



**GAS RULE NO. 21**  
 TRANSPORTATION OF NATURAL GAS

Sheet 1

This Rule describes the general terms and conditions that apply whenever PG&E transports Customer-owned gas over its system. Customers who wish to transport gas must sign the applicable Agreement.

**A. GENERAL**

**1. NATURE OF SERVICE**

Customers or their designated Agent or Core Transport Agent hereinafter referred to as "Customer" and meaning Customer and/or their Agent will deliver or have delivered to PG&E quantities of gas, and PG&E will deliver equivalent quantities of gas adjusted for In-Kind Shrinkage Allowance, on a Btu-for-Btu basis, to the Customer's Delivery Point. Customers must endeavor to ensure that daily gas deliveries match daily gas usage. The gas that PG&E delivers to the Customer's Delivery Point will not necessarily be the gas that the Customer delivered to PG&E.

**2. GAS SPECIFICATIONS**

Unless otherwise agreed to by both parties, the gas delivered to PG&E must meet the quality specifications detailed in Section C, below. The minimum and maximum heating value and the pressure of the gas must be such that the gas can be integrated into PG&E's system at the Receipt Point(s).

**B. QUANTITIES OF GAS**

**1. IN-KIND SHRINKAGE ALLOWANCE**

The in-kind shrinkage quantities represent the unaccounted-for gas and the utility fuel use attributable to the volume of natural gas received by PG&E for backbone transmission, distribution, and storage service. PG&E may adjust distribution, transmission and storage shrinkage annually, or as necessary. (See Preliminary Statement Part C.12.c. for further details)

(T)

(Continued)



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Sheet 2

B. QUANTITIES OF GAS (Cont'd.)

1. IN-KIND SHRINKAGE ALLOWANCE (Cont'd.)

a. Backbone Transmission Shrinkage

A Customer transporting gas over PG&E's Backbone Transmission System shall deliver each day at the Receipt Point to PG&E an additional in-kind quantity of natural gas supply equal to a percent of total volume of natural gas to be delivered at the Receipt Point. Thus, the quantity to be nominated at the Receipt Point equals the quantity desired at the Delivery Point divided by (1 - x) where x is the decimal equivalent of the Backbone Transmission System In-Kind Shrinkage Allowance percentage, based on the transmission path utilized as follows:

Path	Percentage of In-Kind Shrinkage Base Allowance	Percentage of In-Kind Shrinkage Adjustment	Percentage of Effective In-Kind Shrinkage Allowance
Redwood to Off-System	1.0 (I)	—	1.0 (I)
Mission to On-System	0	—	0
Mission to Off-System	0	—	0
All other transmission	1.3 (I)	0.1	1.4 (I)

Provided, however, that PG&E and the Customer shall not be prohibited under this Rule, where shrinkage requirements support a different shrinkage allowance, from mutually agreeing to a different shrinkage allowance for transportation over PG&E's Backbone Transmission System.

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Sheet 3

B. QUANTITIES OF GAS (Cont'd.)

1. IN-KIND SHRINKAGE ALLOWANCE (Cont'd.)

b. Distribution Shrinkage

For transportation on PG&E's Distribution System, an additional In-Kind Shrinkage Allowance shall apply, which is separate from backbone transmission and storage shrinkage. The Customer shall deliver each day to PG&E at the Citygate an additional in-kind quantity of natural gas supply equal to a percent of the total volume of natural gas flowing through the End-Use Customer's meter. Thus, the quantity to be nominated at the Citygate equals the quantity to be flowed through the meter multiplied by  $(1 + y)$  where  $y$  is the decimal equivalent of the Distribution System In-Kind Shrinkage Allowance percentage, as follows:

End-Use Customer	Percentage of In-Kind Shrinkage Base Allowance	Percentage of In-Kind Shrinkage Adjustment	Percentage of Effective In-Kind Shrinkage Allowance
Core	2.6 (R)	0.4	3.0 (R)
Noncore Distribution	0.2	0	0.2
Noncore Transmission*	—	—	—

As an example, for a Core End-Use Customer being served via the Redwood Path, the amount to be nominated at Malin is calculated as:

$$\text{Receipt Point Quantity} = \text{Est. Metered Usage} \times (1 + y) / (1 - x)$$

Where:  $x$  = decimal equivalent of the Backbone Shrinkage percentage, and

$y$  = decimal equivalent of the Distribution Shrinkage percentage

\* Noncore Transmission Level End-Use Customers or Agents require no Distribution System In-Kind Shrinkage Allowance.

