

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



July 13, 2005

Advice Letter 2641-G|2674-E

Ms Rose de la Torre
Pacific Gas and Electric Company
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Line Extension Agreement for Kern County Water Agency

Dear Ms de la Torre:

Advice Letter 2641-G|2674-E is effective June 14, 2005. A copy of the advice letter is sent herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read 'S H Gallagher'.

Sean H. Gallagher
Director
Energy Division



**Pacific Gas and
Electric Company®**

Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Internal: 223.4977
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Internet: BKC7@pge.com

June 14, 2005

Advice 2641-G/2674-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Line Extension Agreement for **Kern County Water Agency**

Pursuant to Section X.B of General Order 96-A, Pacific Gas and Electric Company (PG&E) hereby submits a Master Agreement between PG&E and Kern County Water Agency ("KCWA").¹ This agreement provides for the construction of line extensions to connect three new pumps at the Kern Water Bank, the largest water banking project in the history of California. Pacific Gas and Electric Company (PG&E) hereby also submits for filing revisions to its gas and electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

Background

Under a conservation plan established with the U.S. Fish and Wildlife Service and the California Department of Fish and Game, nearly 20,000 acres of land near Bakersfield has been set aside for habitat and community conservation. Nearly half of the land is set aside for ground water recharge and farming. The water recharge facility enables farmers to meet their water needs, despite the fluctuations in the amount of water available through rainfall and allocations from the California Aqueduct.

Kern Water Bank has a water storage capacity of approximately one million acre-feet. Electric pumps are used to move water to recovery channels for distribution to local water districts and the California Aqueduct. KCWA plans to install three additional pumps by January 2006. By its very nature, KCWA will need to operate the electric pumps primarily in dry years, when there is insufficient water from other sources. Consequently, its electric usage is expected to vary widely from year to year.

¹ KCWA is a member of Kern Water Bank Authority and also owns water pumps in its own individual right. This Master Agreement, which is separate and distinct from a similar agreement PG&E entered into with Kern Water Bank Authority, covers facilities needed to connect KCWA's pumps to the PG&E system.

Under the Master Agreement, attached hereto as Exhibit A, PG&E and KCWA will enter into Exceptional Case Distribution Service and Line Extension Agreements (Exceptional Case Agreements) for the construction of facilities to connect the new pumps. These Exceptional Case Agreements will be in the form set forth in Appendix 1 to the Master Agreement, which reflects modifications to PG&E's standard distribution service and line extension agreements.

Rather than performing an annual review of the customer's account as set forth in PG&E Electric Rule 15, the exceptional Case Agreement provides for a ten-year review period, which will allow a more meaningful calculation of KCWA's electric loads. If, at the end of the ten-year period, actual revenues are higher than estimated, KCWA will be entitled to a refund of any refundable balance in the extension account; if actual revenues are lower than the allowances initially granted, PG&E will issue a "deficiency bill" to KCWA for the difference.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than 20 days after the date of this filing, which is **July 4, 2005**. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jinj@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Pacific Gas and Electric Company
Attention: Brian Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

PG&E requests that this filing be effective **June 14, 2005**, which is the date of filing.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

Brian K. Cherry *AWS.*
Director - Regulatory Relations

Attachments

cc: Kern Water Bank Authority

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39)**

Utility type:

☒ ELC ☒ GAS

☐ PLC ☐ HEAT ☐ WATER

Contact Person: **Anita Smith**

Phone #: **(415) 973-2467**

E-mail: **aws4@PGE.COM**

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2641-G/2674-E**

Subject of AL: **Line Extension Agreement for Kern County Water Agency (KCWA)**

Keywords (choose from CPUC listing):

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: **Not applicable**

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? ☐ Yes ☒ No

Requested effective date: **06/14/2005**

No. of tariff sheets: **Six**

Estimated system annual revenue effect (%): **None**

Estimated system average rate effect (%): **None**

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: **List of Contracts and Deviations**

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: **N/A**

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry

Director, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
Advice 2641-G**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
23207-G	List of Contracts and Deviations	23204-G
23208-G	Table of Contents --Maps, Contracts & Deviations	23205-G
23209-G	Table of Contents--Rate Schedules	23206-G

Advice 2674-E

23621-E	List of Contracts and Deviations	23618-E
23622-E	Table of Contents--Maps, Contracts & Devaitons	23619-E
23623-E	Table of Contents--Rate Schedules	23620-E



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Revised

Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

23207-G
23204-G

LIST OF CONTRACTS AND DEVIATIONS
(Continued)

<u>Name and Location of Customer</u>	Type or Class of Service	Execution and Expiration Dates	Commission Authorization Number and Date	<u>Most Comparable Regular Tariff</u>	
<u>PG&E Installation Reference No.</u>				<u>Schedule or Rule No.</u>	<u>Contract Difference</u>
<u>SAN JOAQUIN VALLEY REGION</u>					
<u>Other Public Agencies</u>					
Kern Water Bank Authority	Coml	5-9-05	— Advice 2640-G/ 2673-E	Rule 2, 15, 16	Master Agreement
Kern County Water Agency	Coml	5-9-05	— Advice 2641-G/ 2674-E	Rule 2, 15, 16	Master Agreement
					(N) (N)

(Continued)

Advice Letter No. 2641-G
Decision No.

100688

Issued by
Karen A. Tomcala
Vice President
Regulatory Relations

Date Filed June 14, 2005
Effective June 14, 2005
Resolution No.



