEFINITIONS (Cont'd)

84. “Sender” in relation to a Document means the party that transmits it.
85. “Service” means a service made available pursuant to the Storage Service Documents, being one of the following:
 - a. Firm Storage Service (or FSS);
 - b. Short Term Storage Service (or STS); or
 - c. FSS Overrun Service (FOS)
86. “Service Commencement Point” means the location in California at which the provision of a Service by Lodi commences, as set out in the Appendix evidencing the Transaction entered into by the Parties.
87. “Service Commencement Point Price Index” means the pricing index set out in the Appendix evidencing the Transaction entered into by the Parties.
88. “Service Schedule” means the schedule that describes a Service, and includes the Appendix evidencing a Transaction entered into by the Parties.
89. “Service Termination Point” means the location in California at which the provision of a Service by Lodi terminates, as set out in the Appendix evidencing the Transaction entered into by the Parties.
90. “Service Termination Point Price Index” means the pricing index set out in the Appendix evidencing the Transaction entered into by the Parties.
91. “Storage Service Documents” means the Storage Services Agreement, Service Schedule FSS, Service Schedule STS, the Appendices evidencing all Transactions binding on the Parties and the Tariff.
92. “STS Service” or “Short Term Storage Service” means a service offered by Lodi for delivery or acceptance of gas at the Service Commencement Point by or on behalf of Customer and/or for delivery or acceptance of gas at the Service Termination Point by or on behalf of Customer, on the terms and conditions of Service Schedule STS and the Appendix STS evidencing the Transaction in question.
93. “STS Service Charge” means the amount determined pursuant to Section C.4.2C.4.2 of Schedule STS.
94. “STS Service Rate” means the fee for STS Service in the amount stipulated in the Appendix STS evidencing the Transaction in question.

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RULES (Cont'd)

RULE 1 — DEFINITIONS (Cont'd)

95. “Tariff” means the title page, preliminary statement, service area maps, service schedules, list of contracts and deviations, rules and sample forms approved by the Commission for Lodi and the entire body of the Storage Service Documents, including effective rates and charges.
96. “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 Lodi under either Schedule FSS or Schedule STS shall commence on 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.
97. “Therm” means an amount of thermal energy equal to 100,000 British thermal units. Ten therms equal one Decatherm (Dth).
98. “Threshold Amount” has the meaning given in Section C.4.1 of Service Schedule FSS.
99. “Total Contract Quantity” is the quantity of gas stipulated as such on Appendix STS.
100. “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 the Appendix FSS.
101. “Transaction” means a commercial transaction entered into by Customer and Lodi, 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.
102. “Transportation Account” means the agreement, pool, number or account on the Connecting Pipeline.
103. “Triggering Event” has the meaning given in Section C.7.5 of the General Terms and Conditions of this Tariff.
104. “Withdrawal” means quantities of gas delivered from the Lodi Storage Facility for use by Customer.
105. “Withdrawal Commodity Rate” means the rate, expressed in dollars per Decatherm, payable by Customer for withdrawing gas from the Lodi Storage Facility, as stipulated in Appendix FSS.



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RULES (Cont'd)

RULE 1 — DEFINITIONS (Cont'd)

106. “Withdrawal Demand Charge” means for any Gas Month, the Maximum Daily Withdrawal Quantity times the Withdrawal Demand Rate for that Gas Month.
107. “Withdrawal Demand Rate” means rate, expressed in dollars per Decatherm per month, charged for reserving withdrawal service at the Lodi Storage Facility for Customer’s exclusive use.

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RULES (Cont'd)

2. RULE 2 — DESCRIPTION OF SERVICE

Lodi Gas Storage, LLC provides two classes of natural gas storage services for customers: Firm Storage Service and Short Term Storage Service.

1. FIRM STORAGE SERVICE

Firm Storage Service (FSS), as defined in Rule 1, is a natural gas storage service comprised of firm inventory capacity, firm injection capacity and firm withdrawal capacity, subject to the terms and conditions of service set forth in the Tariff including the Appendix FSS evidencing a Transaction entered into by the Parties.

FSS Customers may request FSS Overrun Service (FOS) pursuant to a Transaction agreed to by the Parties. Lodi shall use reasonable efforts to deliver such FSS Overrun Service as requested by Customer. FSS Customers who request FSS Overrun Service will have the same rights and obligations as other FSS Customers, except for in circumstances of Curtailment Allowance, Rule 14 or Force Majeure, in which case the FSS Overrun Service will be treated as a standalone priority and be subordinate in priority to FSS Customers and STS Customers.

FSS Overrun Service will only be authorized after all other Service has been Requested and accepted and only if the Lodi Storage Facility has additional Physical Capacity on that Gas Day.

2. SHORT TERM STORAGE SERVICE

Short Term Storage (STS) Service, as defined in Rule 1, is a natural gas storage service comprised of inventory capacity, injection capacity and withdrawal capacity, subject to the terms and conditions of service set forth in the Tariff including the Appendix STS evidencing a Transaction entered into by the Parties.



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RULES (Cont'd)

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 Lodi and Customer, unless otherwise expressly provided will be limited to Liquidated Damages or Early Termination Damages as the case may be, in Article C.8 of the General Terms and Conditions of this Tariff, and there are no other express or implied warranties or representations with respect to the Services provided under this Tariff. 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.