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B. QUANTITIES OF GAS (Cont'd.)

1. IN-KIND SHRINKAGE ALLOWANCE (Cont'd.)

c. Storage Shrinkage

An In-Kind Shrinkage Allowance is applicable to all injection storage quantities under rate Schedules G-CFS, G-SFS, G-NFS, and G-NAS, in addition to any applicable transmission and distribution shrinkage. Customers shall deliver to PG&E's storage system an additional in-kind quantity of natural gas equal to the Shrinkage Allowance percentage of the total volume of their storage injection volume. The quantity injected into PG&E's storage will equal the quantity nominated for storage injection multiplied by (1-z), where z is the decimal equivalent of the Storage In-Kind Shrinkage Allowance percentage, as follows.

$$\text{Storage Injection} = \text{Nominated Injection Quantity} * (1 - z)$$

Where: z = decimal equivalent of the Storage In-Kind Shrinkage Allowance

Storage In-Kind Shrinkage Allowance: 1.1 Percent (C)

Provided, however, that PG&E and the Customer shall not be prohibited under this Rule, where shrinkage requirements support a different shrinkage allowance, from mutually agreeing to a different shrinkage allowance for the injection into PG&E's storage system.

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Sheet 6

B. QUANTITIES OF GAS (Cont'd.)

3. Nominations (Cont'd.)

a. General (Cont'd.)

The Customer shall be responsible for making all corresponding upstream and/or downstream nomination arrangements with the interconnecting pipeline(s) and/or operator(s). (L)  
 |  
 (L)

b. Changes in Flow-day Quantities

PG&E will schedule nominations subject to receiving notification of confirmation from the upstream and/or downstream pipeline(s) and/or operator(s), and subject to the following two conditions.

1) Decreases

Decreases in Intra-day nominations shall be limited to no less than the Elapsed Prorated Quantity that theoretically would have flowed up to the effective time of the intra-day nomination being confirmed, based on a cumulative uniform hourly quantity for each nomination period affected. This condition applies at the individual nomination level.

2) Increases

Increases in Intra-day nominations shall be limited to no more than the Remaining Prorated Quantity that theoretically could flow from the effective time of the intra-day nomination being confirmed, for the time remaining in the gas day based on a cumulative uniform hourly quantity for each nomination period affected. This condition applies to the aggregate of all nominations at a receipt point.

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B. QUANTITIES OF GAS (Cont'd.)

3. nominations (Cont'd.)

c. Timing

All times referred to in Section B.3 are in Pacific Clock Time. The gas day will be from 7 a.m. to 7 a.m.

d. Nomination Cycles

PG&E will accept and process four types of nominations for a given gas day: Timely, Evening, Intraday 1, and Intraday 2:

- 1) A "Timely Nomination" is a nomination received by PG&E no later than 9:30 a.m. one day prior to the gas day for which the Customer requests service. (T)
- 2) An "Evening Nomination" is a nomination received after 9:30 a.m. and no later than 4:00 p.m. one day prior to the gas day for which the Customer requests service. (T)
- 3) An "Intraday 1 Nomination" is a nomination received after 4:00 p.m. one day prior to the gas day for which the Customer requests service and no later than 8:00 a.m. on the gas day for which service is requested. (T)
- 4) An "Intraday 2 Nomination" is a nomination received after 8:00 a.m. and no later than 3:00 p.m. on the gas day for which service is requested by the Customer. (T)

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Sheet 8

B. QUANTITIES OF GAS (Cont'd.)

3. nominations (Cont'd.)

e. Timely Nomination Cycle

Timely Nominations must be received by PG&E no later than 9:30 a.m. one day prior to the gas day for which the Customer requests service. Timely Nominations will be effective at 7:00 a.m. the following morning.

Nominations shall include defined begin and end dates. A timely nomination does not carry over to the following gas day. However, Timely Nominations may have a "roll-over" option; specifically, they may extend for multiple days, months, or years, provided the begin and end dates are within the terms of the Customer Service Agreement exhibit.