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Revised

Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

23208-G
23205-G

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Enhanced Oil Recovery and Related Cogeneration	12067-G
Shasta and North Tehama Counties.....	7277-G
San Bernardino County.....	12926,12927-G
Ione Service Area	7689-G
Former McClellan Air Force Base Service Area	20350-G
Presidio of Monterey, Monterey County.....	22436-G

LIST OF CONTRACTS AND DEVIATIONS:

.....20211,13247,13248,16286,17112,22437,17234,14425,13254,14426,
13808,20350,20351,14319,16287,19849,23207,17094,14428,13263,14365,17095,17877,15951,13267-G (T)

Advice Letter No. 2641-G
Decision No.

100687

Issued by
Karen A. Tomcala
Vice President
Regulatory Relations

Date Filed June 14, 2005
Effective June 14, 2005
Resolution No.



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GS	Multifamily Service	23166,23021,18601-G
GT	Mobilehome Park Service	23167,23023-G
G-10	Service to Company Employees	11318-G
GL-1	Residential CARE Program Service	23168,23025-G
GML	Master-Metered Multifamily CARE Program Service	23169,22858,23027-G
GSL	Multifamily CARE Program Service	23170,23171,23030-G
GTL	Mobilehome Park CARE Program Service	23172,23173,23033-G
G-MHPS	Master-Metered Mobilehome Park Safety Surcharge	22034-G

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G-NR1	Gas Service to Small Commercial Customers	23174,23035-G
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G-NT	Gas Transportation Service to Noncore End-Use Customers	22892,22601,22037,22038-G
G-EG	Gas Transportation Service to Electric Generation	22894,22895,22525,22173-G
G-WSL	Gas Transportation Service to Wholesale/Resale Customers	22896,22897,22045-G
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Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Revised

Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

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LIST OF CONTRACTS AND DEVIATIONS
(Continued)

Name and Location of Customer PG&E Installation Reference No.	Type or Class of Service	Execution and Expiration Dates	Commission Authorization Number and Date	Most Comparable Regular Tariff	
				Schedule or Rule No.	Contract Difference
<u>SAN JOAQUIN VALLEY REGION</u> (Cont'd.)					
<u>Other Public Agencies</u> (Cont'd.)					
Chowchilla Hospital District, Chowchilla	Coml	9-13-78 —	Res. E-1811 1-19-78	Rule 2	Monthly Cost of Ownership Charge
Madera Irrigation District Madera Canal Madera County (Assigned from USDOI Bureau of Reclamation)	Coml/Ind	3-17-80	—	Rule 15 Sect. E.7	Monthly Cost of Ownership Charge
Tranquility Public Utility District Tranquility, Fresno County	Coml/Ind	3-25-80 —	—	Rule 15 Sect. E.7	Cost of Ownership Charge
Madera Irrigation District Madera Canal (6.1) Madera County (Assigned from USDOI Bureau of Reclamation)	Coml	4-19-80	—	Rule 15 Sect. E.7	Monthly Cost of Ownership Charge
Kern County Water Agency	Coml	1-22-81	—	Rule 15 D.7	Cost of Ownership Charge
Turlock Irrigation District (TID)	Coml/Ind	8-11-03	Decision 03-04-032 Application 02-01-012 Advice 2397-E	—	Service Area Agreement and Asset Sale Agreement
Kern Water Bank Authority	Coml	5-9-05	— Advice 2640-G/ 2673-E	Rule 2, 15, 16	Master Agreement
Kern County Water Agency	Coml	5-9-05	— Advice 2641-G/ 2674-E	Rule 2, 15, 16	Master Agreement

(N)
|
(N)

(Continued)

Advice Letter No. 2674-E
Decision No.

100690

Issued by
Karen A. Tomcala
Vice President
Regulatory Relations

Date Filed June 14, 2005
Effective June 14, 2005
Resolution No.



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Revised

Cal. P.U.C. Sheet No.
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(Continued)

Advice Letter No. 2674-E
Decision No.

Issued by
Karen A. Tomcala
Vice President
Regulatory Relations

Date Filed June 14, 2005
Effective June 14, 2005
Resolution No.

100691



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RATE SCHEDULES

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EE	Service to Company Employees	23279-E
EM	Master-Metered Multifamily Service	23280,23281,21248,20648,23282,21250-E
ES	Multifamily Service	23283,23284,21592,22142,23285,21256-E
ESR	Residential RV Park and Residential Marina Service	23286,23287,22593,20657,23288,21261-E
ET	Mobilehome Park Service	23289,23290,21594,22149,23291,21267-E
E-7	Residential Time-of-Use Service	21268,23292,23293,21595,22909,23294-E
E-A7	Experimental Residential Alternate Peak Time-of-Use Service	21274,23295,23296,21277,22912,23297-E
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EL-1	Residential CARE Program Service	22918,23306,21597,22919,23111-E
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E-20	Service to Customers with Maximum Demands of 1,000 Kilowatts or More	21372,21373,23340,23341,21377,22213,19314,22214,22112,21022, 22113,21024, 21025,22114,15358,21027,23342,23343,23344,23154,17101,20945,21383-E

(Continued)



MASTER AGREEMENT
Kern County Water Agency

DISTRIBUTION:
☐ Applicant (original)
☐ Division (original)

REFERENCES:
E-PM #
G-PM #
E-Ord #
G-Ord #
Bill Doc #
MLX #

This Master Agreement is made and entered into as of May 9, 2005, by and between the KERN COUNTY WATER AGENCY ("KCWA"), a political subdivision, and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E"), a California corporation (collectively, the "Parties").