{00019469v2}

Advice Letter No. 2-G

Decision Nos. 00-05-048, 00-08-024

Issued by
Jason A. Dubchak
Vice President, Legal & Regulatory

Date Filed: April 25, 2018
Effective: May 25, 2018
Resolution No. [●]



Lodi Gas Storage, LLC
23265 N. State Rt. 99 West Frontage
Acampo, CA 95220
U No. - U912-G

Second Revised Cal. P.U.C. Sheet No. 74-G
cancelling Original Cal. P.U.C. Sheet No. 74-G

RULES (Cont'd)

3. RULE 3 — APPLICATION FOR SERVICE

To apply for service, a customer must execute a Storage Services Agreement, enter into a Transaction evidenced by an Appendix applicable to the type of service to be taken, either Appendix FSS or Appendix STS, and establish credit in compliance with Rule 6.

4. RULE 4 — CONTRACTS

All contracts for natural gas storage service by Lodi 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 Lodi 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.

5. RULE 5 — SPECIAL INFORMATION REQUIRED ON FORMS

Each Transaction for natural gas storage service shall contain the following provision:

“The agreement of the Parties, as evidenced by the Appendix __, 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 (Cont'd)

6. RULE 6 — ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT

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

1. REQUIREMENT FOR FINANCIAL ASSURANCES OR OTHER SECURITY DOCUMENTS

1.1 If Customer does not have an Acceptable Credit Rating, Customer shall provide Lodi with Financial Assurances in accordance with Section 3 of this Rule 6 or Other Security Documents in accordance with Section 4 of this Rule 6.

2. WAIVER OF FINANCIAL ASSURANCES

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

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

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 Lodi with the Financial Assurances as set forth in Section 3 of Rule 6.



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RULES (Cont'd)

- 6. RULE 6 — ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT (Cont'd)**
3. FINANCIAL ASSURANCES - LETTER OF CREDIT OR GUARANTEE BY OTHER COMPANY (Cont'd)
- 3.1 Where Customer does not have or does not maintain an Acceptable Credit Rating, Customer shall provide Lodi with one or more of the Financial Assurances, at the option of Lodi, in an acceptable form as set forth in C.3.2, C.3.3 and C.3.4 of Rule 6. 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, Lodi will not require Customer to provide Financial Assurances unless and until Customer desires to enter into a Transaction.
- 3.2 Customer shall provide to Lodi, to secure its obligation to Lodi 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 Lodi, a Letter of Credit in an amount equal to the Total Storage Demand Charge specified in Appendix FSS.
 - (b) For each Transaction entered into by the Parties for STS 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 Lodi 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 Lodi is secured continuously, and accordingly shall provide Lodi with a replacement Letter of Credit no later than 120 days prior to the expiration of the then-effective Letter of Credit. Lodi will return the expiring Letter of Credit to Customer within 5 days of the date the Replacement Letter of Credit becomes effective.

Continued



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RULES (Cont'd)

- 6. RULE 6 — ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT (Cont'd)**
3. FINANCIAL ASSURANCES - LETTER OF CREDIT OR GUARANTEE BY OTHER COMPANY (Cont'd)
 - (d) Each Letter of Credit shall be in form and substance satisfactory to Lodi, and without limiting the generality of the foregoing shall be issued by a financial institution acceptable to Lodi 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 Lodi at law or in equity, if Customer fails to provide a replacement Letter of Credit in accordance with this Section 3.2 of Rule 6, Lodi 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.



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RULES (Cont'd)

RULE 6 — ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT (Cont'd)

3. FINANCIAL ASSURANCES - LETTER OF CREDIT OR GUARANTEE BY OTHER COMPANY (Cont'd)

- 3.3 Customer shall provide to Lodi, to secure its obligation to Lodi pursuant to the Storage Service Documents, a Guarantee granted to Lodi 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 3C.3 hereof shall apply *mutatis mutandis* to the Guarantor as if the Guarantor were Customer.
- 3.4 If requested by Customer, Lodi may accept other forms of Financial Assurances to secure Customer's obligations under the Storage Service Documents, provided that Lodi may reject or accept such other forms of Financial Assurances in its sole and absolute discretion.
- 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, Lodi shall return to Customer, if applicable:
- (a) the Letter of Credit and funds held by Lodi as security pursuant to Section 3.2 of Rule 6 then in its possession but only to the extent it has not then applied such funds pursuant to Section 4 of Rule 6 to the debts, expenses, costs, assessments and liabilities payable by Customer to Lodi pursuant to the provisions of the Storage Service Documents;
 - (b) the Guarantee held by Lodi pursuant to Section 3.3 of Rule 6; or
 - (c) any security accepted by Lodi pursuant to Section 3.4 of Rule 6.