Timely Nominations will be confirmed and scheduled by priority of service in accordance with Rule 14. Confirmed and scheduled Timely As-Available Nominations may be bumped by Firm Nominations made during the Evening or Intraday 1 nomination cycles.

(N)  
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 (N)

PG&E will provide to the Customer a confirmed nomination report indicating the nomination quantities which have been received and confirmed for transport on PG&E's system and which have been communicated to the applicable upstream and/or downstream pipeline(s) and/or operator(s). Subject to PG&E receiving notification from the applicable upstream and/or downstream pipeline(s) and/or operator(s), PG&E will provide to the Customer a scheduled quantities report. PG&E will attempt, but cannot guarantee, delivery of these two reports by 1:30 p.m. and 2:30 p.m., respectively.

Timely Nomination summary

- Nominations submitted: No later than 9:30 a.m.
- Flow will be effective: 7:00 a.m. the following morning

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B. QUANTITIES OF GAS (Cont'd.)

3. nominations (Cont'd.)

f. Evening Nomination Cycle

An Evening Nomination must be received by PG&E no later than 4:00 p.m. one day prior to the gas day for which the Customer requests service. Evening Nominations will be effective at 7:00 a.m. the following morning. Evening Nominations will be confirmed and scheduled after Timely Nominations are confirmed and scheduled.

PG&E will provide to the Customer a confirmed nomination report indicating the nomination quantities which have been received and confirmed for transport on PG&E's system and which have been communicated to the upstream and/or downstream pipeline(s) and/or operator(s). Subject to PG&E receiving notification from the applicable upstream and/or downstream pipeline(s) and/or operator(s), PG&E will provide to the Customer a scheduled quantities report. PG&E will attempt, but cannot guarantee, delivery of these two reports by 7:00 p.m. and 8:00 p.m., respectively.

Evening Nomination summary

Nominations submitted: No later than 4:00 p.m.  
 Flow will be effective: 7:00 a.m. the following morning

Evening Nominations will be confirmed and scheduled by priority of service among all Evening Nominations PG&E has received and in accordance with Rule 14. Evening Firm Nominations may bump confirmed and scheduled As-Available Nominations from a previous nomination cycle, which may result in a reduction of scheduled As-Available volumes.

(N)  
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 (N)

An Evening Nomination either may be the Customer's first nomination for service for the following day or may modify a Timely Nomination for the following day. An Evening Nomination may increase or decrease previously scheduled quantities subject to Section B.3.b. and scheduling non-performance in Section B.4. An Evening Nomination does not carry over to the following gas day.

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B. QUANTITIES OF GAS (Cont'd.)

3. nominations (Cont'd.)

g. Intraday 1 Nomination Cycle

An Intraday 1 Nomination must be received by PG&E no later than 8:00 a.m. on the gas day for which service is requested. Intraday 1 Nominations will be effective at 3:00 p.m. the same day. Intraday 1 Nominations will be confirmed and scheduled after all Timely and Evening Nominations are confirmed and scheduled.

PG&E will provide to the Customer a confirmed nomination report indicating the nomination quantities which have been received and confirmed for transport on PG&E's system and which have been communicated to the upstream and/or downstream pipeline(s) and/or operator(s). Subject to PG&E receiving notification from the applicable upstream and/or downstream pipeline(s) and/or operator(s), PG&E will provide to the Customer a scheduled quantities report. PG&E will attempt, but cannot guarantee, delivery of these two reports by 11:00 a.m. and 12:00 p.m., respectively.

Intraday 1 Nomination summary

- Nominations submitted: No later than 8:00 a.m.
- Flow will be effective: 3:00 p.m. the same day

Intraday 1 Nominations will be confirmed and scheduled by priority of service among all Intraday 1 Nominations PG&E has received and in accordance with Rule 14. Intraday 1 Firm Nominations may bump confirmed and scheduled As-Available Nominations from a previous nomination cycle, which may result in a reduction of scheduled As-Available volumes.

(N)  
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 (N)

An Intraday 1 Nomination either may be the Customer's first nomination for service for the gas day or may modify its previous nomination, Timely or Evening, if any. An Intraday 1 Nomination may also increase or decrease previously scheduled quantities subject to Section B.3.b. and scheduling non-performance in Section B.4. An Intraday 1 Nomination does not carry over to the following gas day.