RECITALS

- A. KCWA is a political subdivision of the State of California.
- B. KCWA's Improvement District 4 is a member of the Kern Water Bank Authority (KWBA) who owns and operates the Kern Water Bank, a water recharge facility established in 1995 for the primary purpose of providing supplemental water supplies for members of the KWBA by storing water in aquifers during times of surplus and recovering that water during times of shortage.
- C. PG&E is a privately-owned gas and electric utility company that provides electric service within Kern County and serves the Kern Water Bank's pumping loads.
- D. KCWA plans to install three (3) additional electric pumps by January 2006 to move water to recovery channels for distribution to local water districts and the California Aqueduct. These electric pumps will operate primarily in dry years, when there is insufficient water from other sources.
- E. KCWA has requested, and PG&E has agreed, to modify PG&E's standard distribution service and line extension agreements as set forth herein to accommodate KCWA's anticipated fluctuations in electric load in support of the State of California's water management objectives.

AGREEMENT

- 1. KCWA has selected PG&E to design and install distribution and service extension facilities to three (3) new electric pumps that KCWA will install on its property.
- 2. For each of the locations requiring the installation of distribution and service extension facilities, the Parties shall enter into an Exceptional Case Distribution and Service Extension Agreement (Exceptional Case Agreement) in the form attached hereto as Attachment 1 prior to the commencement of construction.
- 3. The three locations that are the subject of this Master Agreement are identified in Attachment 2 - Location Map. PG&E is under no obligation to install facilities for KCWA at any other location under terms that differ from PG&E's standard tariffs and contracts on file with the CPUC.
- 4. This Master Agreement and the Exceptional Case Agreements entered into pursuant hereto shall be governed by PG&E's tariffs and rules on file with the California Public Utilities Commission (CPUC), including but not limited to Electric Rules 2, 15, and 16, and the General Terms

and Conditions for Gas and Electric Service by Applicant, receipt of which is hereby acknowledged by KCWA. In the event of any discrepancy between PG&E's tariffs and rules and the provisions of the Master Agreement and/or the Exceptional Case Agreements, the provisions of this Master Agreement and the Exceptional Case Agreements shall prevail.

5. This Master Agreement shall terminate upon the termination of all of the Exceptional Case Agreements entered into pursuant hereto. Termination of this agreement shall have no effect on the Parties' obligations with respect to refunds or payments due under the Exceptional Case Agreements.

IN WITNESS WHEREOF, this Agreement are executed and agreed to by the Parties as of the date first above written.

PACIFIC GAS AND ELECTRIC COMPANY

Dated: May 9, 2005

By: Mike Varni

Name: MIKE VARNI

Title: AREA 4 OMFC Director

KERN COUNTY WATER AGENCY

Dated: May 3, 2005

By: J. M. Beck

Name: James M. Beck

Title: General Manager

ATTACHMENT 1



Pacific Gas and Electric Company Exceptional Case
DISTRIBUTION AND SERVICE EXTENSION AGREEMENT*
KERN COUNTY WATER AGENCY

Internal PG&E use
Distribution list:

Internal PG&E use
References:

1. As indicated in the Declarations, Kern County Water Agency (KCWA) has elected to have competitive bidding and has awarded a qualified Contractor or PG&E the responsibility of installing gas and electric service, as applicable, to the locations described in Attachment 2 of the Master Agreement. These services shall be installed in accordance with the provisions of PG&E's Rules 2, 15 and 16, General Terms and Conditions, project specific terms and conditions, design, specifications, and the requirements of this Agreement.
2. **Construction Responsibilities of KCWA.**
KCWA shall perform or arrange for the performance of the following work required for this project:

Electric Extensions:

- Route clearing, tree trimming, trenching, excavating, backfilling, and compacting;
- Furnishing of imported backfill material as required and disposal of trench spoil as required;
- Performing necessary surface repair and boring as required;
- Furnishing, installing, and transferring ownership to PG&E of any substructures, conduits, and protective structures required other than the conduit portion of cable-in-conduit (Rule 15 only);
- Obtaining any necessary construction permits for all work performed by KCWA under this Agreement.

Electric Underground Extensions:

- Installing primary and secondary distribution conductors, poles, pole risers, switches, transformers, and other distribution facilities required to complete the extension.

Electric Overhead Extensions:

- Installing all facilities required for the pole line extension, including poles, conductors, transformers, switches, and other devices as might be required.

Gas Extensions:

- Installing gas distribution main pipe, valves, and other related distribution equipment, as specified by PG&E, required to complete the extension including all necessary trenching, backfilling, and other digging as required.
- Furnishing, installing and upon acceptance by PG&E, conveying to PG&E the ownership of all necessary installed substructures and protective structures necessary to contain or support PG&E's gas facilities.

KCWA agrees to secure and pay for all required permits and licenses which may be required to fulfill the construction responsibilities from the governmental authority having jurisdiction.

KCWA shall provide to PG&E, prior to PG&E preparing the line extension contract, KCWA's Contract Anticipated Costs to perform the work normally provided by PG&E. KCWA shall submit, on a form provided by PG&E, a verified statement of such costs. If KCWA elects not to provide such costs to PG&E, KCWA shall acknowledge its election on the form and PG&E will use its estimate.

* Automated Document, Preliminary Statement, Part A

Kern County Water Agency
Tariffs and Compliance
Advice
Decisions
Effective Date:

If KCWA elects to have PG&E perform this work, KCWA shall pay to PG&E, as specified herein and before the start of construction, PG&E's estimated-installed costs thereof.