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RULES (Cont'd)

RULE 6 — ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT (Cont'd)

4. OTHER SECURITY DOCUMENTS

- 4.1 Where Customer has provided Lodi Other Security Documents and Lodi, in its sole and absolute discretion, determines that the Other Security Documents provided are no longer an acceptable form of credit, Customer shall provide Financial Assurances as provided in Section 3 of this Rule 6 or provide any additional Other Security Documents as directed by Lodi. This obligation remains for as long as the Parties are bound by the Storage Services Agreement and all Transactions entered thereunder.
- 4.2 If Customer fails to comply with this Section 4 of Rule 6, Lodi shall have all the rights and remedies available to it as if the Customer failed to maintain an Acceptable Credit Rating or provide Financial Assurances as provided in this Rule 6.

5. FAILURE TO MEET OBLIGATIONS

- 5.1 If Customer fails to pay in full any amount owing to Lodi within the time specified pursuant to the Storage Service Documents, then, in addition to the rights Lodi has pursuant to the provisions of the Storage Service Documents and all other remedies available to Lodi at law or in equity, Lodi may take one or more of the following actions:
- (a) draw upon the Letter of Credit and funds held by Lodi as security pursuant to Section 3.2 of 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 Lodi 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 Rule 6; or
 - (c) realize on any security accepted by Lodi pursuant to this Rule 6.



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RULES (Cont'd)

RULE 6 — ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT (Cont'd)

6. NOTICES

6.1 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.

7. RULE 7 — DEPOSITS

NOT APPLICABLE

8. RULE 8 — NOTICES

All notices required to be provided under the terms of this Tariff or any applicable Storage Document or contracts shall be provided according to the provisions of the Notification Schedule attached to the Customer's Storage Services Agreement and in compliance with the provisions of Section C.10 of the General Terms and Conditions of this Tariff.

9. RULE 9 — RENDERING AND PAYMENT OF BILLS

The preparation and rendering of bills and the payment thereof for all services provided under this Tariff shall be made in accordance with the provisions of Articles C.5, C.6, and C.7 of the General Terms and Conditions of this Tariff.



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RULES (Cont'd)

10. RULE 10 — DISPUTED BILLS

1. Disputes about bills or invoices rendered by Lodi to Customer are subject to the provisions of Section C.5.7 of the General Terms and Conditions of this Tariff.
2. For any other disputes, it is the intent of the parties that disputes between them be resolved in as expeditious and cost efficient a manner as is reasonably possible. Accordingly, before either party initiates litigation proceedings, the Parties must:
 - 2.1 Attempt to resolve the dispute using commercially reasonable efforts and acting in good faith to cause appropriate level representatives of each party to meet in person within 14 Business Days of either party giving the other party written notice stating that a dispute exists and describing the dispute in reasonable detail.
 - 2.2 If the Parties are unable to reach an amicable agreement within that 14 Business Day period (which may be extended by mutual agreement of the parties), then the Parties agree to participate in non-binding mediation administered by the American Arbitration Association under its Commercial Arbitration Rules before resorting to litigation.
 - 2.3 Each Party shall be responsible for their own costs for compliance with this Rule 10. Any common costs incurred shall be shared equally.

11. RULE 11 — MEASUREMENT OF SERVICE

- 11.1 Lodi will accept and deliver customers' natural gas at the quality and pressure required of natural gas transported on the Connecting Pipeline system, provided that:
 - 11.1.1 The Parties agree that if Lodi is required to accept gas for delivery into storage from a Connecting Pipeline when the pressure on that Connecting Pipeline is less than the Minimum Pipeline Pressure, then for so long as such condition exists, the Maximum Daily Injection Quantity and/or the Maximum Daily Quantity, as the case may be, will be adjusted downward without penalty as determined by Lodi acting reasonably.

Continued



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RULES (Cont'd)

RULE 11 – MEASUREMENT OF SERVICE (Cont'd)

- 11.1.2 The Parties agree that if Lodi is required to redeliver gas from storage to a Connecting Pipeline when the pressure on that Connecting Pipeline is in excess of the Maximum Pipeline Pressure, then for so long as such condition exists, the Maximum Daily Withdrawal Quantity and/or the Maximum Daily Quantity, as the case may be, will be adjusted downward without penalty as determined by Lodi acting reasonably.
- 11.1.3 Lodi shall make all such adjustments in accordance with Rule 14 of this Tariff among Customer and all other customers to whom Lodi owes an obligation to provide Service and who are affected in a manner similar to Customer by such conditions of pressure on a Connecting Pipeline.
- 11.2 Natural gas delivered by one Party to the other hereunder shall be measured as to volume and energy by the Connecting Pipeline, and shall be expressed to Customer and Lodi as a scheduled volume on that Connecting Pipeline. The Parties shall accept such measurement and any adjustments thereof for all purposes, and all energy to volume and volume to energy estimates or conversions made for any purpose hereunder shall be calculated in accordance with that pipeline's tariff or approved operating procedures.