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B. QUANTITIES OF GAS (Cont'd.)

3. NOMINATIONS (Cont'd.)

h. Intraday 2 Nomination Cycle

An Intraday 2 Nomination must be received by PG&E no later than 3:00 p.m. on the gas day for which service is requested. Intraday 2 Nominations will be effective at 7:00 p.m. the same day. Intraday 2 Nominations will be confirmed and scheduled after all Timely, Evening and Intraday 1 Nominations are confirmed and scheduled.

PG&E will provide to the Customer a confirmed nomination report indicating the nomination quantities which have been received and confirmed for transport on PG&E's system and which have been communicated to the upstream and/or downstream pipeline(s) and/or operator(s). Subject to PG&E receiving notification from the applicable upstream and/or downstream pipeline(s) and/or operator(s), PG&E will provide to the Customer a scheduled quantities report. PG&E will attempt, but cannot guarantee, delivery of these two reports by 7:00 p.m.

Intraday 2 Nomination summary

- Nominations submitted: No later than 3:00 p.m.
- Flow will be effective: 7:00 p.m. the same day

Intraday 2 Nominations will be confirmed and scheduled by priority of service among all Intraday 2 Nominations PG&E has received and in accordance with Rule 14. Intraday 2 Firm Nominations will not bump confirmed and scheduled As-Available Nominations from a previous nomination cycle.

(N)  
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 (N)

An Intraday 2 Nomination either may be the Customer's first nomination for service for the gas day or may modify its previous nomination, Timely, Evening or Intraday 1, if any. An Intraday 2 Nomination may increase or decrease previously scheduled quantities subject to Section B.3.b. and scheduling non-performance in Section B.4. An Intraday 2 Nomination does not carry over to the following gas day.

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Sheet 12

B. QUANTITIES OF GAS (Cont'd.)

4. scheduling non-performance

An excess of confirmed nominations relative to scheduled nominations for a given gas day for a given Customer and a particular As-Available transportation exhibit to the Gas Transmission Service Agreement (GTSA) shall be deemed to be scheduling non-performance. This section sets forth how PG&E will manage excess As-Available volumes and reduce a Customer's ability to engage in scheduling non-performance.

(T)

(D)

PG&E may limit the Maximum Daily Quantity (MDQ) of an As-Available contract to the expected usage of that contract by an entity. Expected usage is the Customer's highest actual usage in the past twelve (12) months.

2. PG&E may reduce an As-Available contract's MDQ on a daily basis to the previous day's actual usage if scheduling non-performance occurs.
3. If an entity's load increases, the entity may contact PG&E to increase the MDQ.

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Sheet 13

B. QUANTITIES OF GAS (Cont'd.)

5. IMBALANCES IN DELIVERIES

- a. On any given day the Customer shall bring in a quantity of Customer-Owned Gas, adjusted for In-Kind Shrinkage Allowance, to be delivered to the Customer, approximately equal to the quantity of gas received by PG&E for transportation to the Customer that day.

Any day-to-day imbalance will be handled and resolved through Schedule G-BAL.

- b. Procedures for balancing the Customer's account when PG&E receives Customer-Owned Gas for transportation but, because of constraints or diversions, does not deliver it to the Customer, are covered in Rule 14.

- c. A transmission Customer's Imbalance, defined in Schedule G-BAL, refers to a difference between a Customer's final scheduled quantity and the quantity of gas actually delivered at the Receipt Point on behalf of that Customer for a given gas day. (T)

6. TRANSPORT OF CALIFORNIA PRODUCTION GAS

PG&E may receive gas from California production supply for transport by a Customer from various Receipt Points on PG&E's system. As of April 1, 1998, nominations shall be accepted by PG&E only from California production Receipt Points which are designated in a California Production Balancing Agreement (Form No. 79-944) which has been executed between a California producer's Authorized Agent and PG&E.