KCWA shall also pay to PG&E the costs for substructures and conduits which PG&E had previously installed at its own expense in anticipation of the current extension. Any necessary riser conduit, conduit covering, and miscellaneous riser material required for the line extension shall be paid for by KCWA and shall be installed by PG&E on PG&E owned and maintained facilities.

Upon completion of construction by KCWA and inspection and acceptance by PG&E, title and ownership for the gas and electric facilities installed under this Agreement shall vest in PG&E in accordance with the Acceptance and Conveyance section of this Agreement and as specified in the respective rule.

3. Construction Responsibilities of PG&E.

Except as otherwise provided in the rules, PG&E shall be responsible for:

- Providing inspection service to verify KCWA's performance under this Agreement, as determined by PG&E; and
- Connecting KCWA-installed facilities to PG&E's energized and pressurized supply system (system tie-in work), as applicable.

PG&E will perform its construction responsibilities for the installation of only those facilities that, in PG&E's judgment, will be used within a reasonable time to serve permanent loads.

4. Power Quality and Voltage Stability.

Under normal load conditions, PG&E will deliver sustained voltage as close to the nominal service voltages that are economically practical. Any deviations from the normal voltage levels will be no greater than the service voltage ranges specified in PG&E's Electric Rule 2. Exceptions to voltage limits are specified in PG&E's Electric Rule 2. KCWA is responsible for planning, designing, operating and protecting equipment beyond PG&E's delivery point.

5. Rule 16 Service Extensions. Service Extensions will be installed in accordance with PG&E's Gas and Electric Rule 16. KCWA shall be responsible for all service trenching.

6. Street Lighting Facilities. If any street lighting facilities are to be installed, the installation shall be made in accordance with PG&E's applicable street and highway lighting schedule(s).

7. Overhead to Underground Conversions. In the event there is replacement of existing overhead electric facilities with underground facilities in conjunction with this project, the conversion shall be made in accordance with the applicable provisions of PG&E's Electric Rule 20.

In the event that there is an Electric Rule 20.B or 20.C conversion in conjunction with this project, KCWA shall, at its expense, provide any necessary changes to the existing facilities so as to receive underground electric service at the points specified by PG&E. Underground electric service will not be energized until all affected premises are equipped to receive service in accordance with specifications and inspection has been received from the governing jurisdiction.

KCWA shall not work on facilities owned by PG&E.

8. Allowances and Payments.

KCWA shall pay to PG&E on demand and in advance of any construction, a refundable payment, shown in Exhibit A, less any allowances shown therein, for any PG&E costs associated with the

extension for the estimated costs of design, administration and the installation of any additional facilities necessary to complete the extension, including, but not limited to:

- engineering and administrative costs,
- system tie-in work,
- any applicable taxes.

INSPECTION FEES: A payment for PG&E's estimated cost for the inspections by PG&E of work performed by KCWA or KCWA's contractor, shown in Exhibit A, which shall be a fixed amount, not subject to reconciliation. Such inspection costs may be subject to otherwise available allowances and refund up to the difference between KCWA's Contract Anticipated Costs and PG&E's estimate for performing the same work. Inspections costs are otherwise non-refundable. The total amount subject to refund shall not exceed PG&E's refundable cost estimate.

NON-REFUNDABLE: A non-refundable payment, shown in Exhibit A, for costs which may include, but are not limited to:

- re-engineering fees,
- preparation fees for trench composite drawings,
- survey and land rights acquisition costs,
- any applicable taxes.

ALLOWANCES: Allowances for permanent residential and non-residential service are provided in accordance with Gas and Electric Rule 15 and are included in Exhibit A, as applicable.

ITCC: All contributions and advances by KCWA are taxable and shall include an Income Tax Component of Contributions (ITCC) at the rate provided in PG&E's Preliminary Statement. ITCC will be either refundable or non-refundable in accordance with the corresponding contribution.

9. Amount Subject to Refund/Deficiency Bill.

The total refundable amount set forth in Exhibit A - Cost Summary shall be subject to refund, without interest, on the basis of a new customer's permanent load connected to the line extension that produces additional revenue to PG&E in accordance with the following provisions:

PG&E shall track KCWA's actual base annual revenue for ten years from the effective date of the Master Agreement. The aggregate total base annual revenue of all projects identified in the Master Agreement will be matched against total aggregate project costs of the same identified projects, and PG&E shall review and issue a refund or deficiency bill accordingly no sooner than ten years after the effective date of the Master Agreement. Alternatively, KCWA may request a review at any time during the term of the Master Agreement if KCWA believes the revenue has satisfied any remaining refundable amount. If upon review, the revenue has exceeded the amount of the allowances granted and any remaining refundable amount, this Agreement and the Master Agreement shall terminate except as otherwise provided in paragraph 20.

Gas-only Trenching: If KCWA chooses to perform trenching for PG&E's gas facilities, and qualifies for a gas extension allowance, PG&E will provide KCWA with a reimbursement or credit for the lower of PG&E's project-specific estimated costs or KCWA's Contract Anticipated Costs, as reported on KCWA's Statement of Costs form (Form # 79-1003), upon completion and acceptance by PG&E.

Outstanding Payments: KCWA or subsequent assignees of this Agreement shall not be eligible for refunds if there are any outstanding payments due PG&E.