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RULES (Cont'd)

12. **RULE 12 - RESERVED**

13. **RULE 13 - RESERVED**

14. **RULE 14 - CONTINUITY OF SERVICE; ALLOCATION OF CAPACITY**

Curtailments And Priority of Service

1. Subject to Rule 14(A), Lodi will queue all Requests for FSS Service and will provide FSS Service to Customers and deal with curtailments of service according to the following:
 - (a) In respect of Requests for Service commencing at any of the first four Effective Times of any Gas Day, Lodi shall give the highest priority to Requests for FSS Service, which may require previously accepted Requests for STS Service or FSS Overrun Service for those Effective Times to be reduced or rejected. If so required, Lodi shall reduce or reject such previously accepted Requests for STS Service or FSS Overrun Service in the reverse priority to that set out in Rule 14(A)(2).
 - (b) With respect of any Request for Service for the last Effective Time of any Gas Day, Lodi shall not reduce or reject such previously accepted Requests for Service, however FSS Customers who pay a specified fee, as documented on the Appendix FSS, will have priority over Requests for all other FSS Service and for STS Service or FSS Overrun Service.
 - (c) Further, provided that in its determination of whether to reduce or reject a request for STS Service or FSS Overrun Service on any Gas Day, Lodi will take into account any other requests for STS Service or FSS Overrun Service which result in offsetting physical flows.



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RULES (Cont'd)

RULE 14 — CONTINUITY OF SERVICE; ALLOCATION OF CAPACITY (Cont'd)

2. Subject to Rule 14(A) (1), Lodi will queue all Requests for STS Service and will provide STS Service to Customers according to the following priority levels:
 - (a) First priority level: to Requests for STS Service in the opposite direction to the net facility physical flow for that Gas Day.
 - (b) Second priority level: to Requests from STS Service Customers in respect of whom Lodi has no Flex Discretion or its Flex Quantity has been exhausted and to gas purchases and sales made to efficiently manage operations of the Lodi Storage Facility.
 - (c) Third priority level: to Requests for STS Service for a quantity that exceeds the remaining Flex Quantity of Lodi for the Transaction in question. Lodi may exhaust its remaining Flex Quantity for that Transaction and not fulfill Customer's Request to that extent. The remaining quantity of the Request will be assigned the Second priority level. The assignments of Requests to this Third priority level and the proration of remaining amount of Service among remaining unserved Requests will be recalculated whenever Requests are reassigned to the Second priority level as described in this paragraph.
 - (d) Fourth priority level: to all other Requests for STS Service.
 - (e) Fifth priority level: to Requests for FSS Overrun Service.
 - (f) Sixth priority level: to any other person in Lodi's sole discretion.

3. If at any time, injection or withdrawal capacity at the Lodi Storage Facility is insufficient to satisfy all Requests assigned the Third or Fourth priority levels, then within each priority level the quantity of each Request will be reduced in proportion to the Physical Capacity available to that priority level divided by the total quantity of Requests for that Gas Day assigned to that same priority level.



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SAMPLE FORMS

- A. STORAGE SERVICES AGREEMENT
- B. APPENDIX FSS
- C. APPENDIX STS
- D. APPENDIX FOS
- E. LETTER OF CREDIT
- F. GUARANTEE

{00019469v2}

Advice Letter No. 2-G

Decision Nos. 00-05-048, 00-08-024

Issued by
Jason A. Dubchak
Vice President, Legal & Regulatory

Date Filed: April 25, 2018
Effective: May 25, 2018
Resolution No. [●]



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SAMPLE FORMS (Cont'd)

SAMPLE FORM "A"

STORAGE SERVICES AGREEMENT

This STORAGE SERVICES AGREEMENT MADE AS OF <COMMENCE DATE>, BETWEEN:

<COMPANY NAME>

("CUSTOMER")

- and -

LODI GAS STORAGE, LLC

("LODI")

RECITALS:

- A. Lodi has developed certain facilities known as the Lodi Storage Facility which permit Lodi 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.

LODI 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 Tariff.

{00019469v2}

Advice Letter No. 2-G

Decision Nos. 00-05-048, 00-08-024

Issued by
Jason A. Dubchak
Vice President, Legal & Regulatory

Date Filed: April 25, 2018
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SAMPLE FORMS (Cont'd)

STORAGE SERVICES AGREEMENT
Page 2

2. REPRESENTATIONS OF CUSTOMER

2.1 Customer represents and warrants to Lodi as follows, and such representations and warranties shall survive for the benefit of Lodi 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 which might materially affect any of the Transactions contemplated in this Agreement or the Storage Service Documents, or which 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 Lodi 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 Lodi and Customer, this Storage Services Agreement shall only terminate after that Transaction is performed or terminated in accordance with its provisions.



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SAMPLE FORMS (Cont'd)

STORAGE SERVICES AGREEMENT
Page 3

4. LODI STORAGE SERVICES

- 4.1 Lodi 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 oral agreements for 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 agreement before a court, arbitrator, mediator, or administrative agency.

5. TARIFF

- 5.1 The Tariff applies to and is incorporated by reference into this Agreement and all Transactions which are entered into from time to time by Customer and Lodi.
- 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.



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SAMPLE FORMS (Cont'd)

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 Tariff 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 any Service Schedule then in effect between the Parties and the Tariff, 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>

LODI GAS STORAGE, LLC

Per: _____ Per: _____

Name: _____ Name: _____

Title: _____ Title: _____



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SAMPLE FORMS (Cont'd)

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 LODI GAS STORAGE, LLC as of <Commence Date>.