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Sheet 14

C. QUALITY OF GAS

Gas delivered to PG&E for transportation to the Delivery Point(s) shall meet the gas quality specifications stated in the service agreement between the delivering pipeline company and PG&E. If no gas-quality specifications agreement exists between the delivering pipeline company and PG&E for the Receipt Point(s), or if the natural gas is not delivered by a pipeline, the gas received by PG&E shall meet the following specifications:

1. Carbon dioxide: The gas shall contain no more than one percent by volume of carbon dioxide.
2. Oxygen: The gas shall contain no more than 0.1 percent by volume of oxygen.
3. Hydrogen sulfide: The gas shall contain no more than 0.25 grains of hydrogen sulfide, measured as hydrogen sulfide, per one hundred standard cubic feet (4 parts per million (ppm)). (T)  
|  
(T)
4. Mercaptan sulfur: The gas shall contain no more than 0.5 grains of mercaptan sulfur, measured as sulfur, per one hundred standard cubic feet (8 ppm). (T)  
(T)
5. Total sulfur: The gas shall contain no more than one grain of total sulfur, measured as sulfur, per one hundred standard cubic feet (17 ppm). (T)  
(T)
6. Water vapor: The gas shall contain no more than seven pounds of water vapor per million standard cubic feet at 800 pounds per square inch gauge (psig) or less; dew point of 20° Fahrenheit (F) if gas is supplied at over 800 psig. (T)  
(T)
7. Hydrocarbon dewpoint: The gas shall have a hydrocarbon dewpoint of 45°F or less for gas delivered at 800 psig or below, but measured at 400 psig; or 20°F for gas delivered at above 800 psig, also measured at 400 psig. (T)  
|  
(T)
8. Liquids: The gas shall contain no liquids at, or immediately downstream of, the Receipt Point(s). (T)
9. Merchantibility: The gas shall not contain dust, sand, dirt, gums, oils, or other substances in an amount sufficient to be injurious to PG&E facilities or which shall cause the gas to be unmarketable. (T)

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C. QUALITY OF GAS (Cont'd.)

- 10. Temperature: The gas shall not be delivered at less than 60 degrees Fahrenheit or more than 100 degrees Fahrenheit. (L)
- 11. Gas interchangeability: The gas shall be interchangeable with the gas in the receiving pipeline. Interchangeability shall be determined in accordance with the methods and limits presented in Bulletin 36 of the American Gas Association. (T)
- 12. Heating value: The gas shall have a heating value that is consistent with the standards established by PG&E for each Receipt Point. (T)  
(T)
- 13. Biogas: Biogas refers to a gas made from anaerobic digestion of agricultural and/or animal waste. The gas is primarily a mixture of methane and carbon dioxide. Biogas must be free from bacteria, pathogens and any other substances injurious to utility facilities or that would cause the gas to be unmarketable and it shall conform to all gas quality specifications identified in this Rule. (N)  
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|  
|  
(N)
- 14. Landfill Gas: Gas from landfills will not be accepted or transported under this Rule. (T)(L)  
(T)

D. ACCOUNTING AND BILLING

1. DESIGNATION OF QUANTITIES DELIVERED FOR TRANSPORTATION

PG&E may be receiving gas from various sources at the Receipt Point(s). Gas entering the PG&E system shall be measured by either PG&E or a third party designated by PG&E as its agent. Where such third party acts as PG&E's measuring agent, the Customer shall accept as correct the agent's determination of the quantity of gas (in Mcf and Decatherms) it has delivered to PG&E for the Customer's account subject to the limitations of Rule 14. Where gas is measured by PG&E, the Customer shall accept as correct PG&E's measurement of the gas received (see Section D.3 below for information about access to meters and charts and other records).

2. BILLING

Each month, PG&E shall send the Customer a bill. The bill will show the quantities of gas adjusted for In-Kind Shrinkage Allowance, delivered to PG&E for the Customer's account at each Delivery Point for the billing month. PG&E may use estimated quantities in the bill, and the Customer shall be obligated to pay the estimated bill as presented; PG&E will then make any necessary adjustments in the subsequent months' billings.

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**GAS RULE NO. 21**  
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Sheet 16

D. ACCOUNTING AND BILLING (Cont'd.)

3. BOOKS AND RECORDS

PG&E and the Customer shall keep accounting records and books in accordance with generally accepted accounting principles and practices in the industry. PG&E and the Customer shall have the right to examine those books and accounting records of the other.