10. Unsupported Extension Cost.

When any portion of the refundable amount has not qualified for a refund at the end of the tenth (10) year from the date of the Master Agreement was signed, KCWA will pay to PG&E a one time cost-of-ownership charge on the remaining refundable balance. Cost of ownership charges are in addition to the amount in the refundable balance. Such ownership charges shall be determined from the applicable percentage rate established in the Special Facilities section(s) of PG&E's Gas or Electric Rule 2.

11. Payment Adjustments.

Contract Compliance. If after one (1) year following the date PG&E is first ready to serve the loads for which allowances were granted, KCWA fails to take service, or fails to use the service contracted for, KCWA shall pay to PG&E an additional contribution as excess facilities. Each extension under the Master Agreement will be assessed separately.

Excess Facilities: If the loads provided by KCWA(s) results in KCWA, the approved contractor or PG&E having installed facilities which are in excess of those needed to serve the actual loads, PG&E may elect to do the following: (1) KCWA shall pay PG&E its estimated cost to remove, abandon, alter, or replace the excess facilities, including those facilities that PG&E reinforced, enlarged, or replaced in anticipation of KCWA's proposed load, less the estimated salvage for any removed facilities, or (2) KCWA shall pay PG&E any Special Facilities charges in accordance with PG&E's Rule 2 for those facilities, including those facilities that PG&E reinforced, enlarged, or replaced in anticipation of KCWA's proposed load, which are in excess of those facilities needed to serve KCWA's actual load. The total cost of the facilities PG&E reinforced, enlarged, or replaced are shown in Exhibit A.

Deficiency Charges for Non-Payment: KCWA shall pay PG&E for any administrative and processing charges associated with collecting any payment adjustments related to this Agreement.

12. Non-Refundable Amount.

Discount Option: Competitive Bidding - Installation by KCWA Not available under the terms of this Agreement.

Discount Option: Competitive Bidding - Installation by PG&E Not available under the terms of this Agreement.

Excess Service: PG&E's estimated installed costs for Service Extensions in excess of the allowance, not subject to discount, as defined in PG&E's Gas and Electric Rule 16 as shown in Exhibit A - Cost Summary are non-refundable.

Other Non-refundable Amounts. KCWA shall pay to PG&E a fixed amount as a non-refundable payment, shown in Exhibit A, for the inspections by PG&E of Distribution System work performed by KCWA or KCWA's contractor, to the extent that such costs are not covered by allowances according to Provision 8 of this document, as well as other non-refundable costs which may include, but are not limited to:

- re-engineering fees,
- preparation fees for trench composite drawings,
- survey and land rights acquisition costs,
- any applicable taxes.

13. Non-Standard Equipment Installation and Removal.

When the situation requires the location, installation, maintenance, repair and replacement of specialized or non-standard utility-owned equipment (Equipment) necessary to provide utility service or perform utility work, KCWA agrees to pay the costs to install PG&E's equipment. KCWA further

agrees that, should the Equipment need to be replaced for any reason, it shall be KCWA's responsibility to make arrangements and to pay the cost to have the equipment removed and replacement equipment installed. PG&E shall be responsible for furnishing and delivering any replacement to the site. PG&E hereby agrees to the Equipment location on the following terms and conditions:

- KCWA shall furnish, install, own and maintain the Equipment area within or upon his building at his sole cost. The construction of the area shall comply with all applicable building code requirements. The site, access, location, and arrangement of the facilities shall be subject to PG&E's prior written approval, and any changes or additions thereto shall be made only after PG&E's prior written approval. Except for required area maintenance by KCWA, under PG&E's supervision, KCWA shall not have access to the Equipment area.
- KCWA shall make proper arrangements and pay all the costs associated with the initial and all subsequent installations and removals of PG&E's Equipment into the Equipment area.
- KCWA shall furnish, install, own and maintain all primary and secondary conduits within the property line at his sole cost. The plans for the installation of the secondary service facilities termination details, and other associated facilities installed by KCWA for PG&E use shall be subject to PG&E's prior written approval and shall comply with all applicable code requirements.
- KCWA accepts responsibility for any service interruption that may result from PG&E not having clear access to the Equipment area.

14. General Access.

Where it is necessary for PG&E to install facilities on KCWA's premises, KCWA hereby grants to PG&E: (a) the right to install, own and maintain such facilities on KCWA's premises together with sufficient legal clearance between all structures now or hereafter erected on KCWA's premises; (b) the right to enter and leave KCWA's premises for any purpose connected with the furnishing of gas and electric service (meter reading, inspection, testing, routine repairs, maintenance, replacement, emergency work, etc.) and the exercise of any and all rights secured to it by law, or under PG&E's tariff schedules.

15. Land Rights.

Where formal rights-of-way, easements, land leases, or permits are required by PG&E for the installation of the facilities on or over KCWA's property, or the property of others, KCWA understands and agrees that PG&E shall not be obligated to install the Facilities or accept the facilities installed by KCWA or the approved contractor unless and until any necessary permanent rights-of-way, easements, land leases, or permits, satisfactory to PG&E, are granted to or obtained for PG&E without cost to or condemnation by PG&E; however, if PG&E is unable to obtain such land rights, KCWA shall obtain them. Such easement shall include the right of access and right to trim trees as necessary to maintain required legal clearances from overhead wires.

16. Acceptance and Conveyance.

In accordance with the PG&E's General Terms and Conditions attached, and upon (a) PG&E's receipt of any required formal rights-of-way, easements, leases, and permits, and (b) PG&E's pressurization and energization of facilities installed by KCWA, KCWA hereby grants and conveys to PG&E, its successors and assigns, all rights, title and interest in and to all such work and facilities, free and clear of all liens and encumbrances.