NOTICES TO LODI

NOTICES	REQUESTS AND NOMINATIONS	PAYMENTS
Lodi Gas Storage, LLC 400, 607 - 8th Ave. SW Calgary, CANADA T2P 0A7 Attn: Contracts/Legal Telephone: (403) 513-8600 Email: legal@rockpointgs.com	Lodi Gas Storage, LLC 400, 607 - 8th Ave. SW Calgary, CANADA T2P 0A7 Attn: Scheduling Telephone: (403) 513-8683 Email: notices@lodistorage.com	Payments Wells Fargo Bank, N.A. ABA No.: 121000248 Acct No.: 2000038510706 ACH NO: 121000248 Ref: Lodi Gas Storage, L.L.C. Receipts

NOTICES TO CUSTOMER

NOTICES	CONFIRMATION	PAYMENTS
Address Attention Telephone	Address Attention Telephone	Bank Account number Tax Registration No.

REQUEST TIMES, NOMINATION TIMES & EFFECTIVE TIMES

All times are Pacific Clock Time

REQUEST TIME (FOR FSS SERVICE)	REQUEST TIME (FOR STS SERVICE)	NOMINATION TIME	EFFECTIVE TIME
10:30	10:30	11:00	07:00 (next day)
15:30	15:30	16:00	07:00 (next day)
06:00 (next day)	06:30 (next day)	08:00 (next day)	12:00 (next day)
10:00 (next day)	12:00 (next day)	12:30 (next day)	16:00 (next day)
14:30 (next day)	16:30 (next day)	17:00 (next day)	20:00 (next day)

PIPELINE PRESSURE

	Line 400/401
Minimum Pipeline Pressure	650 psig
Maximum Pipeline Pressure	965 psig

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Advice Letter No. 2-G

Decision Nos. 00-05-048, 00-08-024

Issued by

Jason A. Dubchak

Vice President, Legal & Regulatory

Date Filed: April 25, 2018

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Lodi Gas Storage, LLC
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Second Revised Cal. P.U.C. Sheet No. 91-G
 cancelling Original Cal. P.U.C. Sheet No. 91-G

SAMPLE FORMS (Cont'd)

SAMPLE FORM "B"

FIRM STORAGE SERVICE

APPENDIX FSS

Lodi Gas Storage, LLC ("Lodi") and <Company Name> ("Customer") hereby adopt Service Schedule FSS along with their previously executed Storage Services Agreement <effective date of Storage Services Agreement> and agree to the additional provisions contained in this Appendix FSS:

1. Term: <Commencement Date> to <End date> subject to the provisions of Service Schedule FSS
 Inventory Account: _< >
 Inventory Capacity: < >
 Monthly Storage Demand Charge: \$USD
2. Inventory Profile and Demand Charges:
 Maximum Customer Inventory: < >

Maximum Daily Injection Quantity:

From Inventory (Dth)	To Inventory (Dth)	Total Maximum Daily Injection (Dth)

Maximum Daily Withdrawal Quantity:

From Inventory (Dth)	To Inventory (Dth)	Total Maximum Daily Withdrawal (Dth)

3. Service Commencement Point: PGE Sherman Island
 Service Commencement Point Price Index: PG&E CITYGATE
 Connecting Pipeline at Service Commencement Point: PGE
4. Service Termination Point: PGE Sherman Island
 Service Termination Point Price Index: PG&E CITYGATE
 Connecting Pipeline at Service Termination Point: PGE
5. Injection Commodity Rate: < >/Dth
 Withdrawal Commodity Rate: < >/Dth



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SAMPLE FORMS (Cont'd)

- 6. Customer Injection Fuel Charge Election is taken in kind at < > %.
- 7. Customer Withdrawal Fuel Charge Election is taken in kind at < > %.

The parties have entered into this Appendix FSS effective <Effective date>.

IMPORTANT NOTE:

This Appendix FSS will be final and binding in accordance with Article 2 of Service Schedule FSS unless Customer objects by notice in writing by 07:00 hours Pacific Clock Time on the next Business Day following the day of electronic transmission of this Appendix. Signatures are not required to effect the binding nature of the Transaction set forth in this Appendix FSS. The agreement of the Parties, as evidenced by this Appendix FSS, 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.

Contract Comments:

< COMPANY NAME >

LODI GAS STORAGE, LLC

PER: _____

NAME: _____

TITLE: _____

PER: _____

NAME: _____

TITLE: _____



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 U No. - U912-G

Second Revised Cal. P.U.C. Sheet No. 93-G
 cancelling Original Cal. P.U.C. Sheet No. 93-G

SAMPLE FORMS (Cont'd)

SAMPLE FORM "C"

SHORT TERM STORAGE SERVICE

APPENDIX STS

Lodi Gas Storage, LLC ("Lodi") and <Company Name> ("Customer") hereby adopt Service Schedule STS, along with their previously executed Storage Services Agreement, dated <effective date of Storage Services Agreement> and agree to the additional provisions contained in this Appendix STS:

- Term: <Commencement Date> to <End Date> _____
 Inventory Account: <_> _____
 Inventory Capacity: <_> _____
 The STS Injection Service Rate: <rate/Dth> payable by: < >
 The STS Withdrawal Service Rate: <rate/Dth> payable by: < >
 The STS Service Charge shall be based on: Commodity _____