Any examination will be at the examining party's expense, must be conducted at a reasonable time, and must be confined to the extent necessary to verify the accuracy of any statement, charge, or computation or any demand made under or as a result of transporting Customer-Owned Gas.

E. ADDITIONAL FACILITIES

Transportation of Customer-Owned Gas does not obligate PG&E to construct any additional facilities (including measuring facilities) or to modify any existing facilities to provide for receipt of Customer-Owned natural gas into the PG&E system. Customer shall have a separate agreement covering any new facilities or necessary modifications for either receipt or delivery of Customer-Owned Gas.

F. POSSESSION OF GAS

For Customer-Owned Gas, the Customer shall be deemed to be in control and possession of the gas until the gas is delivered to PG&E at the Receipt Point(s). The Customer shall be deemed to regain control and possession of the gas upon delivery from PG&E to or on behalf of the Customer.

G. INDEMNIFICATION

The Customer shall indemnify and hold harmless PG&E, its officers, agents and employees against all loss, damage, expense, and liability, resulting from injury to or death of any person, including but not limited to employees of PG&E, Customer or any third party, or for loss, destruction, damage to property, including but not limited to property of PG&E, Customer, or any third party, arising out of or in any way connected with the transportation of customer-owned gas, however caused, except to the extent caused by the active negligence or willful misconduct of PG&E, its officers, agents and employees. The Customer shall on PG&E's request, defend any suit asserting a claim covered by this indemnity. The indemnifying party shall pay all costs that may be incurred by the other party in enforcing this indemnity, including all reasonable attorney's fees.

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Sheet 17

H. OPEN ACCESS Interconnection of NEW GAS SUPPLY

(N)

PG&E will provide non-discriminatory interconnection to its pipeline system for an Applicant to deliver new gas supply. Upon interconnection PG&E will provide open access transportation of the gas under the applicable PG&E rate schedules, rules and transportation agreements. PG&E will perform interconnection-related work under the following conditions:

1. The Applicant's gas supply can be received into PG&E's existing system without jeopardizing the integrity or normal operation of its pipeline system and without adversely affecting PG&E's Customers. The specific interconnection point will be determined by PG&E.
2. The maximum delivery capacity for Applicant's gas at the interconnection point will be determined by the size of the interconnection facilities and PG&E's ability to redeliver the gas supply downstream of the interconnection point.
3. The available capacity for Applicant's gas supply on any particular day may be affected by physical flows from other points of receipt, daily pipeline operating conditions, and end-use demand.
4. The Applicant shall pay PG&E's costs for all engineering and construction of facilities on PG&E's side of the interconnection point necessary to receive Applicant's gas. Such facilities may include, but are not limited to, taps, valves, piping, measuring equipment, odorizing equipment, land rights, permits, and communication equipment. The Applicant also shall pay for computer programming changes to PG&E's scheduling system, if any, required to add the Applicant's new interconnection point for the purpose of nominating the gas. PG&E shall own and operate all facilities on PG&E's side of the interconnection point.
5. The Applicant shall execute a standard "Agreement to Perform Tariff Schedule Related Work" (Form 62-4527), which shall contain a description of the work to be performed by PG&E, the cost estimate, and payment terms.
6. The Applicant, at its expense, shall obtain all land rights, easements, permits or other authorizations, and shall design and construct the piping, valves, filter separators, and other equipment that is required on the Applicant's side of the interconnection point to effectuate deliveries of gas to PG&E, in accordance with sound and prudent natural gas industry practice and with all applicable laws, rules, and regulations of any authority having jurisdiction.

(N)

(Continued)



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- H. OPEN ACCESS Interconnection of NEW GAS SUPPLY (Cont'd.) (N)
- 7. The Applicant shall install and maintain in good working condition the necessary pressure regulation and flow equipment to effectuate delivery of gas to the interconnection point at or above the prevailing pressure in PG&E's pipeline. Applicant's equipment shall be designed and installed to protect PG&E's pipeline from exposure to pressures in excess of PG&E's then current maximum operating pressure at the interconnection point.
  - 8. Applicant's gas supply at the interconnection point shall comply with all PG&E tariffs and rules including gas quality and nomination procedures.
  - 9. The Applicant and PG&E shall execute operating and balancing agreements prior to final interconnection and gas flow. (N)