17. Safety Precautions.

KCWA shall ascertain the location of all existing gas and electric facilities of PG&E within the scope of KCWA's construction area and inspect the area initially and periodically during construction to verify the location of all existing and new PG&E facilities. KCWA and PG&E shall perform all work in compliance with applicable federal, state, and local laws, rules and regulations. KCWA shall inform all persons doing work in proximity of the location of PG&E's facilities and ensure that all work of non-PG&E employees is planned and conducted in a manner to safeguard persons and property from injury. Work performed in close proximity to PG&E's energized electric facilities and pressurized gas facilities also shall be performed in accordance with established Cal-OSHA safety rules and practices, and as may be directed by PG&E. Only personnel duly authorized by PG&E are allowed to connect or disconnect conductors from PG&E-owned Service Facilities, or perform any work upon PG&E-owned existing facilities.

18. Delays in Construction.

- **Force Majeure.** PG&E shall not be responsible for any delay in either the performance of KCWA's responsibilities under this Agreement, or the installation or completion of the facilities by PG&E resulting from shortage of labor or materials, strike, labor disturbance, war, riot, weather conditions, governmental rule, regulation or order, including orders or judgments of any court or commission, delay in obtaining necessary land rights, act of God, or any other cause or condition beyond the control of PG&E.
- **Resources.** PG&E shall have the right, in the event it is unable to obtain sufficient supplies, materials, or labor for all of its construction requirements, to allocate materials and labor to construction projects which it deems, in its sole discretion, most important to serve the needs of its customers. Any delay in construction hereunder resulting from such allocation shall be deemed to be cause beyond PG&E's control.
- **Inflation.** In the event that PG&E is prevented from commencing the installation of the facilities for reasons beyond its reasonable control within twelve months following the effective date of this Agreement, PG&E shall have the right to revise the cost figures to reflect any increases in costs since the original costs were determined. PG&E shall notify KCWA of such increased costs and give the option to either terminate this Agreement or pay PG&E the additional charges.

19. Change Orders and Relocations.

All standard design or construction changes made in the field, which impact the charges to KCWA, will be made using PG&E's Agreement Change Order. These field changes, including unforeseen field conditions which may result in additional work or costs by KCWA, the approved contractor or PG&E, may require sketch revisions of Exhibit B. Unforeseen field conditions include, but are not limited to, contaminated soil, obstructions, and weather conditions. The proper execution and attachment of the Agreement Change Order, and any necessary changes to supersede Exhibit A resulting from the change order, constitutes formal amendment to this Agreement. KCWA shall pay PG&E for any such changes in accordance with the appropriate tariff.

EXCEPTION: If the requested changes are in addition to or substitution for the standard Facilities that PG&E would normally install, then a Special Facilities Agreement shall be required under the provisions of Section I of Rule 2.

20. Termination of Agreement.

In the event KCWA has not fulfilled its obligations under this Agreement within twelve (12) months following the date of this Agreement, and PG&E is unable to proceed hereunder, PG&E shall have the right to terminate and/or supersede this Agreement upon thirty (30) days' written notice to KCWA. Upon such notice PG&E will calculate any refundable or additional non-refundable amounts that may

be due based on that portion of the distribution system then completed, utilizing the estimated costs developed by PG&E for this Agreement. Any superseding Agreement shall be in the same form as this Agreement and shall be executed by the parties hereto and shall identify that costs be allocated to the portion of the Distribution System then completed, if any, consistent with those costs estimated by PG&E for this Agreement.

If this Agreement is terminated as set forth above, KCWA further agrees to forfeit that portion of the advance paid to PG&E for its expenses covering any engineering, surveying, right-of-way, removal, acquisition and other associated work incurred by PG&E. If such expenses are greater or less than the refundable and/or non-refundable payments, KCWA shall pay to PG&E, or PG&E shall refund the balance without interest, to KCWA, as the case may be.

Under no circumstances shall this Agreement terminate prior to the Warranty period if one as been provided by KCWA for applicant installation General Terms and Conditions.

21. Indemnification and Withholding.

INDEMNIFICATION: KCWA shall indemnify, defend and hold harmless PG&E, its officers, directors, agents, and employees, from and against all claims, demands, losses, damages, costs, expenses, and legal liability connected with or resulting from injury to or death of persons, including but not limited to employees of PG&E, KCWA, contractor or subcontractor; injury to property of PG&E, KCWA, or any third party, or to natural resources, or violation of any local, state or federal law or regulation, including but not limited to environmental laws or regulations, or strict liability imposed by any law or regulation; arising out of, related to, or in any way connected with KCWA's performance of this Agreement, however caused, regardless of any strict liability or negligence of PG&E, whether active or passive, excepting only such claims, demands, losses, damages, costs, expenses, liability or violation of law or regulation as may be caused by the active negligence or willful misconduct of PG&E, its officers, agents, or employees.

KCWA acknowledges that any claims, demands, losses, damages, costs, expenses, and legal liability that arise out of, result from, or are in any way connected with the release or spill of any legally designated hazardous material or waste as a result of the work performed under this Agreement are expressly within the scope of this indemnity, and that the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from the violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs are expressly within the scope of this indemnity.