- The following shall apply in respect of the Service Commencement Point:
 Service Commencement Point: PGE Sherman Island
 Service Commencement Point Price Index: PG&E CITYGATE
 Connecting Pipeline: PGE
 Delivery of Gas to: <Lodi/Customer> to <Commencement date> to <end date>

Maximum Daily Injection Quantity/Maximum Daily Withdrawal Quantity:

From Inventory (Dth)	To Inventory (Dth)	Total Maximum Daily Injection (Dth)

- The following shall apply in respect of the Service Termination Point:
 Service Termination Point: PGE Sherman Island
 Service Termination Point Price Index: PG&E CITY GATE
 Connecting Pipeline: PGE
 Delivery of Gas to: <Customer name> from <commencement date> to < end date>



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SAMPLE FORMS (Cont'd)

From Inventory (Dth)	To Inventory (Dth)	Total Maximum Daily Injection (Dth)

Important Note:

This Appendix STS will be final and binding in accordance with Article C.2 of Service Schedule STS unless Customer objects by notice in writing by 07:00 hours Pacific Clock Time on the next Business Day following the day of electronic transmission of this Appendix. Signatures are not required to effect the binding nature of the Transaction set forth in this Appendix STS. The agreement of the Parties, as evidenced by this Appendix STS, 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.

Contract Comments:

<COMPANY NAME>

LODI GAS STORAGE, LLC

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____

{00019469v2}

Advice Letter No. 2-G

Decision Nos. 00-05-048, 00-08-024

Issued by
Jason A. Dubchak
Vice President, Legal & Regulatory

Date Filed: April 25, 2018

Effective: May 25, 2018

Resolution No. [●]



Lodi Gas Storage, LLC
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 Acampo, CA 95220
 U No. - U912-G

Second Revised Cal. P.U.C. Sheet No. 95-G
 cancelling Original Cal. P.U.C. Sheet No. 95-G

SAMPLE FORMS (Cont'd)

SAMPLE FORM "D"

APPENDIX FOS

FSS OVERRUN SERVICE

OVERRUN APPENDIX

Lodi Gas Storage, LLC ("Lodi") and <Company Name> ("Customer") hereby adopt Service Schedule FOS along with their previously executed Storage Services Agreement dated <effective date of Storage Services Agreement> and agree to the additional provisions contained in this Appendix FOS:

1. Term: <Commencement date> to <End date>
2. Maximum Daily Injection Quantity / Maximum Daily Withdrawal Quantity (Dth / Day)
3. Service Commencement Point: PGE Sherman Island
 Service Commencement Point Price Index: PG&E CITYGATE
 Connecting Pipeline at Service Commencement Point: PGE
4. Service Termination Point: PGE Sherman Island
 Service Termination Point Price Index: PG&E CITYGATE
 Connecting Pipeline at Service Termination Point: PGE
5. Injection Overrun Rate/ Withdrawal Commodity Rate: \$/Dth
6. Customer Injection Fuel Charge Election is taken in kind at: < > %
7. The parties have entered into this Appendix FOS effective < date>

IMPORTANT NOTE:

This Appendix FOS will be final and binding in accordance with Article 2 of Schedule FSS unless Customer objects by notice in writing by 07:00 hours Pacific Clock Time on the next Business Day following the day of electronic submission of this Appendix FOS. Signatures are not required to effect the binding nature of the Transaction set forth in this Appendix FOS. The agreement of the Parties, as evidenced by this Appendix FOS, 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.

Contract Comments:

< COMPANY NAME >

LODI GAS STORAGE, LLC

PER: _____
 NAME: _____
 TITLE: _____

PER: _____
 NAME: _____
 TITLE: _____

{00019469v2}

Advice Letter No. 2-G

Issued by

Jason A. Dubchak

Vice President, Legal & Regulatory

Date Filed: April 25, 2018

Effective: May 25, 2018

Resolution No. [●]

Decision Nos. 00-05-048, 00-08-024



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Second Revised Cal. P.U.C. Sheet No. 96-G
cancelling Original Cal. P.U.C. Sheet No. 96-G

SAMPLE FORM "E"

TERMS AND CONDITIONS OF THE LETTER OF CREDIT

To: LODI GAS STORAGE, LLC ("Lodi")

Conditions of Payment:

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

Amount:

Delivery:

The Letter of Credit shall be delivered to:

LODI GAS STORAGE, LLC
400, 607 - 8th Avenue S.W.
Calgary, Alberta T2P 0A7
Attention: Storage

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Issued by
Jason A. Dubchak
Vice President, Legal & Regulatory

Date Filed: April 25, 2018

Effective: May 25, 2018

Resolution No. [●]



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SAMPLE FORMS (Cont'd)

SAMPLE FORM "F"

PRO FORMA GUARANTEE

GUARANTEE dated as of _____, ___, made by **[NAME OF ACCEPTABLE SPONSOR]** (the "Guarantor") in favor of Lodi Gas Storage, LLC ("Lodi").

[NAME OF Customer] a [state relationship to Guarantor] (the "Customer") is a subscriber to the Storage Service Documents. Pursuant to the Storage Service Agreement dated as of _____ and the Lodi Tariff (the "Agreements"), Lodi has agreed to provide Services to Customer upon the terms and conditions set forth therein. It is a condition to the obligations of Lodi to provide the Services to Customer that, so long as Guarantor maintains an Acceptable Credit Rating, Guarantor shall guarantee payment of the obligations and liabilities which Customer has incurred or is under or may incur or be under to Lodi arising from the dealings between Customer and Lodi pursuant to the Agreements. However, should Guarantor's Credit Rating fall below the Acceptable Credit Rating, then the provisions of Sections 2 and 3 of Rule 6 of the Lodi Tariff shall apply *mutatis mutandis* to Guarantor as if it were Customer.

Where a capitalized term or expression is not otherwise defined in this Agreement the term or expression shall have the meaning ascribed to it in Rule 1 of the Lodi Tariff.

In consideration of the premises, and to induce Lodi to provide Services to Customer under the Agreements, Guarantor hereby agrees as follows:

Section 1

THE GUARANTEE

- 1.1 **Guarantee.** Guarantor hereby unconditionally, absolutely and irrevocably guarantees to Lodi the prompt and complete payment by Customer when due of all amounts payable by Customer from time to time for all current and future Transactions entered into under the Agreements (the Obligations of Customer to pay such amounts collectively called the "Guaranteed Obligations"). Guarantor further agrees to pay any and all reasonable expenses (including attorney's fees) which may be paid or incurred by Lodi in enforcing this Guarantee.



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THE GUARANTEE (Cont'd)

These obligations are joint and several and independent of Customer's obligations and separate actions may be brought against Guarantor in the sole discretion of Lodi without first requiring performance by Customer of its obligations under the Agreements (whether action is brought against Customer or any other guarantor of the Guaranteed Obligations, or whether Borrower or any other guarantor of the Guaranteed Obligations is joined in the action).

1.2 **Obligations Unconditional.** The obligations of Guarantor under Section 1.1 are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the Agreements or any substitution, release or exchange of any other guarantee of, or security for, or support agreement relating to, any of the Guaranteed Obligations and to the fullest extent permitted by applicable law, irrespective of any other circumstances whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or Guarantor, in bankruptcy or in any other instance. Without limiting the generality of the foregoing, Guarantor agrees that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder:

- a) at any time or from time to time, without notice to Guarantor, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or all or any part of such performance or compliance shall be waived;
- b) any of the acts mentioned in any of the provisions of the Agreements shall be done or omitted in whole or in part; or
- c) any right under the Agreements shall be waived in whole or in part, or any other guarantee of or security for, or support agreement relating to any of the Guaranteed Obligations shall be released or exchanged in whole or in part or otherwise dealt with.

This Guarantee is a guarantee of payment, not collection. Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that Lodi first exhausts any right, power or remedy or proceed against the Customer.

1.3 **Reinstatement.** The obligations of Guarantor under this Section 1 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Customer in respect of the Guaranteed Obligations is rescinded or

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Advice Letter No. 2-G

Decision Nos. 00-05-048, 00-08-024

Issued by

Jason A. Dubchak

Vice President, Legal & Regulatory

Date Filed: April 25, 2018

Effective: May 25, 2018

Resolution No. [●]



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THE GUARANTEE (Cont'd)

must be otherwise restored by Lodi whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as though such amount has not been paid.

- 1.4 **No Subrogation.** Notwithstanding anything to the contrary in this Guarantee, the Guarantor hereby irrevocably waives all rights which may have arisen in connection with this Guarantee to be subrogated to any of the rights (whether contractual, under the Bankruptcy Code (Title 11 of the United States Code), under common law or otherwise) of Lodi against Customer for the payment of the Guaranteed Obligations.
- 1.5 **Subordination.** Any indebtedness of Customer now or hereafter held by Guarantor is hereby subordinated to the obligations of Customer to Lodi arising from the Agreement and any Transactions occurring thereunder. All indebtedness of Customer to Guarantor is assigned to Lodi as security for this Guaranty and the Guaranteed Obligations and, if Lodi requests, shall be collected and received by Guarantor as trustee for Lodi and paid over to Lodi on account of the Guaranteed Obligations but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. Any notes or other instruments now or hereafter evidencing any indebtedness of Customer to Guarantor shall be marked with a legend that the same are subject to this Guaranty and, if Lodi so requests, shall be delivered to Lodi. Lodi is hereby authorized in the name of Guarantor from time to time to file financing statements and continuation statements and execute such other documents and take such other action as Lodi deems necessary or appropriate to perfect, preserve and enforce its rights hereunder.
- 1.6 **Remedies.** Guarantor agrees that, as between the Guarantor and Lodi the Guaranteed Obligations may become due and payable as provided in the Agreements for purposes of Section 1.1 hereof, notwithstanding any stay, injunction or other prohibition preventing the Guaranteed Obligations from becoming due and payable.
- 1.7 **Continuing Guarantee.** The guarantee in this Section 1 is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising, whether before or after the date on which this Guarantee is given.