KCWA shall, on PG&E's request, defend any action, claim or suit asserting a claim covered by this indemnity. KCWA shall pay all costs that may be incurred by PG&E in enforcing this indemnity, including reasonable attorney's fees.

WITHHOLDING: In addition to any other right to withhold, PG&E may withhold from payments due KCWA hereunder such amounts as, in PG&E's opinion, are reasonably necessary to provide security against all loss, damage, expense, and liability covered by the foregoing indemnification provision.

22. Assignment of Contract.

KCWA may assign this Agreement, in whole or in part, only if PG&E consents in writing and the party to whom the Agreement is assigned (Assignee) agrees in writing, to perform the obligations of KCWA hereunder. Such assignment shall be made using PG&E's Assignment Agreement and shall be notarized. Assignment of this Agreement shall not release KCWA from any of the obligations under this Agreement unless otherwise provided therein, shall be deemed to include KCWA's right to any refunds then unpaid or which may thereafter become payable.

23. Joint and Several Liability.

Where two or more individuals or entities are joint applicants under this Agreement, PG&E shall direct all communications, charges and refunds to Applicant designated below, but all applicants shall be jointly and severally liable to comply with all terms and conditions herein.

24. Warranty.

As specified in PG&E's General Terms and Conditions, KCWA shall warrant that all materials and workmanship performed or otherwise provided by KCWA shall be free of all defects and fit for its intended purposes. The warranty begins with the date the facilities are energized or pressurized by PG&E and extends past the date of final acceptance of the Distribution System by PG&E for (a) one year covering equipment furnished and installed by KCWA or the approved contractor, and (b) two years plus, covering the trenching and backfilling. In the event KCWA's work or materials provided under this Agreement fails to conform to the warranty or are damaged as a result of any actions by a third party, KCWA shall reimburse PG&E its costs for the total cost of repair and/or replacement as deemed necessary by PG&E. Such reimbursements shall be non-refundable.

25. Effective Date and Term.

The term of this Agreement shall commence on the date this Agreement is signed and shall terminate commensurate with termination of the Master Agreement, except as otherwise provided for in paragraph 20. If KCWA is a corporation, partnership, joint venture or a group of individuals, the subscriber hereto represents that he or she has the authority to bind said corporation, partners, joint venture or individuals as the case may be.

26. Commission Jurisdiction.

This Agreement shall be subject to all of PG&E's applicable tariff schedules on file with and authorized by the Commission and shall at all times be subject to such changes or modifications as the Commission may direct from time to time in the exercise of its jurisdiction. These may include, but are not limited to changes or modifications to Monthly Cost-of-Ownership Charges (higher or lower percentage rates), extension rules, rate schedules, allowances and refund amounts.

PACIFIC GAS AND ELECTRIC COMPANY

Dated: _____

By: _____

Name: _____

Title: _____

KERN COUNTY WATER AGENCY

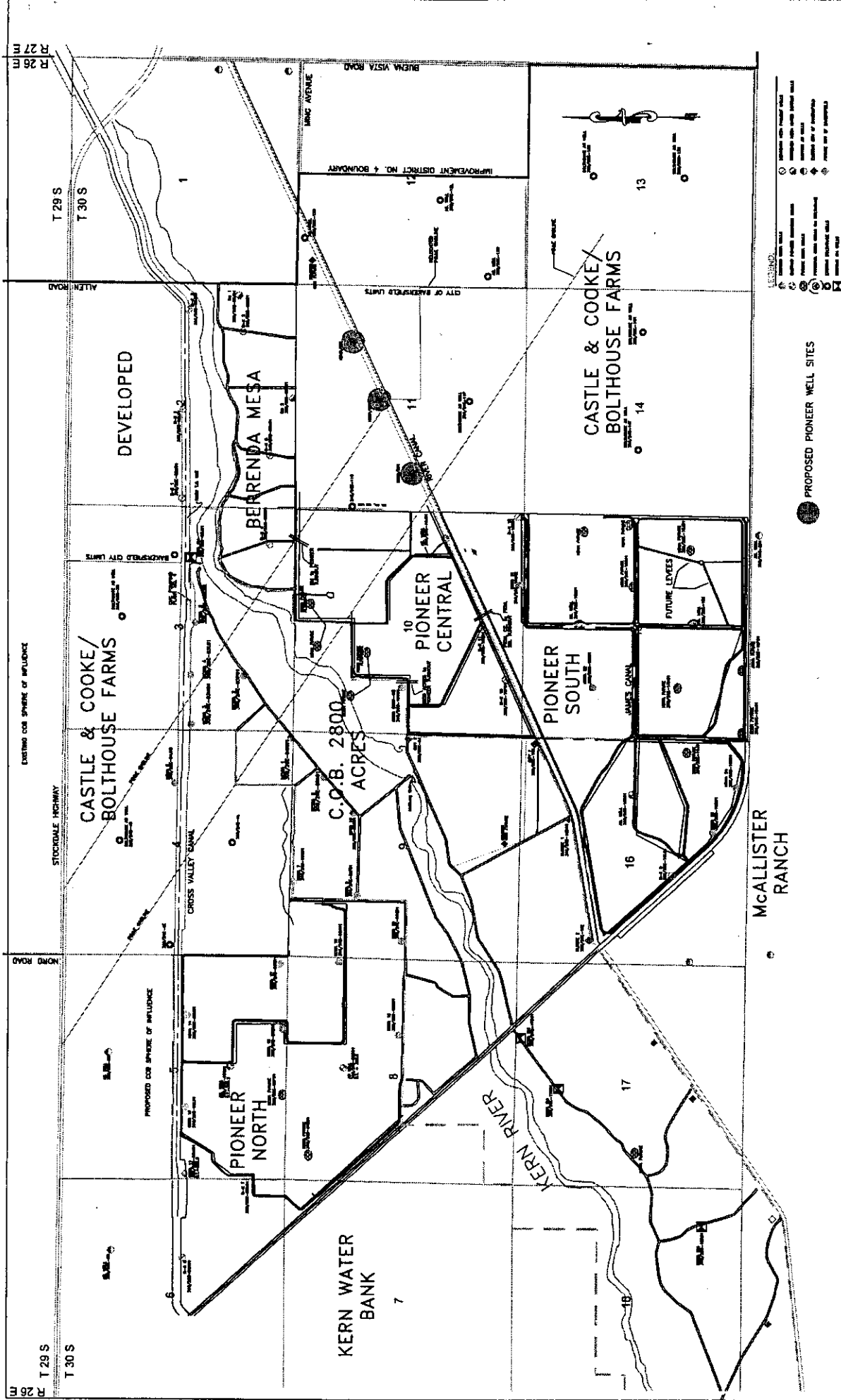
Dated: _____

By: _____

Name: _____

Title: _____

Address: _____



DATE: FEBRUARY 13, 2004 SCALE: 1"=100' DRAWN BY: J. BARN CHECKED BY: PROJECT CODE:		FILE NAME: Pioneer Vicinity & Section 11 Map SHEET NO. 1 OF 1	PROPOSED WELL SITES - 30S/26E - SECTION 11	PIONEER PROJECT VICINITY MAP	KERN COUNTY WATER AGENCY BAKERSFIELD, CALIFORNIA	1
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**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool	DGS Natural Gas Services	PG&E National Energy Group
Accent Energy	DMM Customer Services	Pinnacle CNG Company
Aglet Consumer Alliance	Douglass & Liddell	PITCO
Agnews Developmental Center	Downey, Brand, Seymour & Rohwer	Plurimi, Inc.
Ahmed, Ali	Duke Energy	PPL EnergyPlus, LLC
Alcantar & Elsesser	Duke Energy North America	Praxair, Inc.
Anderson Donovan & Poole P.C.	Duncan, Virgil E.	Price, Roy
Applied Power Technologies	Dutcher, John	Product Development Dept
APS Energy Services Co Inc	Dynegy Inc.	R. M. Hairston & Company
Arter & Hadden LLP	Ellison Schneider	R. W. Beck & Associates
Avista Corp	Energy Law Group LLP	Recon Research
Barkovich & Yap, Inc.	Energy Management Services, LLC	Regional Cogeneration Service
BART	Exelon Energy Ohio, Inc	RMC Lonestar
Bartle Wells Associates	Exeter Associates	Sacramento Municipal Utility District
Blue Ridge Gas	Foster Farms	SCD Energy Solutions
Bohannon Development Co	Foster, Wheeler, Martinez	Seattle City Light
BP Energy Company	Franciscan Mobilehome	Sempra
Braun & Associates	Future Resources Associates, Inc	Sempra Energy
C & H Sugar Co.	G. A. Krause & Assoc	Sequoia Union HS Dist
CA Bldg Industry Association	Gas Transmission Northwest Corporation	SESCO
CA Cotton Ginners & Growers Assoc.	GLJ Energy Publications	Sierra Pacific Power Company
CA League of Food Processors	Goodin, MacBride, Squeri, Schlotz &	Silicon Valley Power
CA Water Service Group	Hanna & Morton	Smurfit Stone Container Corp
California Energy Commission	Heeg, Peggy A.	Southern California Edison
California Farm Bureau Federation	Hitachi Global Storage Technologies	SPURR
California Gas Acquisition Svcs	Hogan Manufacturing, Inc	St. Paul Assoc
California ISO	House, Lon	Stanford University
Calpine	Imperial Irrigation District	Sutherland, Asbill & Brennan
Calpine Corp	Integrated Utility Consulting Group	Tabors Caramanis & Associates
Calpine Gilroy Cogen	International Power Technology	Tansev and Associates
Cambridge Energy Research Assoc	Interstate Gas Services, Inc.	Tecogen, Inc
Cameron McKenna	J. R. Wood, Inc	TFS Energy
Cardinal Cogen	JTM, Inc	TransCanada's GTN & North Baja
Cellnet Data Systems	Kaiser Cement Corp	Transwestern Pipeline Co
Chevron USA Production Co.	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
Childress, David A.	Marcus, David	United Cogen Inc.
City of Glendale	Masonite Corporation	URM Groups
City of Healdsburg	Matthew V. Brady & Associates	Utility Cost Management LLC
City of Palo Alto	Maynor, Donald H.	Utility Resource Network
City of Redding	McKenzie & Assoc	Wellhead Electric Company
CLECA Law Office	McKenzie & Associates	Western Hub Properties, LLC
Constellation New Energy	Meek, Daniel W.	White & Case
Cooperative Community Energy	Mirant California, LLC	WMA
CPUC	Modesto Irrigation Dist	
Creative Technology	Morrison & Foerster	
Cross Border Inc	Morse Richard Weisenmiller & Assoc.	
Crossborder Inc	Navigant Consulting	
CSC Energy Services	New United Motor Mfg, Inc	
Davis, Wright Tremaine LLP	Norris & Wong Associates	
Davis, Wright, Tremaine, LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	Palo Alto Muni Utilities	