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THE GUARANTEE (Cont'd)

- 1.8 **Compromise and Settlement.** No compromise, settlement, release, renewal, extension, indulgence, change in, waiver or modification of any of the Guaranteed Obligations or the release or discharge of Customer from the performance of any of the Guaranteed Obligations shall release or discharge Guarantor from this Guaranty or the performance of the obligations hereunder.
- 1.9 **Additional Waivers.** Guarantor is responsible for being and keeping itself informed of Customer's financial condition. Guarantor waives: (i) any defenses from disability or other defense of Customer, (ii) any setoff, defense or counterclaim against Lodi, (iii) any demands for performance, notices of nonperformance or of new or additional indebtedness incurred by Customer to Lodi, (iv) the benefit of any act or omission by Lodi which directly or indirectly results in or aids the discharge of Customer from any of the Guaranteed Obligations by operation of law or otherwise, including the benefit of any statute of limitations affecting Guarantor's liability hereunder or the enforcement thereof, (v) any right to enforce any remedy that Lodi has against Customer or any right to participate in any security held by Lodi, (vi) the benefit of California Civil Code Section 2815 permitting the revocation of this Guaranty as to future transactions, and (vi) any suretyship defenses and other rights including subrogation, reimbursement, indemnification, and contribution that might otherwise be available to Guarantor under California Civil code Sections 1432, 2787 to 2855, inclusive, 2899 and 3433, or under California Code of Civil Procedure Sections 580a, 580b, 580d and 726, or any of such sections or under any other applicable law. Guarantor agrees that the payment or performance of any act which tolls any statute of limitations applicable to the Agreements shall similarly operate to toll the statute of limitations applicable to Guarantor hereunder.



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THE GUARANTEE (Cont'd)

Section 2

REPRESENTATIONS AND WARRANTIES

2.1 Guarantor represents and warrants as follows:

- a) Guarantor is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation.
- b) The execution, delivery and performance by Guarantor of this Guarantee are within Guarantor's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) Guarantor's certificate of incorporation or by-laws or (ii) any law, rule, regulation, order or contractual restriction binding on or affecting Guarantor.
- c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Guarantor of this Guarantee, except such as have been duly obtained or made and are in full force and effect.
- d) This Guarantee is a legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceeding in equity or at law).
- e) **[State relationship of Guarantor to Customer and also state that Guarantor expects to benefit from the services to Customer].**
- f) The representations and warranties made by Customer in the Agreements are true and correct.
- g) The provisions of Sections 2 and 3 of Rule 6 shall apply *mutatis mutandis* to Guarantor as if Guarantor were Customer.



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THE GUARANTEE (Cont'd)

Section 3

COVENANTS

- 3.1 Guarantor covenants that until the payment and satisfaction in full of the Guaranteed Obligations it shall:
- a) maintain its corporate existence;
 - b) not commence or join with any other Person in commencing any proceeding against Customer under any bankruptcy, reorganization, liquidation or insolvency law, or vote its shares of capital stock of Customer to direct Customer to commence any proceeding with respect to Customer under any bankruptcy, reorganization, Liquidation or insolvency law; and
 - c) meet the requirements of Sections 2 and 3 of Rule 6 of the Lodi Tariff which apply mutatis mutandis to Guarantor as if it were Customer.

Section 4

MISCELLANEOUS

- 4.1 **Governing Law.** This Guarantee shall be governed by, and construed in accordance with, the law of the State of California, without regard to principles thereof regarding conflict of laws.
- 4.2 **Notices.** All notices, requests, consents and demands hereunder shall be in writing, shall be effective upon receipt and shall be mailed or hand delivered to Guarantor at its address specified beneath its signature hereto or at such other address as shall be designated by Guarantor in a notice to Lodi.
- 4.3 **Successors and Assigns.** Guarantor may not assign its rights or obligations hereunder without the prior written consent of Lodi. This Guarantee shall be binding upon Guarantor and its permitted successors and assigns and shall inure to the benefit of Lodi and its successors and assigns.



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THE GUARANTEE (Cont'd)

- 4.4 **Severability.** If any provision of this Guaranty is held to be unenforceable under applicable law for any reason, it shall be adjusted, if possible, rather than voided in order to achieve the intent of Guarantor and Lodi to the extent possible. In any event, all other provisions of this Guaranty shall be deemed valid and enforceable to the full extent possible under applicable law.
- 4.5 **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 state and federal courts located in the State of California and appellate courts from any thereof and waives any objection based on an inconvenient forum;
 - 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 Lodi shall have been notified pursuant hereto; 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.
- 4.6 **Guarantee Term.** 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.



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THE GUARANTEE (Cont'd)

- 4.7 **Entire Agreement.** This Guaranty constitutes and contains the entire agreement of the parties and supersedes any and all prior and contemporaneous agreements, negotiations, correspondence, understandings and communications between Guarantor and Lodi, whether written or oral, respecting the subject matter hereof.
- 4.8 **No Waiver; Amendments.** No failure on the part of Lodi to exercise, no delay in exercising and no course of dealing with respect to, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. This Guaranty may not be amended or modified except by written agreement between Guarantor and Lodi, and no consent or waiver hereunder shall be valid unless in writing and signed by an authorized representative of Lodi.

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

[NAME OF ACCEPTABLE SPONSOR]

By: _____

Name:

Title:

Address for Notices to Sponsor:

Attention:

Telephone No:

ACCEPTED: LODI GAS STORAGE, LLC

By: _____

Name:

Title:

By: _____

Name:

Title:

Address for Notices to Sponsor:

Attention:

Telephone No: